

RESOLUTION NO. 3:15-16

RESOLUTION OF THE BOARD OF TRUSTEES OF THE PERRIS UNION HIGH SCHOOL DISTRICT PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$42,000,000 PRINCIPAL AMOUNT OF PERRIS UNION HIGH SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2012 ELECTION, SERIES B, PRESCRIBING THE TERMS OF SUCH BONDS AND THEIR SALE (WHICH INCLUDES BONDS WITH COMPOUNDING INTEREST FEATURES), 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 Perris Union High 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 \$153,420,000 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 T”) (“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 Trustees of the District (“District Board”) by adoption of Resolution No. 21:12-13, adopted on February 20, 2013, pursuant to State law, and which Resolution No. 21:12-13 has been 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. 39:11-12, adopted on June 20, 2012 (“Resolution No. 39:11-12”), which is incorporated herein by this reference) as approved by the voters in the Bond Election; and

WHEREAS, pursuant to the Bond Authorization and the provisions of applicable California law, the District, pursuant to the provisions of District Resolution No. 33:12-13 and a Resolution adopted by the County Board of Supervisors on June 4, 2013 (County Resolution No. 2013-112), have previously authorized and issued the Perris Union High School District General Obligation Bonds, 2012 Election, Series A (“Series A Bonds”) in the initial par amount of \$35,000,000, which bonds were issued as of August 6, 2013, leaving \$118,420,000 of bonds of the Bond Authorization currently authorized and unissued; 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 Sections 15140 and 15146 of the California Education Code (“Education Code”) 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 \$42,000,000 (“Bonds” or “Series B Bonds”) and request the County Board to offer the Series B Bonds for sale pursuant to the request set forth herein; and

WHEREAS, the District Board has previously selected Stifel, Nicolaus & Company, Incorporated to act as its Underwriter for the sale of such Bonds (“Underwriter”), and has retained Bowie, Arneson, Wiles & Giannone as Bond Counsel (“Bond Counsel”), Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel (“Disclosure Counsel”) and CSG Advisors Incorporated as Financial Advisor (“Financial Advisor”) to the District in connection with the issuance and sale of the Series B 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 B Bonds and/or expending the Series B Bond proceeds; and

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

WHEREAS, pursuant to Government Code Sections 53506 *et seq.*, and Education Code Sections 15140 and/or 15146, as applicable, the District Board desires that the Series B 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 Certificate and a Preliminary Official Statement relating to the Series B 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 B Bonds, including, but not limited to, information concerning anticipated estimated costs of issuance of the Series B Bonds; and

WHEREAS, Assembly Bill 182 (Chapter 477 of the 2013-2014 Session of the California Legislature) (“AB 182”) requires an analysis and comparison of any bonds involving compounding interest features that are proposed to be issued and a report meeting such requirements and the other requirements of AB 182, including disclosing the financing term and time of maturity of the Series B Bonds, repayment ratio, and the estimated change in the assessed value of taxable property within the School District over the term of the Series B Bonds, has been presented to the Board and the Board confirms the reason for the issuance of bonds involving compounding interest features is to provide funds for the projects specified in Measure T while at the same time complying with the applicable statutory tax rate limitations; and

WHEREAS, in compliance with AB 182 the Municipal Securities Rulemaking Board Rule G-17 submissions of the Underwriter have been received by the Board and are on file with the School District; and

WHEREAS, in compliance with AB 182 this resolution was presented at two consecutive meetings of the District Board; 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 B Bonds as set forth herein; and

WHEREAS, the District Board has previously requested, and hereby confirms and renews its request, that the Auditor-Controller of the County, and other County officers, as applicable, levy on its 2015/2016 tax rolls, and all subsequent tax rolls, as applicable to the Series B 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 B 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 B Bonds, is within all limits prescribed by law; and

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

NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE PERRIS UNION HIGH SCHOOL DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

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

Section 2. Conditions Precedent. The District Board determines that all acts and conditions necessary to be performed by the District Board or to have been met precedent to and in the issuing and sale of the Series B Bonds in order to make them legal, valid and binding

general obligations of the District secured by the levy of *ad valorem* taxes have been performed and have been met, or will at the time of delivery of the Series B Bonds have been performed and met, in regular and due form as required by law; that the County Board has the power and is obligated to levy *ad valorem* taxes for the payment of the Series B Bonds and the interest thereon without limitation as to rate or amount upon all property within the District subject to taxation (except for certain classes of personal property); and that no statutory or Constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Series B Bonds.

Section 3. Amount and Purpose of Bonds. The Series B Bonds of the District in the aggregate principal amount of not to exceed \$42,000,000 shall be offered for sale, the proceeds of which are to be used for the purposes set out in District Resolution No. 39:11-12 and as approved at the Bond Election and to pay all necessary and appropriate costs or expenses incurred in the issuance of the Series B Bonds pursuant to Government Code Section 53509.5(b), and, as applicable, Education Code Sections 15145, 15146 and 15266, and applicable State law.

Section 4. Authority for Issuance of Bonds. That the Series B 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 \$42,000,000 of Series B Bonds authorized at the aforementioned Bond Election to be designated as “**Perris Union High School District General Obligation Bonds, 2012 Election, Series B**” or such other designation as the Superintendent of the District (“Superintendent”), Assistant Superintendent, Business Services 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 B Bonds is in certain instances herein referred to as the “County Resolution.”

(b) The proceeds of the Series B 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 B Bonds. The Series B Bonds shall otherwise conform to the requirements set forth herein and in the County Resolution.

Section 6. Negotiated Sale. The County Board is hereby requested to issue the Series B Bonds to be sold at a negotiated sale in accordance with the terms and conditions, including provisions for the optional redemption of the Series B Bonds, in substantially the form set forth in the Bond Purchase Agreement (“Purchase Agreement”) by and among the County, 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; Delegation of Authority.

(a) The form of the Purchase Agreement is hereby approved on behalf of the District. The Superintendent and such other officers of the District as may be authorized by the District Board, Superintendent, Assistant Superintendent, Business Services or the Superintendent's designee(s) (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 B Bonds and establish the final principal amount of the Series B Bonds, provided, however, that such principal amount shall not exceed \$42,000,000. The Designated Officer is also authorized and directed to negotiate, in cooperation with the County Treasurer and the Financial Advisor, with the Underwriter the interest rates on the Series B Bonds, not-to-exceed a true interest cost of six percent (6.00%), and the Underwriter's discount shall not exceed three quarters of one percent (0.75%) of the principal amount of the Series B Bonds (exclusive of any premium paid on the Series B Bonds, costs of issuance of the Series B 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 B Bonds to the dated date(s) of the Series B Bonds, results in an amount equal to the purchase price of the Series B Bonds, excluding interest accrued to the date of delivery (if any). For purposes of this calculation, the premium paid for the policy of municipal bond insurance, if any, shall be treated as interest paid on the Series B Bonds on the date of delivery.

(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 B Bonds, the redemption provisions for the Series B Bonds, as applicable, the funding of any capitalized interest for the Series B Bonds (as determined to be necessary or appropriate) and the final purchase price for the Series B Bonds (subject to the limitations set forth herein) which shall be set forth in the Purchase Agreement. The term of the Series B Bonds shall be for not more than the maximum term allowed by law, as applicable to the form(s) of the Series B Bonds as issued and sold (and as further discussed herein).

(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 B Bonds to the extent such action is determined to be in the best interests of the District.

(d) Notwithstanding any other provision herein to the contrary, the Series B Bonds shall comply with the requirements of Education Code Section 15144.1. The District shall be furnished with written confirmation of such compliance of such limitations at the time the Series B Bonds are sold.

(e) As set out in State law, any Series B Bonds which are issued as Capital Appreciation Bonds shall have a maturity of not more than twenty-five (25) years from their date of issuance. Any Series B Bonds issued as Current Interest Bonds shall have a maturity of not more than forty (40) years from their date of issuance. Any Series B Bonds issued as Current Interest Bonds with a maturity of greater than thirty (30) years shall comply with the additional requirements of AB 182.

Section 8. Book-Entry Form. The Series B Bonds shall be initially issued in book-entry form, through the facilities of The Depository Trust Company (“DTC”), which shall be the registered owner of the Series B Bonds issued at the closing in the form of a single, certificated Bond for each maturity. The Designated Officer is hereby authorized to take all actions necessary or appropriate to facilitate such filing and lodgment. The Underwriter is requested to assist the District and County in qualifying the Series B 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 B 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 B Bonds, recognizing that any fees incurred therefore in the first year may be paid from proceeds of the Series B Bonds and subsequent annual fees, if any, shall be paid out of the Debt Service Fund to be established for the Series B Bonds to the extent that there are funds remaining after payment of the principal and interest on the Series B Bonds in that year, and if such funds are insufficient, from the General Fund of the District.

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 B Bonds, renews its request that the County Board take action to levy, or cause to be levied, on all the taxable property in the District, commencing with the 2015/2016 tax year, or as may be applicable given the debt service requirements of the Series B 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 B Bonds are outstanding in an amount sufficient to pay the principal, accreted value or conversion value, of and interest on the Series B Bonds, as applicable, when due in accordance with the terms of the Series B Bonds and the County Resolution.

Section 11. Tax Covenants.

(a) The District, in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series B Bonds, hereby covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (“Code”), as set forth in the nonarbitrage (tax) certificate to be provided to the District by Bond Counsel, and executed by the District, on the date of initial delivery of the Series B Bonds and incorporated herein by this reference, as a source of guidance for compliance with such provisions.

(b) The District hereby covenants that it shall not, directly or indirectly, use or permit the use of any proceeds of any of the Series B Bonds, or of any of the property financed with the

proceeds of the Series B Bonds, or other funds of the District, or take or omit to take any action that would cause the Series B Bonds to be deemed "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the District shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury promulgated under that section or any successor section to the extent that such requirements are in effect and applicable to the Series B Bonds.

(c) The District covenants that it shall (i) make all calculations in a reasonable and prudent fashion relating to any rebate or excess investment earnings on the proceeds of the Series B Bonds due to the United States Treasury; and (ii) cause to be segregated and set aside from lawfully available sources held in the County treasury the amount such calculations indicate may be required to be paid to the United States Treasury. Based on such rebate calculations, the District will, to the extent required, cause to be set aside, from monies lawfully available, the amount of such rebate in a separate fund that the District hereby agrees to cause to be established and maintained as set forth in Section 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 B 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 B Bonds. In addition to the foregoing, District staff is authorized to append to such Tax Certificate a post-issuance compliance policy and procedures (in the form provided by Bond Counsel) to provide for on-going monitoring and compliance actions with respect to the Series B 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 B Bonds under Section 103 of the Code.

Section 12. Expenditure of Bond Proceeds. The District hereby covenants to expend all of the net Series B 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 B 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 B 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 B 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 B Bonds is hereby authorized. The Underwriter is hereby authorized to distribute the Preliminary Official Statement to prospective purchasers of the Series B 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). The District Board hereby also authorizes and directs the Designated Officer to execute and deliver the final form of the Official Statement to the Underwriter upon its final date.

Section 14. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate (as defined below). Notwithstanding any other provisions of this Resolution, failure of the District to comply with the provisions of the Continuing Disclosure Certificate shall not be considered a default by the District hereunder or under the Series B Bonds; however, any underwriter or any holder or beneficial Owner of the Series B Bonds may take such actions as may be necessary and appropriate to compel performance therewith, including seeking mandate or specific performance by court order.

For purposes of this Section, “Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate executed by the District in connection with the issuance and sale of the Series B Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. A form of the Continuing Disclosure Certificate is attached hereto as Exhibit “B” and incorporated by reference herein. The Designated Officer(s) are hereby authorized to approve, execute and deliver the final form of the Continuing Disclosure Certificate with such changes, insertions and deletions as may be approved by the Designated Officer, 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 of, or interest or redemption premiums on, the Series B Bonds, as applicable. The Paying Agent shall provide regular periodic written statements for such 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 B 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 B Bonds (exclusive of costs of issuance and delivery of the Series B Bonds) (“Bond Proceeds” or “Series B Bond Proceeds”) shall be used for the purposes specified in the list of specific school facilities projects set forth in Resolution No. 39:11-12 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. 39:11-12.

(c) Pursuant to Section 1(b)(3) of Article XIII A of the California Constitution, the District Board shall conduct, or cause to be conducted, annual, independent performance audits to ensure that the Series B Bond Proceeds have been expended only on the school facilities projects 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 T 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. 21:12-13, and such resolution has been filed as required under Education Code Sections 15124 and 15274.

(g) Pursuant to Education Code Sections 15278 *et seq.*, the District Board has established its Citizens' Oversight Committee (“Committee”) for Measure T and has appointed members thereto pursuant to the Committee Policy and Regulations previously adopted, and as amended, 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 B Bonds will not exceed Thirty Dollars (\$30) 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, to comply with this statutory requirement, at the time the Series B 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 B 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 B 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 B Bond Proceeds received and expended during the applicable reporting period; and
- (ii) The status of the acquisition, construction or financing of the school facility projects, as identified in the bond measure, with the Series B 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 B Bonds. The requirements of this Section 17(c) shall apply only until all the Series B Bonds are redeemed or defeased, but if the Series B Bonds, or any series of bonds, are refunded, such provisions shall apply until all such refunding bonds are redeemed or defeased.

Section 18. Additional Findings and Directives. To the extent applicable, under State law, the District Board hereby finds, determines and directs as follows:

(a) The Series B 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 B Bonds shall be sold by negotiated sale inasmuch as: (i) such a sale to the Underwriter will allow the District to integrate the sale of the Series B Bonds with other public financings undertaken, or to be undertaken, by the District in order to finance and fund public school facilities 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 B Bonds to the municipal bond market and, potentially, take advantage of interest rate opportunities for favorable sale terms of the Series B Bonds to such market.

(c) The District intends that the Series B Bonds be sold to Stifel, Nicolaus & Company, Incorporated, 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, Stradling Yocca Carlson & Rauth as Disclosure Counsel and CSG Advisors Incorporated as Financial Advisor.

(d) The estimates of costs associated with the issuance and sale of the Series B 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 B 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 B Bonds. Such estimates are set forth in Exhibit "C," attached hereto and incorporated herein by this reference. All figures set out in Exhibit "C" are estimates and shall not constrain or limit the amount that the District may allocate for costs of issuance in connection with the issuance and sale of the Series B Bonds pursuant to the directives and conditions set forth herein.

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

(f) The District Board hereby directs that following the sale and delivery of the Series B Bonds that an itemized summary of the costs of the sale, issuance and delivery costs of the Series B Bonds shall be provided to the California Debt and Investment Advisory Commission (CDIAC). The District Board hereby determines that submission of such information as part of the filing of the Report of Final Sale for the Series B Bonds made to CDIAC pursuant to State law, including Government Code Section 8855, shall constitute compliance with the applicable requirements of Education Code Section 53509.5(b) and, as applicable, Education Code Section 15146(c)(2).

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

(h) The District Board has been provided with a copy of the disclosure made by the proposed Underwriter (Stifel, Nicolaus & Company, Incorporated) in compliance with Rule G-17, adopted by the federal Municipal Securities Rulemaking Board (MSRB).

Section 19. Findings Relating to Series B Bonds Issued as Bonds With Compounding Interest Features.

(a) The reason for the issuance of the Series B Bonds as Capital Appreciation Bonds (as defined in the County Resolution) is to provide funds for the projects specified in the Bond

Election while at the same time complying with the applicable statutory tax rate limitation.

(b) The Series B Bonds issued as Capital Appreciation Bonds will be subject to optional redemption beginning on a date not later than ten (10) years after the date of issuance of any such Capital Appreciation Bonds as set out in Section 7.

(c) Based on current interest rate information, the District Board has been presented with an analysis and projection of the total cost of repayment of the Series B Bonds to the currently estimated final maturity date of the Series B Bonds given the recommended issuance structure of the Series B Bonds.

(d) Based on currently available historic assessed valuation (AV) information and current interest rate information, the District Board has been presented with an estimate of the projected change(s) in assessed values of taxable property within the boundaries of the District, and projected tax rates (based on such projected AV changes), over the estimated term of the Series B Bonds.

(e) The District Board has been presented with comparisons of issuance structures for the Series B Bonds as required under State law.

(f) The District Board has been provided with a copy of the disclosure made by the proposed underwriter (Stifel, Nicolaus & Company, Incorporated) in compliance with Rule G-17, adopted by the federal Municipal Securities Rulemaking Board (MSRB).

(g) All of the foregoing information and documentation referenced in this Section 19 is on file with the Clerk of the District Board, is available for public review upon request, has been presented to the District Board at public meetings and it incorporated herein by this reference.

(h) This Resolution No. 3:15-16 has been agendized and presented to the District Board at two (2) consecutive meetings of the District Board. At each such meeting, the District Board meeting agenda for such consideration of this Resolution No. 3:15-16 noted that the issuance of the Series B Bonds involved the potential issuance of general obligation bonds with compounding interest features.

Section 20. District Consultant Costs, County Costs, and Costs of Issuance Agreement.

(a) CSG Advisors Incorporated is hereby confirmed as the District's Financial Advisor in connection with the issuance and sale of the Series B Bonds.

(b) The District intends to utilize the services of Stifel, Nicolaus & Company, Incorporated as Underwriter in connection with the sale of the Series B Bonds.

(c) Bowie, Arneson, Wiles & Giannone is hereby confirmed as Bond Counsel in connection with the issuance and sale of the Series B Bonds.

(d) Stradling Yocca Carlson & Rauth is hereby confirmed as Disclosure Counsel in connection with the issuance and sale of the Series B Bonds.

(e) U.S. Bank National Association will serve as the District's initial Paying Agent for the Series B Bonds.

(f) The Superintendent, or a Designated Officer, is hereby authorized to retain such other and further consultants and services, including, but not limited to, printing services, legal services, assessment and statistical information and other services as are necessary or desirable to facilitate the issuance and delivery of the Series B Bonds.

(g) 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 participation in the issuance of the Series B Bonds, if any.

(h) 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 B Bonds. The District Board hereby authorizes a Designated Officer(s) to enter into a Costs of Issuance Custodian Agreement, or equivalent agreement, with a qualified banking 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), or by the Underwriter, as applicable, in accordance with such agreement.

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

Section 22. Other Actions. The President and Clerk of the District Board, and the Designated Officers of the District, are each authorized and directed to execute and delivery all other documents and to take all actions necessary to cause or facilitate the issuance, sale and delivery of the Series B Bonds.

Section 23. 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 B 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 B Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

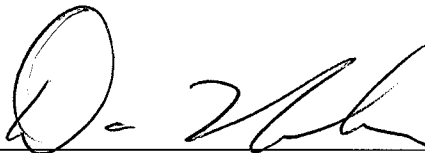
Section 24. Governing Law. This Resolution shall be construed and governed in accordance with the laws of the State.

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 (County Office of Education) of Riverside County.

Section 26. Effective Date. The provisions of this Resolution shall take effect immediately upon adoption.

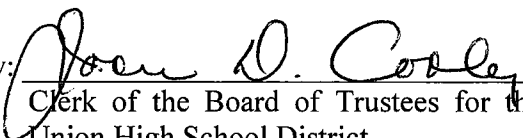
ADOPTED, SIGNED and APPROVED this 16th day of September, 2015, by the Board of Trustees of the Perris Union High School District of the County of Riverside, State of California.

BOARD OF TRUSTEES OF THE PERRIS UNION
HIGH SCHOOL DISTRICT

By: 

President of the Board of Trustees for the
Perris Union High School District

ATTEST:

By: 

Clerk of the Board of Trustees for the Perris
Union High School District

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

I, Joan Cooley, Clerk of the Board of Trustees of the Perris Union High School District, do hereby certify that the foregoing resolution was duly adopted by the Board of Trustees of the Perris Union High School District at a meeting thereof held on the 16th day of September, 2015, at which meeting a quorum of such Board was present and acting throughout and for which notice and an agenda was prepared and posted as required by law, and that such Resolution was so adopted by the following vote:

AYES: 5
NOES: 0
ABSTAIN: 0
ABSENT: 0

By: Joan D. Cooley
Clerk of the Board of Trustees of the Perris
Union High School District

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

I, Joan Cooley, Clerk of the Board of Trustees of the Perris Union High School District, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 3:15-16 of such Board and that the same has not been amended or repealed.

Dated this 16th day of September, 2015.

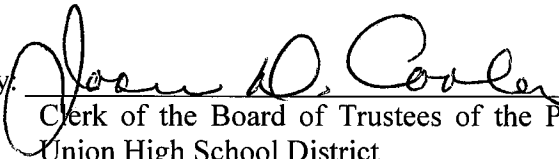
By: 
Clerk of the Board of Trustees of the Perris
Union High School District

EXHIBIT "A"

FORM OF BOND PURCHASE AGREEMENT

[\$[PRINCIPAL AMOUNT]
PERRIS UNION HIGH SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds, 2012 Election, Series B

BOND PURCHASE AGREEMENT

[Pricing Date], 2015

Riverside County Treasurer and Tax Collector
4080 Lemon Street, 3rd Floor
Riverside, California 92502

Board of Trustees
Perris Union High School District
155 East Fourth Street
Perris, California 92570-2124

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated, as Underwriter (the “**Underwriter**”), offers to enter into this Bond Purchase Agreement (this “**Purchase Agreement**”) with Riverside County, California (the “**County**”) and the Perris Union High 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 a 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 they have deemed appropriate in connection with this transaction. The District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (“**MSRB**”). The District acknowledges that it has engaged CSG Advisors Incorporated (“**CSG**” or “**Financial Advisor**”), as its municipal advisor (as

defined in Securities and Exchange Commission Rule 15Ba1 (“**Rule 15Ba1**”), and for financial advice purposes, will reply only on the advice of CSG.

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 offering 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 \$[Principal Amount] in aggregate principal amount of the District’s general obligation bonds captioned above (the “**Bonds**”).

(b) The Underwriter shall purchase the Bonds at a net purchase price of \$ _____, which is equal to the \$[Principal Amount].00 principal amount of the Bonds, [less/plus a net original issue discount/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 for payment of the bond insurance premium paid directly to [Bond Insurer] (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**”) and capital appreciation bonds (“**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 or 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 September [16], 2015 (Resolution No. 3:15-16) (the “**District Resolution**”), the resolution of the Board of Supervisors of the County, adopted on [September 29/October 6], 2015 (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**”). The Bonds shall initially be in authorized denominations of \$5,000 principal amount or maturity value each or any integral multiple of \$5,000; provided that one Capital Appreciation Bond may be issued in an odd maturity value. 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, Los Angeles, California (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), the Continuing Disclosure Certificate, by and between the District and Koppel & Gruber Public Finance, as dissemination agent (the “**Continuing Disclosure Certificate**”) 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 [POS Date], 2015 (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, principal amount per maturity, maturity value and denominational amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities 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 (as defined herein) 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 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 the MSRB 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, the inside 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 the Continuing Disclosure Certificate, 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 [Closing Date], 2015, 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 public school district duly organized and validly existing under the laws of the State of California (the "**State**"), 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 Certificate, 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 Certificate 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 Certificate, 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 of America as the Underwriter may reasonably request, or which have not been taken or obtained; provided, however, that the District shall not be required to consent to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(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 Certificate, 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 or any existing law, charter, ordinance, regulation, decree, order or resolution, or other instrument to which the District is a party or is otherwise subject, and do not conflict with or result in a violation or breach of, or constitute a material default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) Litigation. As of the time of acceptance hereof and based on the advice of Bowie, Arneson, Wiles & Giannone ("**District Counsel**"), no action, suit, proceeding, hearing or formal governmental investigation is pending or, to the best knowledge of the designated officers 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 Certificate or the District Resolution, or contesting the powers of the District or its authority with respect to the Bonds, the District Resolution, this Purchase Agreement or the Continuing Disclosure Certificate 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 Certificate 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) Financial Information. The financial statements of, and other financial information regarding, the District contained in the Official Statement fairly present the financial position of the District as of the dates and for the periods therein set forth, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, (ii) the unaudited financial statements (if any) have been prepared on a basis substantially consistent with the audited financial statements included in the Official Statement and reflect all adjustments necessary to that affect; and (iii) the other financial information has been determined on a basis substantially consistent with that of the District's audited financial statements included in the Official Statement.

(l) Levy of Tax. The District hereby agrees to take, or has taken, any and all actions as may be required 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 and 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, 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 except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles are sought and by the limitations on legal remedies imposed on actions against counties in the State.

(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 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 formal governmental 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 E – RIVERSIDE COUNTY POOLED INVESTMENT FUND” 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 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. The Underwriter is in compliance with MSRB Rule G-17 with respect to 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 within the meaning of California Government Code Section 53590, or otherwise.

(d) The Underwriter has reasonably determined that the District’s undertaking in the Continuing Disclosure Certificate 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, and at the expense of, 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) shall 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) such number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) as the Underwriter may reasonably request 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 Certificate, 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; (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; and (iii) the School District shall perform or have performed all of its obligations required under or specified in the Resolution, the Purchase Contract, the Continuing Disclosure Certificate or the Official Statement to be performed at or prior to the Closing.

(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 has any of the effects described in Section 13 hereof or 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 and the Continuing Disclosure Certificate have been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the Underwriter and the County, each is a legally valid and binding obligation of the District enforceable in accordance with its respective 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 subheadings "The District," "Forward Looking Statements" and "Other Information" as to which no opinion need be expressed), "THE BONDS" (other than under the subheading "Book-Entry Only System" as to which no opinion need be expressed) and "TAX MATTERS," and in Appendix B thereto, insofar as such statements purport to describe certain provisions of the Bonds, the Resolutions or to state legal conclusions concerning the issuance of the Bonds and Bond Counsel's opinion regarding the tax-exempt nature of the Bonds (but excluding Appendices A, C, D, E and F, information regarding [the Bond Insurer and Bond Insurance,] the Riverside County Pooled Investment Fund or investment policies of the County, DTC and its book-entry only system and information provided by the Underwriter 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 Stradling Yocca Carlson & Rauth, a Professional Corporation, as disclosure counsel to the District ("**Disclosure Counsel**"), addressed to the Underwriter and the District, dated the Closing Date, to the effect that based on such counsel's participation in conferences with representatives of the Underwriter, the District, the County, their respective counsel, the Financial Advisor, Bond Counsel and others, during which conferences the contents of the Official Statement and related matters were discussed (but with no inquiry made of other attorneys in such counsel's firm not working directly on the issuance of the Bonds who may have information material to the issue), and in reliance thereon, on oral and written statements and representations of the District and others and on the records, documents, certificates and opinions described therein, such counsel advises the District and the Underwriter, as a matter of fact and not opinion, that, during the course of its engagement as Disclosure Counsel no facts came to the attention of such counsel's attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement as of its date (except for any CUSIP® numbers, financial, statistical, economic, engineering or demographic data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, any information about feasibility valuation, appraisals, absorption, real estate or environmental matters, or any information about litigation, the appendices (other than Appendix A and Appendix D) or any information about book-entry or DTC, included or referred to therein, as to which such counsel need express no opinion or view) contained any untrue statement of a material fact or omitted to state any material fact necessary to

make the statements therein, in light of the circumstances under which they were made, not misleading.

(5) Certificate of the District. A certificate signed by appropriate officials of the District to the effect that:

(i) such officials are authorized to execute this Purchase Agreement and the Continuing Disclosure Certificate;

(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 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 [the 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 the make the statements in the Official Statement in light of the circumstances in which they were made not misleading.

(6) 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 E to the Preliminary Official Statement and the Official Statement, describing the Riverside County Investment Pool and County Investment Policies, 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.

(7) Arbitrage. A non-arbitrage (tax) certificate of the District in a form satisfactory to Bond Counsel.

(8) District Resolution. A certificate, together with fully executed copies of the District Resolution, of the Clerk of the District's Board of Trustees 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.

(9) 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.

(10) District Counsel Opinion. An opinion of Counsel to the District in the form attached as Exhibit B.

(11) County Counsel Opinion. An opinion of Counsel to the County, addressed to the District and the Underwriter, in substantially the form attached hereto as Exhibit C.

(12) 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.

(13) Continuing Disclosure Certificate. An execution copy of the Continuing Disclosure Certificate of the District in substantially the form attached as an appendix to the Preliminary Official Statement.

(14) Underwriter's Counsel Opinion. An opinion, dated the date of Closing, addressed to the Underwriter in form and substance acceptable to the Underwriter.

(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, 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 saved as a result of obtaining Bond Insurance with respect to the Bonds from 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 Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business (“S&P”) as a result of the Bond Insurance and] evidence of the underlying rating of “___” by S&P 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 with respect to the Bonds.

(24) Certificate Regarding Review of Disclosure Compliance. A certificate of Koppel & Gruber Public Finance, 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 [Closing Date], 2015, 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 of America 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 of America 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 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 or international emergency or calamity relating to the effective operation of the government or the financial community in the United States of America or the State government or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue or a determination by that exchange or by order of the Securities Exchange Commission or any other governmental authority having jurisdiction;

(5) the declaration of a general banking moratorium by federal, New York or State 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 then rating the Bonds; or

(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 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; or

(10) the commencement or threat against the District or the County of any action, suit, proceeding, hearing or formal governmental investigation described in Sections 7(f) or 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 [subject to market conditions and County review:] 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 shall 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 and the Continuing Disclosure Certificate; (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 [subject to market conditions and County review:] 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 Riverside County
4080 Lemon Street, 3rd Floor
Riverside, California 92502

If to the District: Superintendent
Perris Union High School District
155 East Fourth Street
Perris, California 92570-2124

With a copy to: Assistant Superintendent, Business Services
Perris Union High School District
155 East Fourth Street
Perris, California 92570-2124

If to the Underwriter: Stifel, Nicolaus & Company, Incorporated
515 South Figueroa Street, Suite 1800
Los Angeles, California 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, and no owner of any Bonds or other party other than the District and the Underwriter 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. This 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

By: _____
Managing Director

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

RIVERSIDE COUNTY

By: _____
Don Kent
Treasurer and Tax Collector

Time of Execution: [Pricing Date], 2015
___ p.m. PDT

APPROVED AS TO FORM:
Gregory P. Priamos
County Counsel

By: _____
Deputy County Counsel

PERRIS UNION HIGH SCHOOL DISTRICT

By: _____
Authorized Officer

Time of Execution: [Pricing Date], 2015
___ p.m. PDT

EXHIBIT A
[\$[PRINCIPAL AMOUNT]
PERRIS UNION HIGH SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds, 2012 Election, Series B

CERTAIN BOND TERMS AND MATURITY SCHEDULES

Maturity Schedules

\$[Principal Amount] Current Interest Serial [and Term] Bonds

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield	Price
<i>Serial Bonds:</i>				
20__	\$	%	%	
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
20XX	_____			
	\$			
<i>Term Bonds</i>				
20XX	\$	%	%	

\$[Principal Amount] Initial Principal Amount (\$_____ Maturity Value)
Capital Appreciation Serial [and Term] Bonds

Maturity Date (September 1)	Initial Principal Amount	Accretion Rate	Reoffering Yield to Maturity	Price	Maturity Value
<i>Serial Bonds:</i>					
20__	\$	%	%		\$
20__					
20__					
<i>Term Bonds</i>					
20XX	_____				
	\$				

REDEMPTION PROVISIONS

Optional Redemption.

Current Interest Bonds. The Current Interest Bonds maturing on or before September 1, 20__, are not subject to redemption. The Current Interest Bonds maturing on or after September 1, 20__, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after September 1, 20__, at a redemption price equal to the principal amount of the Current Interest Bonds called for redemption as of the date set for redemption, plus unpaid accrued interest to the date fixed for redemption, without premium.

Capital Appreciation Bonds. The Capital Appreciation Bonds maturing on or before September 1, 20__, are not subject to redemption. The Capital Appreciation Bonds maturing on or after September 1, 20__, are subject to optional redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after September 1, 20__ [not later than 10 years from date of issuance], at a redemption price equal to the accreted value of the Capital Appreciation Bonds called for redemption to the date of such redemption, without premium.

Mandatory Redemption.

The \$_____ term Current Interest Bonds maturing on September 1, 20__, are subject to redemption prior to maturity from mandatory sinking fund payments, on September 1 of each year, on and after September 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amounts represented by such Bonds to be so redeemed and the dates therefor and the final principal payment date are as indicated in the following table:

Mandatory Sinking Fund Redemption Date (September 1)	Principal Amount to be Redeemed
20__	\$
20__	
20__†	
† Maturity.	

The \$_____ term Capital Appreciation Bonds maturing on September 1, 20__, are subject to redemption prior to maturity from mandatory sinking fund payments on September 1 of each year, on and after September 1, 20__, at the respective accreted values as set forth in the following schedule, at a redemption price equal to the accreted value thereof, together with accrued interest to the date fixed for redemption, without premium:

Mandatory Redemption Date (September 1)	Accreted Value Amount to be Redeemed
20__	\$
20__	
20__†	
† Maturity.	

In the event that a portion of the Current Interest Bonds maturing on September 1, 20__, [or the Capital Appreciation Bonds maturing on September 1, 20__, or September 1, 20__], are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the School District, in integral multiples of \$5,000 of Principal Amount or Maturity Amount, respectively, in respect of the portion of such Bonds optionally redeemed.

EXHIBIT B

FORM OF DISTRICT COUNSEL OPINION

[Delivery Date]

Board of Trustees of the
Perris Union High School District
155 East Fourth Street
Perris, California 92570-2124

Stifel, Nicolaus & Company, Incorporated
515 South Figueroa Street, Suite 1800
Los Angeles, California 90071

Re: \$[Principal Amount] Perris Union High School District
 General Obligation Bonds, 2012 Election, Series B
 Opinion of District Counsel

Ladies and Gentlemen:

We have acted as District Counsel for the Perris Union High School District (“District”) in connection with the proceedings for the issuance and sale by the District of \$[Principal Amount] principal amount of Perris Union High School District General Obligation Bonds, 2012 Election, Series B (“Bonds”). The Bonds are being issued pursuant to a Resolution of the Board of Trustees of the District, adopted on September [16], 2015 (Resolution No. 3:15-16) (“District Resolution”), and a resolution adopted by the Board of Supervisors of the County of Riverside (“County”), adopted on [September 29/October 6], 2015 (“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, commencing with Section 53506, California Education 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 [Pricing Date], 2015 (“Purchase Agreement”), entered into by and among the District, the County and Stifel, Nicolaus & Company, Incorporated (“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 and cover certain matters not directly addressed by such authorities. 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 Bond Resolution 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 Certificate executed and delivered by the District with respect to the Bonds, dated as of [Closing Date], 2015 (“Continuing Disclosure Certificate”);
- (vi) the Official Statement, dated as of [Pricing Date], 2015 (“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 affecting creditors' rights and remedies 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 and to limitations on legal remedies against school districts in the State of California (the "State") and to the application of equitable principles.

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;
2. The District Resolution was duly adopted at a meeting of the Board of Trustees of the District which 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 which has not been modified, amended or rescinded and remains in full force and effect as of 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 Continuing Disclosure Certificate, 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, the Continuing Disclosure Certificate 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 Certificate, 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 Certificate 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 express no opinion, express or implied, regarding the adequacy of the Continuing Disclosure Certificate for purposes of Securities and Exchange Commission Rule 15c2-12 and no such opinion should be inferred from this opinion letter.

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; provided, however, that a copy of this letter may be included in the transcript of documents prepared in connection with the issuance and sale of the Bonds.

Very truly yours,

EXHIBIT C

FORM OF OPINION OF COUNTY COUNSEL

The Honorable Board of Supervisors
Riverside County
4080 Lemon Street
Riverside, California 92502

Perris Union High School District
155 East Fourth Street
Perris, California 92570-2124

Stifel, Nicolaus & Company, Incorporated
515 South Figueroa Street, Suite 1800
Los Angeles, California 90071

**Re: \$[Principal Amount] Perris Union High School District
 (Riverside County, California)
 General Obligation Bonds, 2012 Election, Series B**

Dear Ladies and Gentlemen:

This opinion is rendered and delivered in connection with the issuance by the Board of Supervisors of Riverside County (the "County") on behalf of the Perris Union High School District (the "District") of \$[Principal Amount] aggregate principal amount of bonds designated "\$[Principal Amount] Perris Union High School District, General Obligation Bonds, 2012 Election, Series B" (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Board of Supervisors of Riverside County, California, adopted on [September 29/October 6], 2015 (the "County Resolution"), at the request of the District made pursuant to a resolution adopted on September [16], 2015, by the Board of Trustees of the District (the "District Resolution").

In rendering this opinion, we have examined the County Resolution, the Bond Purchase Agreement dated [Pricing Date], 2015 (the "Purchase Agreement"), among the District, the County and Stifel, Nicolaus & Company, Incorporated, 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 and delivery of the Purchase Agreement and the sale and 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.

GREGORY P. PRIAMOS,
County Counsel

By: _____
Deputy County Counsel

EXHIBIT D

§[PRINCIPAL AMOUNT] PERRIS UNION HIGH SCHOOL DISTRICT General Obligation Bonds, 2012 Election, Series B

CERTIFICATE OF THE UNDERWRITER

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated, as Underwriter (“Underwriter”) of the §[Principal Amount] Perris Union High School District General Obligation Bonds, 2012 Election, Series B (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 Perris Union High 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 (the “Initial Offering Prices”).
- 1.2 The Initial Offering Prices of the Bonds of each maturity (and stated interest rates, accretion rates and/or yields) reflected the assessment by the Underwriter of the reasonable range of 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 of the Bonds [(excluding the Bond maturities for _____)] was initially sold to the general public for the respective Initial Offering Prices.

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 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.
- 3.3 The fees 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.
- 3.4 To the best knowledge of the undersigned, the fees paid for the Policy represent a commercially reasonable charge for the transfer of credit risk and 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.
- 3.5 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 Board of Trustees of the District (Resolution No. 3:15-16), adopted on September [16], 2015, 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 the Code.

Dated: [Closing Date], 2015

STIFEL, NICOLAUS & COMPANY, INCORPORATED,
as Underwriter

By: _____
Managing Director

ATTACHMENT "A"

**General Obligation Bonds, 2012 Election, Series B
Purchase Information**

Current Interest Bonds

Capital Appreciation Bonds

EXHIBIT E

CERTIFICATE REGARDING REVIEW OF DISCLOSURE COMPLIANCE

Perris Union High School District
155 East Fourth Street
Perris, California 92570-2124

Stifel, Nicolaus & Company, Incorporated
515 South Figueroa Street, Suite 1800
Los Angeles, California 90071

The undersigned authorized representative of Koppel & Gruber Public Finance (“Dissemination Agent”) hereby certifies the following:

1. The Dissemination Agent has served as dissemination agent with respect to various continuing disclosure undertakings of the Perris Union High School District (the “School District”) and the Perris Union High School District Financing Authority (the “Authority”) since May 6, 2009.
2. Attached hereto as Exhibit A is a [list of financings] [continuing disclosure compliance summary which summarizes filings within the last five years with respect to various financings] of the School District and the Authority for which the Dissemination Agent has served as dissemination agent during the last five years. We have compared Exhibit A to the financings listed on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System (“EMMA System”) and, there are no other financings of the School District, the Authority or any community facilities districts formed by the School District listed on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for which the Dissemination Agent did not serve as dissemination agent during the last five years.
3. In the Dissemination Agent’s role as dissemination agent, the Dissemination Agent assisted in the preparation of the annual reports required under the various undertakings, and it is the Dissemination Agent’s practice to review the content of the filings and the requirements of the applicable disclosure undertakings to assure that required information is included in each annual report.
4. Except as indicated in a filing made on April 4, 2011, with the EMMA System, the annual reports made for each financing for each of the past five years have been made in a timely manner consistent with the requirements of the applicable undertaking.
5. As described in the Preliminary Official Statement and the continuing disclosure compliance summary, certain annual reports and other reporting obligations, such as event notices relating to rating changes of rated and/or insured financings or notices of defeasance or redemption of bonds, required by the various continuing disclosure undertakings made for each financing since _____, 2010, have not been made in a timely manner consistent with the requirements of the applicable continuing disclosure undertaking. The School District has since filed such information.

Dated: [Closing Date], 2015

Koppel & Gruber Public Finance

By: _____
Authorized Representative

EXHIBIT A
PERRIS UNION HIGH SCHOOL DISTRICT

List of Financings

1. \$8,313,075.35 Perris Union High School District (Riverside County, California), General Obligation Bonds, 1999 Election, Series B (CUSIP# 714398) May 25, 2000
2. \$7,686,806.70 Perris Union High School District, (Riverside County, California), General Obligation Bonds, 1999 Election, Series B (CUSIP# 714398) November 19, 2002
3. \$38,764,557.85 Perris Union High School District, General Obligation Bonds, 2004 Election, Series B (Riverside County, California) (CUSIP# 714398) March 29, 2005
4. \$7,805,000.00 Perris Union High School District, 2005 General Obligation Refunding Bonds (Riverside County, California) (CUSIP# 714398) March 29, 2005
5. \$7,232,820.00 Perris Union High School District, General Obligation Bonds, 2004 Election, Series B (Riverside County, California) (CUSIP# 714398) April 27, 2006
6. \$9,100,000.00 2007 Certificates of Participation (School Refinancing Project) Perris Union High School District (Riverside County, California) (CUSIP# 714399) December 20, 2007
7. \$23,500,000.00 Perris Union High School District, Certificates of Participation (2003 School Financing Project) (CUSIP# 714399) January 21, 2004
8. \$42,345,000 Perris Union High School District Financing Authority, 2011 Revenue Bonds (CUSIP#71440P) November 30, 2011
9. \$35,000,000 Perris Union High School District, General Obligation Bonds, 2012 Election, Series A (Riverside County, California) (CUSIP#714398) August 6, 2013
10. \$26,510,000 Perris Union High School District, 2014 General Obligation Refunding Bonds (Riverside County, California) (CUSIP#714398) December 4, 2014
11. \$46,150,000 Perris Union High School District Financing Authority, 2015 Revenue Bonds (CUSIP#71440P) February 5, 2015

EXHIBIT "B"

FORM OF CONTINUING DISCLOSURE CERTIFICATE

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Perris Union High School District (the "District") in connection with the issuance of \$_____ of the District's General Obligation Bonds, 2012 Election, Series B (the "Bonds"). The Bonds are being issued pursuant to resolutions of the District, adopted on September 16, 2015, and the Board of Supervisors of Riverside County, adopted on October __, 2015 (collectively, the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

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

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially Koppel & Gruber Public Finance, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Holders" shall mean registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

"Participating Underwriter" shall mean Stifel, Nicolaus & Company, Incorporated.

"Repository" shall mean the Electronic Municipal Market Access system of the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2014-15 Fiscal Year, provide to the Participating Underwriter and to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided.

SECTION 4. Content and Form of Annual Reports.

(a) The District's Annual Report shall contain or include by reference the following:

(i) The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(ii) The District's approved annual budget for the then-current fiscal year.

(iii) Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

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

(B) If Riverside County no longer includes the tax levy for payment of the Bonds in its Teeter Plan, the property tax levies, collections, and delinquencies for the District for the most recently completed fiscal year.

- (C) Top ten property owners in the District for the then-current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable assessed value, and their percentage of total secured assessed value, if material.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format accompanied by identifying information prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

- (i) principal and interest payment delinquencies.
- (ii) tender offers.
- (iii) defeasances.
- (iv) rating changes.
- (v) the issuance by the Internal Revenue Service of adverse tax opinions or proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).
- (vi) unscheduled draws on the debt service reserves reflecting financial difficulties.
- (vii) unscheduled draws on credit enhancement reflecting financial difficulties.
- (viii) substitution of the credit or liquidity providers or their failure to perform.
- (ix) bankruptcy, insolvency, receivership or similar event of the District. For the purposes of the event identified in this Section 5(a)(ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the 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 governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) non-payment related defaults.
 - (ii) modifications to rights of Bondholders.
 - (iii) optional, contingent or unscheduled bond calls.
 - (iv) unless described under Section 5(a)(v) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
 - (v) release, substitution or sale of property securing repayment of the Bonds.
 - (vi) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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.
 - (vii) Appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.
- (c) Upon the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.
- (d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

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

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

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolutions, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall

confer no duties on the Dissemination Agent to the Participating Underwriters, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: October __, 2015

PERRIS UNION HIGH SCHOOL DISTRICT

By _____

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: PERRIS UNION HIGH SCHOOL DISTRICT

Name of Bond Issue: General Obligation Bonds, 2012 Election, Series B

Date of Issuance: October __, 2015

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

PERRIS UNION HIGH SCHOOL DISTRICT

By _____ [form only; no signature required]

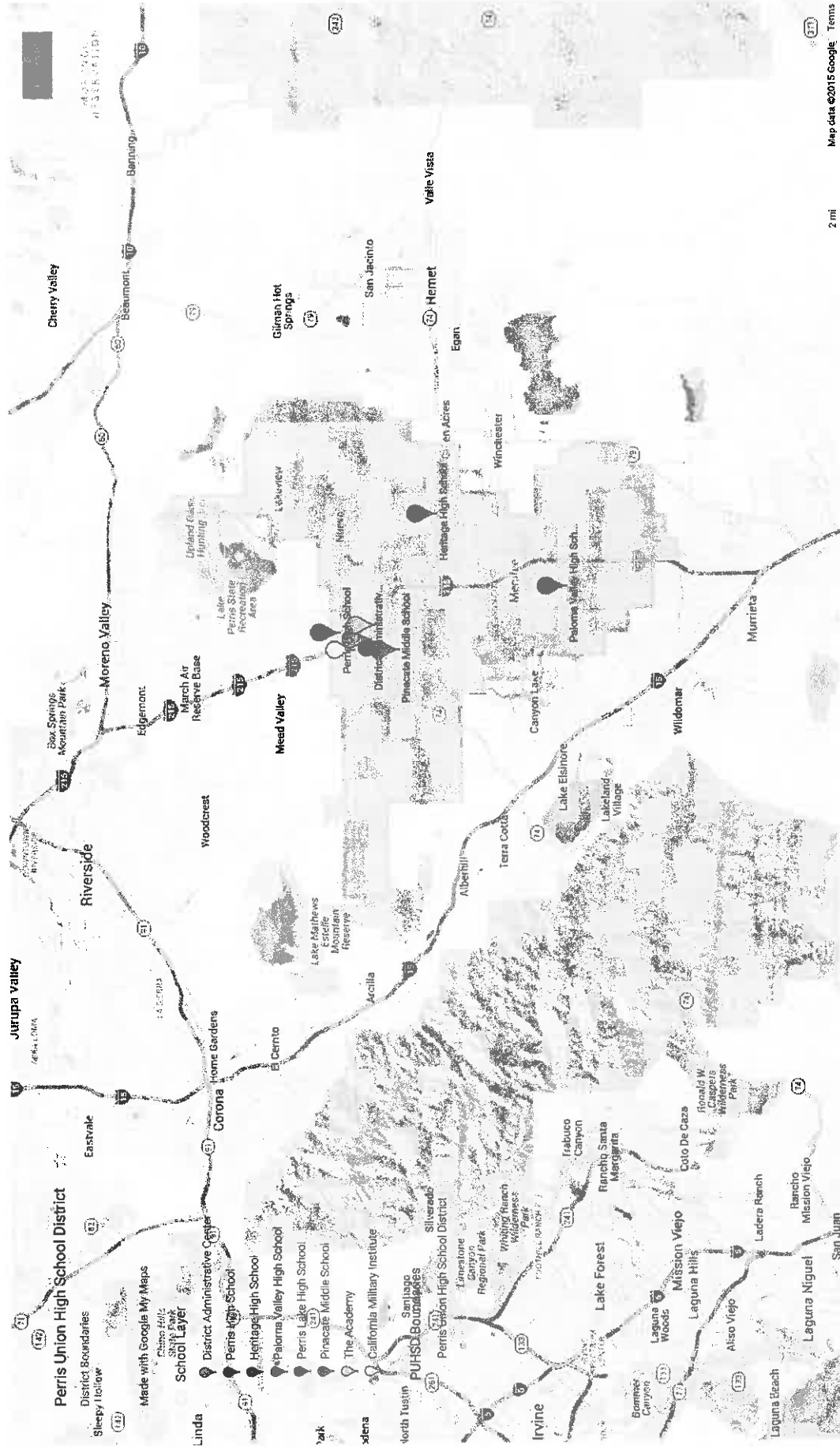
EXHIBIT "C"

ESTIMATED COSTS OF ISSUANCE

Underwriter's Discount (not to exceed)	0.75% of the Par Amount
Bond Insurance (if purchased)	\$300,000
Other costs of issuance, including, but not limited to:	
• Bond Counsel fees and expenses	\$50,000
• Disclosure Counsel fees and expenses	27,500
• District Counsel fees	3,000
• Financial Advisor Fees	43,000
• Facilities Consultant Costs	30,000
• Rating Agency - costs of rating(s)	25,000
• Printing costs	3,500
• Dissemination Agent (initial costs) (if required)	3,500
• Data Service	1,500
• Paying Agent costs and expenses	1,500
• Contingency	11,500

Notes to Exhibit "C"

All costs of issuance listed herein are estimates. Such figures shall not constrain or limit the amount that the District may allocate for costs of issuance in connection with the issuance and sale of the Series B Bonds pursuant to the directives and conditions set forth in District Resolution No. 3:15-16 and the applicable provisions of the County Resolution.



NEW ISSUE -- FULL BOOK-ENTRY

**RATING: Standard & Poor's: “__”
See “RATINGS”**

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 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 Bonds is not an item of tax preference for purposes of the federal alternative minimum taxes 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 Bonds is exempt from State of California personal income taxation. Bond Counsel expresses no other opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See “TAX MATTERS” herein.

\$ _____ *

**PERRIS UNION HIGH SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds, 2012 Election, Series B**

Dated: Date of Delivery

Due: September 1, as shown on inside front cover

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision. Capitalized terms used in this cover page and not otherwise defined shall have the meanings set forth herein.

The Perris Union High School District (Riverside County, California) General Obligation Bonds, 2012 Election, Series B (the “Bonds”), in the aggregate principal amount of \$ _____ *, were authorized at an election of the registered voters of the Perris Union High School District (the “District”) held on November 6, 2012, at which more than 55% of the persons voting on the proposition voted to authorize the issuance and sale of \$153,420,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to finance the repair, upgrading, modernization, renovation, construction and equipping of certain District property and facilities, to pay capitalized interest on the Current Interest Bonds, and to pay certain costs of issuing the Bonds.

The Bonds represent a general obligation of the District, payable solely from *ad valorem* property taxes. The Board of Supervisors of Riverside County (the “County”) is empowered and obligated to annually levy *ad valorem* taxes for the payment of the principal and Accreted Value of and interest on the Bonds upon all property subject to taxation by the District without limitation of rate or amount (except as to certain personal property which is taxable at limited rates).

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (collectively referred to herein as “DTC”). Purchasers of the Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interests in the Bonds.

The Bonds will be issued as current interest bonds (the “Current Interest Bonds”) and capital appreciation bonds (the “Capital Appreciation Bonds”). Interest with respect to the Current Interest Bonds accrues from the date of delivery of the Bonds and is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2016. The Capital Appreciation Bonds accrete interest from the date of delivery, compounded semiannually on March 1 and September 1 of each year, commencing on March 1, 2016. The Current Interest Bonds are issuable as fully registered Bonds in denominations of \$5,000 principal amount or any integral multiple thereof. The Capital Appreciation Bonds are issuable as fully registered Bonds in denominations of \$5,000 Maturity Value or any integral multiple thereof.

Payments of principal and Accreted Value of and interest on the Bonds will be made by U.S. Bank National Association, as Paying Agent, to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Bonds. See “THE BONDS – Book-Entry Only System.”

The District has applied for a municipal bond insurance policy for the scheduled payment of principal and Accreted Value of and interest on the Bonds when due, which, if purchased, would be issued concurrently with the delivery of the Bonds.

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity, as described herein.*

MATURITY SCHEDULE*
(see inside front cover)

The Bonds are offered when, as and if issued, and received by the Underwriter subject to the approval as to their legality by Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel to the District. Certain legal matters will be passed upon for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Disclosure Counsel, and by Bowie, Arneson, Wiles & Giannone, Newport Beach, California, as District Counsel; certain legal matters will be passed upon for the Underwriter by McFarlin & Anderson LLP, Laguna Hills, California. The Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company on or about October __, 2015.

[Stifel logo]

The date of this Official Statement is October __, 2015.

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

MATURITY SCHEDULE*

\$ _____ *
PERRIS UNION HIGH SCHOOL DISTRICT
 (Riverside County, California)
General Obligation Bonds, 2012 Election, Series B

Base CUSIP†: _____

\$ _____ **Current Interest Serial Bonds**

<u>Maturity</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP†</u>
---	-----------------------------------	--------------------------------	--------------	---------------

\$ _____ % **Current Interest Term Bonds due September 1, 20__** - Yield _____%‡ - CUSIP†: _____

\$ _____ **Capital Appreciation Serial Bonds**

<u>Maturity</u> <u>(September 1)</u>	<u>Denominational</u> <u>Amount</u>	<u>Accretion</u> <u>Rate</u>	<u>Yield to</u> <u>Maturity</u>	<u>Maturity</u> <u>Value</u>	<u>CUSIP†</u>
---	--	---------------------------------	------------------------------------	---------------------------------	---------------

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Services. Neither the Underwriter nor the District is responsible for the selection or correctness of the CUSIP numbers set forth herein.

‡ Yield to call at par on September 1, 20__.

PERRIS UNION HIGH SCHOOL DISTRICT
(Riverside County, California)

BOARD OF TRUSTEES

David G. Nelissen, President
Edward Agundez, Vice President
Joan D. Cooley, Clerk
Dr. Jose Luis Araux, Member
Carolyn A. Twyman, Member

DISTRICT ADMINISTRATION

Jonathan L. Greenberg, Ed. D., *Superintendent*
Candace Reines, *Assistant Superintendent, Business Services*

PROFESSIONAL SERVICES

BOND COUNSEL/DISTRICT COUNSEL

Bowie, Arneson, Wiles & Giannone
Newport Beach, California

DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth,
a Professional Corporation
San Francisco, California

FINANCIAL ADVISOR

CSG Advisors Incorporated
San Francisco, California

PAYING AGENT

U.S. Bank National Association
Los Angeles, California

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
THE DISTRICT	1
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS	1
PURPOSE OF ISSUE	2
DESCRIPTION OF THE BONDS	2
TAX MATTERS	3
AUTHORITY FOR ISSUANCE OF THE BONDS	3
OFFERING AND DELIVERY OF THE BONDS.....	3
CONTINUING DISCLOSURE	3
PROFESSIONALS INVOLVED IN THE OFFERING.....	4
FORWARD LOOKING STATEMENTS.....	4
OTHER INFORMATION	4
THE BONDS.....	5
AUTHORITY FOR ISSUANCE	5
SECURITY AND SOURCES OF PAYMENT	5
DESCRIPTION OF THE BONDS	6
BOND INSURANCE.....	7
APPLICATION AND INVESTMENT OF BOND PROCEEDS.....	7
REDEMPTION.....	7
REGISTRATION, TRANSFER AND EXCHANGE OF BONDS	10
DEFEASANCE	11
PAYING AGENT	12
BOOK-ENTRY ONLY SYSTEM.....	12
ESTIMATED SOURCES AND USES OF FUNDS	14
DEBT SERVICE SCHEDULE.....	15
TAX BASE FOR REPAYMENT OF THE BONDS.....	16
<i>AD VALOREM</i> PROPERTY TAXATION	16
ASSESSED VALUATIONS.....	16
APPEALS AND REDUCTIONS OF ASSESSED VALUATIONS.....	17
ASSESSED VALUATION AND PARCELS BY LAND USE	18
ASSESSED VALUATION PER PARCEL OF SINGLE FAMILY HOMES.....	19
ASSESSED VALUATION BY JURISDICTION.....	20
TAXATION OF STATE-ASSESSED UTILITY PROPERTY	20
SECURED TAX CHARGES AND DELINQUENCIES	21
ALTERNATIVE METHOD OF TAX APPORTIONMENT	21
TAX RATES	22
LARGEST PROPERTY OWNERS.....	23
STATEMENT OF DIRECT AND OVERLAPPING DEBT	23
CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS	25
ARTICLE XIII A OF THE CALIFORNIA CONSTITUTION	25
LEGISLATION IMPLEMENTING ARTICLE XIII A.....	26
UNITARY PROPERTY	26
ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION	27
PROPOSITION 26.....	27
ARTICLE XIII C AND ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION	28
PROPOSITIONS 98 AND 111.....	28
PROPOSITION 39.....	30
PROPOSITION 1 A AND PROPOSITION 22.....	31
JARVIS V. CONNELL	31
PROPOSITION 30.....	32
PROPOSITION 2.....	32
FUTURE INITIATIVES	34
STATE BUDGET	34

TABLE OF CONTENTS (cont'd)

	<u>Page</u>
THE DISTRICT	36
INTRODUCTION	36
ADMINISTRATION	37
PROPOSED UNIFICATION INVOLVING MENIFEE UNION SCHOOL DISTRICT	37
ENROLLMENT TRENDS	38
LABOR RELATIONS	39
STATE RETIREMENT SYSTEMS	39
POST-EMPLOYMENT BENEFITS	43
SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN	44
JOINT POWERS AUTHORITIES	44
DISTRICT FINANCIAL INFORMATION.....	44
STATE FUNDING OF EDUCATION	44
OTHER REVENUE SOURCES	49
STATE DISSOLUTION OF REDEVELOPMENT AGENCIES	49
ACCOUNTING PRACTICES.....	50
FINANCIAL STATEMENTS	51
COMPARATIVE FINANCIAL STATEMENTS	52
BUDGET PROCESS	53
GENERAL FUND BUDGETS	55
DISTRICT DEBT STRUCTURE	56
TAX MATTERS	60
OPINION OF BOND COUNSEL	60
ORIGINAL ISSUE DISCOUNT; PREMIUM BONDS	61
IMPACT OF LEGISLATIVE PROPOSALS, CLARIFICATIONS OF THE CODE AND COURT DECISIONS ON TAX EXEMPTION	62
INTERNAL REVENUE SERVICE AUDIT OF MUNICIPAL BOND ISSUES.....	62
INFORMATION REPORTING AND BACKUP WITHHOLDING.....	62
LEGAL MATTERS	63
CONTINUING DISCLOSURE	63
LEGALITY FOR INVESTMENT IN CALIFORNIA	64
ABSENCE OF MATERIAL LITIGATION	64
LEGAL OPINION	64
FINANCIAL STATEMENTS	64
RATINGS.....	64
FINANCIAL ADVISOR.....	65
UNDERWRITING	65
ADDITIONAL INFORMATION.....	65
APPENDIX A	FISCAL YEAR 2013-14 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT..... A-1
APPENDIX B	FORM OF OPINION OF BOND COUNSEL.....B-1
APPENDIX C	FORM OF CONTINUING DISCLOSURE CERTIFICATE.....C-1
APPENDIX D	GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR RIVERSIDE COUNTY, THE CITY OF MENIFEE AND THE CITY OF PERRIS D-1
APPENDIX E	RIVERSIDE COUNTY POOLED INVESTMENT FUNDE-1
APPENDIX F	TABLE OF ACCRETED VALUES.....F-1

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

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of such municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein has been obtained from sources outside of the District which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

Stifel, Nicolaus & Company, Incorporated (the “Underwriter”) has provided the following sentence for inclusion in this Official Statement:

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

In connection with this offering, the Underwriter may overallocate or effect transactions which stabilize or maintain the market prices of the Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page and said public offering prices may be changed from time to time by the Underwriter.

The District maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

[Insert Regional Location Map]

\$ _____ *

PERRIS UNION HIGH SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds, 2012 Election, Series B

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page, and appendices hereto, provides information in connection with the sale of Perris Union High School District (Riverside County, California) General Obligation Bonds, 2012 Election, Series B, in the principal amount of \$ _____* (the "Bonds").

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 page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Bonds to potential investors is made only by means of the entire Official Statement.

The District

The Perris Union High School District (the "District") was incorporated on August 23, 1897, and covers approximately 182 square miles in the northwestern part of Riverside County (the "County") just south of the City of Riverside. A majority of the City of Perris, all of the City of Menifee, and all of the unincorporated communities of Sun City, Lakeview, Nuevo, Romoland, and Homeland are situated within the District's boundaries. The City of Perris is located 18 miles south of the City of Riverside, 75 miles northeast of the City of San Diego and 70 miles east of the City of Los Angeles.

The District currently operates one middle school, three comprehensive high schools, one continuation high school, one community day-school, and one grades 5-12 military institute charter school. The District provides education for grades 7-12 for students generated by the Perris Elementary School District and grades 9-12 for students generated by the Menifee Union School District, the Nuvview Union School District and the Romoland School District. The District additionally operates an independent study program and an adult education program.

The District is governed by a five-member Board of Trustees (the "Board"), each member 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. The day-to-day affairs of the District are the responsibility of its Superintendent. Jonathan L. Greenberg, Ed.D., is the Superintendent of the District and Candace Reines is the Assistant Superintendent, Business Services. See "THE DISTRICT – Administration."

Security and Sources of Payment for the Bonds

The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied and collected by the County on taxable property located within the boundaries of the 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 Bonds and the interest thereon upon all property within the District subject to taxation by the District without limitation of rate or amount (except certain

* Preliminary, subject to change.

personal property which is taxable at limited rates). See “THE BONDS – Security and Sources of Payment.”

Purpose of Issue

The proceeds from the sale of the Bonds will be used by the District to (i) finance the repair, upgrading, modernization, renovation, construction and equipping of certain District property and facilities, (ii) pay capitalized interest on the Current Interest Bonds, and (iii) pay certain costs of issuance of the Bonds. See “THE BONDS – Application and Investment of Bond Proceeds” and “ESTIMATED SOURCES AND USES OF FUNDS.”

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only (without coupons), initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) in the denominations set forth on the inside cover page hereof, under the book-entry only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See “THE BONDS – Book-Entry Only System.” In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Bond Resolution described herein. See “THE BONDS – Registration, Transfer and Exchange of Bonds.”

Current Interest Bonds and Capital Appreciation Bonds. The Bonds will be issued as current interest bonds (the “Current Interest Bonds”) and capital appreciation bonds (the “Capital Appreciation Bonds”).

The Current Interest Bonds mature on September 1 in the years indicated on the inside cover page hereof. The Capital Appreciation Bonds mature on September 1 in the years indicated on the inside cover page hereof, are payable only at maturity and will not pay interest on a current basis. The Maturity Value of a Capital Appreciation Bond is equal to its Accreted Value on the maturity date thereof. The accreted value (the “Accreted Value”) of any Capital Appreciation Bond is equal to the sum of its initial principal amount (the “Denominational Amount”) and the interest accreting thereon between the delivery date of the Bonds (the “Date of Delivery”) and the date of calculation of such Accreted Value.

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of \$5,000 principal amount or Maturity Value, as applicable, or any integral multiple thereof.

Redemption.* The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity as described herein. See “THE BONDS – Redemption.”

Payments. Interest on the Current Interest Bonds accrues from their initial Date of Delivery, and is payable semiannually on each March 1 and September 1 (each a “Bond Payment Date”), commencing March 1, 2016. Principal on the Current Interest Bonds is payable on September 1 in the amounts and years as set forth on the inside cover page hereof. The Capital Appreciation Bonds do not pay current interest. Each Capital Appreciation Bond accretes in value from its Denominational Amount on the Date of Delivery to its Maturity Value on the maturity thereof at the Accretion Rate per annum set forth on the inside cover page hereof, compounded semiannually on March 1 and September 1 of each year

* Preliminary, subject to change.

commencing on March 1, 2016, and is payable only at maturity in the amount and year as set forth set forth in the table of accreted values shown in Appendix F.

Payments of the principal and Accreted Value of and interest on the Bonds will be made by U.S. Bank National Association, the designated paying agent, bond registrar, authenticating agent and transfer agent (the “Paying Agent”), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds. See “THE BONDS – Book-Entry Only System.”

Bond Insurance. The District has applied for a municipal bond insurance policy for the scheduled payment of principal and Accreted Value of and interest on the Bonds when due, which, if purchased, would be issued concurrently with the delivery of the Bonds. See “THE BONDS – Bond Insurance” herein.

Tax Matters

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 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 Bonds is not an item of tax preference for purposes of the federal alternative minimum taxes imposed on individuals and corporations, although 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 alternative minimum tax liabilities. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income taxation. Bond Counsel expresses no other opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. For additional detail, please see “TAX MATTERS – Opinion of Bond Counsel.”

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and other applicable law, and pursuant to resolutions adopted by the District’s Board and the Board of Supervisors of the County. See “THE BONDS – Authority for Issuance.”

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to the validity by Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about October __, 2015.

Continuing Disclosure

The District will covenant for the benefit of bondholders to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events, in compliance with S.E.C. Rule 15c2-12(b)(5). The specific nature of the information to be made available and of the notices of events required to be provided are summarized in Appendix C. See “LEGAL MATTERS – Continuing Disclosure.”

Professionals Involved in the Offering

Bowie, Arneson, Wiles & Giannone, Newport Beach, California, is acting as Bond Counsel to the District with respect to the Bonds, and also as District Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is acting as Disclosure Counsel to the District in connection with the Bonds. CSG Advisors Incorporated, San Francisco, California, will act as financial advisor to the District in connection with the Bonds. U.S. Bank National Association, Los Angeles, California, is acting as Paying Agent with respect to the Bonds. McFarlin & Anderson LLP, Laguna Hills, California, will be serving as Underwriter's Counsel in connection with the sale and delivery of the Bonds. Bowie, Arneson, Wiles & Giannone, Stradling Yocca Carlson & Rauth, and McFarlin & Anderson LLP will receive compensation from the District contingent upon the sale and delivery of the Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget," "intend," or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Superintendent, Perris Union High School District, 155 East Fourth Street, Perris, California 92570-2124. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 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.

Certain information set forth herein, other than that provided by the District, has been obtained from official 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 District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Bond Resolution (defined herein).

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code of the State of California (the “Act”), commencing with Section 53506 *et seq.*, as amended, Article XIII A of the California Constitution, and applicable provisions of the California Education Code and pursuant to a resolution adopted by the Board on September 16, 2015 (the “District Resolution”), and a resolution adopted by the Board of Supervisors of the County on October __, 2015 (the “Bond Resolution” and together with the District Resolution, the “Resolutions”). The District received authorization at an election held on November 6, 2012, by more than 55% of the votes cast by eligible voters within the District to issue not to exceed \$153,420,000 aggregate principal amount of general obligation bonds (the “2012 Authorization”). The Bonds are the second series of bonds issued under the 2012 Authorization. After the issuance of the Bonds, \$ _____ of the 2012 Authorization will remain unissued. See “DISTRICT FINANCIAL INFORMATION – District Debt Structure – General Obligation Bonds” for information concerning other outstanding general obligation bonds of the District.

Security and Sources of Payment

The Bonds are general obligations of the District, and payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* taxes for the payment of the principal and Accreted Value of and interest on the Bonds upon all property within the District subject to taxation by the District without limitation as to rate or amount (except certain personal property which is taxable at limited rates). Such taxes, when collected, will be deposited by the County into the Perris Union High School District General Obligation Bonds, 2012 Election, Series B Debt Service Fund (the “Debt Service Fund”), which is segregated and held by the County and which is irrevocably pledged for the payment of principal and Accreted Value of and interest on the Bonds when due. Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds, and the County will hold the Debt Service Fund, the Bonds are not a debt of the County. See “TAX BASE FOR REPAYMENT OF THE BONDS.”

The monies in the Debt Service Fund, to the extent necessary to pay the principal and Accreted Value of and interest on the Bonds, as the same becomes due and payable, will be transferred by the County to the Paying Agent which, in turn, shall remit such monies to DTC to pay, as the case may be, the principal and Accreted Value of and interest on the Bonds. DTC will thereupon make payment of principal and interest of such Bonds to the DTC Participants who will thereupon make payments of principal, Accreted Value and interest and premium, if any, to its Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds.

The annual *ad valorem* tax rates levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State of California (the "State") and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, wildfire, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" and "TAX BASE FOR REPAYMENT OF THE BONDS."

Description of the Bonds

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

Interest with respect to the Current Interest Bonds accrues from their date of delivery, and is payable semiannually on March 1 and September 1 of each year (each a "Bond Payment Date"), commencing March 1, 2016. Interest on the Current Interest Bonds will be computed on the basis of a 360-day year comprising twelve 30-day months. Each Current Interest Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before February 15, 2016, in which event it shall bear interest from its date; *provided*, that if, at the time of authentication of any Bond interest is in default on any outstanding Current Interest Bonds, such Current Interest Bond shall bear interest from the Bond Payment Date to which interest has previously been paid or made available for payment on the outstanding Current Interest Bonds. The Current Interest Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof and mature on September 1 in the years and amounts set forth on the inside cover hereof.

The Capital Appreciation Bonds are payable only at maturity, and will not pay interest on a current basis. The Maturity Value of a Capital Appreciation Bond is equal to its Accreted Value on the maturity date thereof. The accreted value (the "Accreted Value") of any Capital Appreciation Bond is equal to the sum of its Denominational Amount and the interest accreting thereon at the Accretion Rate thereof set forth on the inside cover page hereof between the Date of Delivery and the date of calculation of such Accreted Value, compounded semiannually on March 1 and September 1 of each year commencing on March 1, 2016, computed on the basis of a 360-day year comprising twelve 30-day months. The Capital Appreciation Bonds are issuable in denominations of \$5,000 Maturity Value or any integral multiple thereof and mature on September 1 in the years and amounts set forth on the inside cover hereof.

The principal or Accreted Value of the Bonds will be payable on the dates indicated on the inside cover page hereof, in lawful money of the United States of America to the registered owner thereof, upon

the surrender thereof at the principal corporate trust office of the Paying Agent. The interest on the Current Interest Bonds will be payable in lawful money of the United States of America to the person whose name appears on the bond registration books of the Paying Agent as the registered owner thereof as of the close of business on the 15th day of the month next preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day, such interest to be paid by check or draft mailed on such Bond Payment Date to such registered owner at such registered owner's address as it appears on such registration books on the preceding Record Date or at such address as the registered owner may have filed with the Paying Agent for that purpose. The interest payments on the Current Interest Bonds will be made in immediately available funds (e.g., by wire transfer) to any registered owner of at least \$1,000,000 of outstanding Current Interest Bonds who shall have requested in writing such method of payment of interest on the Bonds prior to the close of business on the Record Date immediately preceding any Bond Payment Date.

Bond Insurance

The District has applied for a municipal bond insurance policy for the scheduled payment of principal and Accreted Value of and interest on the Bonds when due, which, if purchased, would be issued concurrently with the delivery of the Bonds.

Application and Investment of Bond Proceeds

The Bonds are being issued to finance the repair, upgrading, modernization, renovation, construction and equipping of certain District property and facilities, to pay capitalized interest on the Current Interest Bonds, and to pay certain costs of issuing the Bonds.

The net proceeds from the sale of the Bonds shall be paid to the County to the credit of the "Perris Union High School District General Obligation Bonds, 2012 Election, Series B Building Fund" (the "Building Fund"). Any premium received by the County from the sale of the Bonds shall be kept separate and apart in the Debt Service Fund and used only for payment of principal and Accreted Value of and interest on the Bonds. Any excess proceeds of the Bonds not needed for the authorized purposes for which the 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 Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

Expected Investment of Bond Proceeds. Monies in the Debt Service Fund and the Building Fund are expected to be invested through the County Treasury Pool. See "APPENDIX E – RIVERSIDE COUNTY POOLED INVESTMENT FUND."

Redemption

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

* Preliminary, subject to change.

The Capital Appreciation Bonds maturing on or before September 1, 20__, are not subject to redemption. The Capital Appreciation Bonds maturing on or after September 1, 20__, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part on any date, on or after September 1, 20__, at a redemption price equal to the Accreted Value of the Capital Appreciation Bonds called for redemption as of the date of redemption, without premium.

Mandatory Sinking Fund Redemption.* The Current Interest Term Bonds maturing on September 1, 20__, are subject to redemption prior to maturity from mandatory sinking fund payments on September 1 of each year, on and after September 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amounts represented by such Current Interest Term Bonds to be so redeemed and the dates therefor and the final principal payment date are as indicated in the following table:

Redemption Date (September 1)	Principal Amount to be Redeemed
----------------------------------	------------------------------------

(1)

⁽¹⁾ Maturity.

In the event that a portion of the Current Interest Term Bonds maturing on September 1, 20__, are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 of principal amount, in respect of the portion of such Current Interest Term Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever provision is made for the redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written direction from the District, will select the Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent will select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent determines; *provided, however*, that the portion of any Current Interest Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof and the portion of any Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000 Maturity Value thereof.

Notice of Redemption. *While the 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 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 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 Bond Resolution.*

The Paying Agent shall give notice of the redemption (a "Redemption Notice") of the Bonds at the expense of the District. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) if less than all of the then-outstanding Bonds are to be called for redemption, shall designate the numbers (or state that all Bonds between two stated numbers both inclusive have been called for redemption) and CUSIP numbers, if any, of the Bonds to be redeemed, (c) the date of notice and the date of redemption,

(d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds and the specific 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 Bond to be redeemed, the portion of the Principal Amount, in the case of Current Interest Bonds, and Accreted Value, in the case of Capital Appreciation Bonds, of such Bond to be redeemed, together with the interest accrued to the redemption date, and redemption premium, if any, and that from and after such date, interest with respect thereto shall cease to accrue or accrete, as applicable.

Any Redemption Notice shall be mailed, by first-class mail, postage prepaid, to the Owners of the Bonds, to a Securities Depository and to a national information service (notice to which may be provided electronically), and by first-class mail, postage prepaid, to the District and the County and the respective Owners of any registered 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 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 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 Bonds shall bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in Transfer Amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the 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 Bond Resolution, and the monies for the redemption (including the interest to the applicable date of redemption) having been set aside in the Debt Service Fund, the 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 Bonds to be redeemed as provided in the Bond 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 Bond Resolution, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue. All money held for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

Bonds No Longer Outstanding. All Bonds paid at maturity or redeemed prior to maturity pursuant to the Bond Resolution shall be cancelled upon surrender thereof and be delivered to or upon the order of the County or the District. All or any portion of a Bond purchased by the County or the District shall be cancelled by the Paying Agent.

Contingent Redemption; Rescission of Redemption. Any redemption notice may specify that redemption of the Bonds designated for redemption on a specified date will be subject to the receipt by the District of monies sufficient to cause such redemption (and will specify the proposed source of such

monies), and the District, the County and the Paying Agent will have no liability to the Owners of any Bonds, or any other party, as a result of the District's failure to redeem the Bonds designated for redemption as a result of insufficient monies therefor.

Additionally, the District may rescind any optional redemption of the 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 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 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. None of the District, the County, or the Paying Agent will have any liability to the Owners of any Bonds, or any other party, as a result of the District's decision to rescind a redemption of any Bonds pursuant to the provisions of the Bond Resolution.

Registration, Transfer and Exchange of Bonds

So long as any of the Bonds remain outstanding, the 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 Bonds as provided in the Bond Resolution (the "Bond Register"). Subject to the provisions of the Bond Resolution, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute Owner of that Bond for all purposes of the Bond Resolution. Payment of or on account of the principal, premium, if any, and interest on any Bond shall be made only to or upon the order of the Owner thereof; the 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 Bond Resolution. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

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

Any Bond may be exchanged for Bonds of like tenor, maturity and aggregate principal amount, 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 Bond may (but only if the District determines no longer to maintain the book-entry-only status of the Bonds, DTC determines to discontinue providing such services and no successor securities depository is named or DTC requests the District to deliver certificated securities to particular DTC Participants) be transferred on the Bond Register only upon surrender of the 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 Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner in the aggregate principal amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

In all cases of exchanged or transferred Bonds, the County shall sign and the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of the Bond 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 Bonds issued upon any exchange or transfer shall be valid obligations of the District, evidencing the same debt and entitled to the same security and benefit under the Bond Resolution as the Bonds surrendered upon that exchange or transfer.

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

None of the District, the County or the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the day after the Record Date next preceding any Bond Payment Date or beginning the date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable notice of redemption is given, as applicable, or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

All or any portion of the outstanding maturities of the 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 to be applied thereto, as applicable, is sufficient to pay all Bonds outstanding and designated for defeasance, including all Principal and Accreted Value of, interest thereon and redemption premium, if any; or
- (b) Defeasance Securities: By irrevocably depositing with a bank or trust company in escrow, noncallable Defeasance Securities (as defined below) permitted under Section 149(d) of the Code, 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 monies then on deposit in the Debt Service Fund to be applied thereto, as applicable, together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all Principal and Accreted Value of, interest thereon and redemption premiums, if any), at or before their maturity date;

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

“Defeasance Securities” 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 Securities; (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 Securities; and (c) the underlying Defeasance Securities 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 time of purchase at the highest then-prevailing United States Treasury securities credit rating.

Paying Agent

U.S. Bank National Association, located in Los Angeles, California, will act as the registrar, transfer agent, authenticating agent and paying agent (the “Paying Agent”) for the Bonds. As long as DTC is the registered owner of the Bonds and DTC’s book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to Owners only to DTC.

Neither the Paying Agent, the District, nor the Underwriter of the Bonds have any responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership of interests in the Bonds.

Book-Entry Only System

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Underwriter takes any responsibility for the accuracy or completeness thereof. Information presented at any website cited within this section is not incorporated herein by reference. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “MMI Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The 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 Bond certificate will be issued for each maturity of the 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.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distributions on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary

practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distributions to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

So long as Cede & Co. is the registered Owner of the Bonds, as nominee of DTC, references herein to the Owners or Holders of the Bonds (other than under the caption “TAX MATTERS”) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount of the Bonds
Net Original Issue Premium
Total Sources

Uses of Funds

Building Fund
Debt Service Fund⁽¹⁾
Costs of Issuance⁽²⁾
Total Uses

⁽¹⁾ Represents capitalized interest on the Current Interest Bonds through _____, 20__.

⁽²⁾ Includes Underwriter’s discount, legal fees, printing fees, demographics, bond insurance premium, if any, financial advisor’s fees, rating agency fees, and certain other expenses related to the Bonds.

DEBT SERVICE SCHEDULE

The following table summarizes the annual debt service requirements of the District with respect to the Bonds (assuming no optional redemptions are made):

Period Ending <u>August 1</u>	<u>Current Interest Bonds</u>		<u>Capital Appreciation Bonds</u>		Total <u>Debt Service</u>
	<u>Annual Principal Payment</u>	<u>Annual Interest Payment</u> ⁽¹⁾	<u>Annual Principal Payment</u> ⁽²⁾	<u>Annual Accreted Interest Payment</u> ⁽²⁾	
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
Totals					

⁽¹⁾ Interest payments on the Current Interest Bonds will be made semiannually on March 1 and September 1 of each year, commencing March 1, 2016.

⁽²⁾ The Capital Appreciation Bonds are payable only at maturity on September 1 of the years indicated on the inside cover hereof, and interest on such Capital Appreciation Bonds is compounded semiannually on March 1 and September 1 of each year, commencing on March 1, 2016.

See “DISTRICT FINANCIAL INFORMATION – District Debt Structure – General Obligation Bonds” for a schedule of the combined debt service requirements for all of the District’s outstanding general obligation bonds.

TAX BASE FOR REPAYMENT OF THE BONDS

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

Ad Valorem Property Taxation

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

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about 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 County Treasurer-Tax Collector.

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

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full cash value" of the property, as defined in Article XIII A of the California Constitution ("Article XIII A"). For a discussion of how properties currently are assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS." Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

Property within the District has a total assessed valuation for fiscal year 2015-16 of \$13,704,452,476. Shown in the following table are the assessed valuations for the District since 1990-91. The District's assessed valuation increased by 407.4% between fiscal year 1990-91 and fiscal year 2015-16, representing an approximate annual compound growth rate of 6.7%.

ASSESSED VALUATION
Fiscal Years 1990-91 to 2015-16
Perris Union High School District

Fiscal Year	Secured	Utility ⁽¹⁾	Unsecured	Total Assessed Valuation	Annual % Change
1990-91	\$2,651,516,657	\$3,839,055	\$45,601,855	\$2,700,957,567	--
1991-92	3,087,770,644	3,873,431	69,436,717	3,161,080,792	17.0%
1992-93	3,372,505,630	8,519,571	56,637,968	3,437,663,169	8.7
1993-94	3,492,180,699	8,861,011	56,817,546	3,557,859,256	3.5
1994-95	3,478,209,532	630,961	60,313,656	3,539,154,149	-0.5
1995-96	3,419,854,828	764,531	61,054,904	3,481,674,263	-1.6
1996-97	3,308,034,180	1,276,028	63,998,733	3,373,308,941	-3.1
1997-98	3,360,322,456	1,530,996	63,169,190	3,425,022,642	1.5
1998-99	3,310,227,382	1,627,152	64,356,862	3,376,211,396	-1.4
1999-00	3,392,375,501	2,571,131	61,862,429	3,456,809,061	2.4
2000-01	3,619,651,596	--	86,285,142	3,705,936,738	7.2
2001-02	3,944,827,039	--	134,308,141	4,079,135,180	10.1
2002-03	4,434,300,958	1,480,594	125,716,356	4,561,497,908	11.8
2003-04	5,088,665,652	1,228,881	103,270,476	5,193,165,009	13.8
2004-05	6,391,976,004	1,180,223	142,184,055	6,535,340,282	25.8
2005-06	8,243,542,907	1,160,065	156,426,241	8,401,129,213	28.5
2006-07	11,334,521,793	6,996,408	177,300,623	11,518,818,824	37.1
2007-08	13,524,748,395	246,949,439	189,562,117	13,961,259,951	21.2
2008-09	13,196,556,421	459,549,439	195,229,974	13,851,335,834	-0.8
2009-10	10,837,274,526	748,949,439	196,670,450	11,782,894,415	-14.9
2010-11	10,241,293,027	709,649,439	219,720,201	11,170,662,667	-5.2
2011-12	10,427,675,352	811,649,439	205,796,373	11,445,121,164	2.5
2012-13	10,201,916,776	577,544,771	247,425,679	11,026,887,226	-3.7
2013-14	10,829,455,653	440,244,771	294,904,763	11,564,605,187	4.9
2014-15	12,119,600,667	346,644,771	266,446,636	12,732,692,074	10.1
2015-16	13,165,252,706	295,044,771	244,154,999	13,704,452,476	7.6

⁽¹⁾ Excludes assessed valuation from unitary utility roll.

Source: California Municipal Statistics, Inc.

Economic and other factors beyond the District’s control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, 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 education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, wildfire, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See “THE BONDS – Security and Sources of Payment.”

Appeals and Reductions of Assessed Valuations

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. County assessors may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, the appeal is filed because the applicant believes that present market conditions

(such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES – Article XIII A of the California Constitution.”

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

The District has not undertaken an analysis of current outstanding appeals or historic appeals by property owners or any extent of historic adjustments made by the County Assessor. No assurance can be given that property tax appeals in the future will not significantly reduce the assessed valuation of property within the District.

Assessed Valuation and Parcels by Land Use

The following table is an analysis of the District’s secured assessed valuation by land use.

**ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2015-16
Perris Union High School District**

	<u>2015-16 Assessed Valuation⁽¹⁾</u>	<u>% of Total</u>	<u>No. of Parcels</u>	<u>% of Total</u>
Non-Residential:				
Agricultural/Rural	\$176,755,325	1.31%	504	0.72%
Commercial/Industrial	1,310,912,023	9.74	873	1.25
Utilities/Power Plant	295,044,771	2.19	4	0.01
Vacant Commercial/Industrial	338,286,175	2.51	796	1.14
Vacant Unclassified	<u>124,254,188</u>	<u>0.92</u>	<u>4,125</u>	<u>5.93</u>
Subtotal Non-Residential	\$2,245,252,482	16.68%	6,302	9.05%
Residential:				
Single Family Residence	\$9,074,342,075	67.42%	40,765	58.57%
Condominium/Townhouse	121,048,230	0.90	1,288	1.85
Mobile Homes/Lots	693,100,843	5.15	8,087	11.62
2-3 Residential Units	67,845,906	0.50	260	0.37
4+ Residential Units/Apartments	276,436,175	2.05	119	0.17
Miscellaneous Residential	8,646,070	0.06	90	0.13
Vacant Residential	<u>973,625,696</u>	<u>7.23</u>	<u>12,693</u>	<u>18.24</u>
Subtotal Residential	\$11,215,044,995	83.32%	63,302	90.95%
Total	\$13,460,297,477	100.00%	69,604	100.00%

⁽¹⁾ Local secured assessed valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Assessed Valuation Per Parcel of Single Family Homes

The following table is an analysis of the District's assessed valuation per parcel of single family homes for fiscal year 2015-16.

ASSESSED VALUATION PER PARCEL OF SINGLE FAMILY HOMES Fiscal Year 2015-16 Perris Union High School District

	No. of <u>Parcels</u>	2015-16 <u>Assessed Valuation</u>		Average <u>Assessed Valuation</u>	Median <u>Assessed Valuation</u>	
Single Family Residential	40,765	\$9,074,342,075		\$222,601	\$216,323	
<u>2015-16 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 - \$24,999	75	0.184%	0.184%	\$1,304,766	0.014%	0.014%
\$25,000 - \$49,999	482	1.182	1.366	19,142,792	0.211	0.225
\$50,000 - \$74,999	1,043	2.559	3.925	66,563,312	0.734	0.959
\$75,000 - \$99,999	1,946	4.774	8.699	172,352,279	1.899	2.858
\$100,000 - \$124,999	2,683	6.582	15.280	303,456,474	3.344	6.202
\$125,000 - \$149,999	3,736	9.165	24.445	513,578,177	5.660	11.862
\$150,000 - \$174,999	3,917	9.609	34.054	636,709,259	7.017	18.879
\$175,000 - \$199,999	4,093	10.040	44.094	765,058,000	8.431	27.310
\$200,000 - \$224,999	3,511	8.613	52.707	745,560,564	8.216	35.526
\$225,000 - \$249,999	3,555	8.721	61.428	843,787,748	9.299	44.824
\$250,000 - \$274,999	3,449	8.461	69.888	904,210,101	9.964	54.789
\$275,000 - \$299,999	3,364	8.252	78.141	965,286,109	10.638	65.426
\$300,000 - \$324,999	3,119	7.651	85.792	972,423,482	10.716	76.143
\$325,000 - \$349,999	2,442	5.990	91.782	821,475,663	9.053	85.195
\$350,000 - \$374,999	1,459	3.579	95.361	526,938,613	5.807	91.002
\$375,000 - \$399,999	778	1.908	97.270	300,027,170	3.306	94.308
\$400,000 - \$424,999	434	1.065	98.334	178,271,029	1.965	96.273
\$425,000 - \$449,999	216	0.530	98.864	94,271,385	1.039	97.312
\$450,000 - \$474,999	140	0.343	99.208	64,674,499	0.713	98.025
\$475,000 - \$499,999	84	0.206	99.414	40,815,599	0.450	98.474
\$500,000 and greater	<u>239</u>	<u>0.586</u>	100.000	<u>138,435,054</u>	<u>1.526</u>	100.000
Total	40,765	100.000%		\$9,074,342,075	100.000%	

⁽¹⁾ Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Assessed Valuation by Jurisdiction

The following table is an analysis of the District’s assessed valuation by jurisdiction for fiscal year 2014-15.

ASSESSED VALUATION BY JURISDICTION⁽¹⁾ Fiscal Year 2014-15 Perris Union High School District

<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 Lake Elsinore	\$244,044,265	1.92%	\$4,523,539,467	5.39%
City of Menifee	7,413,891,711	58.23	7,413,891,711	100.00
City of Murrieta	912,745,840	7.17	11,085,595,305	8.23
City of Perris	1,937,225,603	15.21	4,396,577,460	44.06
City of San Jacinto	2,950,598	0.02	2,355,520,133	0.13
City of Wildomar	28,232,423	0.22	2,615,319,309	1.08
Unincorporated Riverside County	<u>2,193,601,634</u>	<u>17.23</u>	34,589,271,495	6.34
Total District	\$12,732,692,074	100.00%		
Total Riverside County	\$12,732,692,074	100.00%	\$225,770,065,829	5.64%

⁽¹⁾ Before deduction of redevelopment incremental valuation.

Source: California Municipal Statistics, Inc.

Taxation of State-Assessed Utility Property

A portion of property tax revenue of the 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 District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Recent 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, nonutility companies, may affect how utility assets are assessed in the future, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on their 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 District.

Secured Tax Charges and Delinquencies

The following table shows the secured tax charges and delinquencies for taxes collected in the District by the County from fiscal year 2009-10 through fiscal year 2014-15 with respect to the tax levy within the District for general obligation bonds.

**SECURED TAX CHARGES AND DELINQUENCY RATES
Fiscal Years 2009-10 through 2014-15
Perris Union High School District**

General Obligation Bond Debt Service Levy

<u>Fiscal Year</u>	<u>Secured Tax Charge⁽¹⁾</u>	<u>Amount Delinquent June 30</u>	<u>Percent Delinquent June 30</u>
2009-10	\$3,054,118.75	\$178,635.10	5.85%
2010-11	3,340,959.32	128,956.09	3.86
2011-12	3,725,860.48	150,849.30	4.05
2012-13	3,620,756.49	90,035.78	2.49
2013-14	7,702,401.52	174,272.00	2.26
2014-15	7,734,501.66	140,824.28	1.82

⁽¹⁾ District’s general obligation bond debt service levy.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment

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 of the County 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.

Tax Rates

Three representative tax rate areas located within the District, Tax Rate Area 26-20, Tax Rate Area 26-70, and Tax Rate Area 26-232, account for approximately 3.5%, 3.8%, and 3.3%, respectively, of the District’s total assessed valuation in fiscal year 2014-15. The tables below summarize the total *ad valorem* tax rates levied by all taxing entities in these three tax rate areas during the five-year period from 2010-11 to 2014-15.

**SUMMARY OF AD VALOREM TAX RATES
\$1 Per \$100 Of Assessed Valuation
Perris Union High School District**

Tax Rate Area 26-20

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
General	\$1.00000	\$1.00000	\$1.00000	\$1.00000	\$1.00000
Menifee Union School District	.03436	.03486	.03543	.03421	.03275
Perris Union High School District	.03126	.03429	.03429	.06970	.06303
Metropolitan Water District	.00370	.00370	.00350	.00350	.00350
Eastern Municipal Water District I.D. No. U-2	.01000	.01000	.01000	.01000	.01000
Total	\$1.07932	\$1.08285	\$1.08322	\$1.11741	\$1.10928

Tax Rate Area 26-70

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
General	\$1.00000	\$1.00000	\$1.00000	\$1.00000	\$1.00000
Menifee Union School District	.03436	.03486	.03543	.03421	.03275
Perris Union High School District	.03126	.03429	.03429	.06970	.06303
Metropolitan Water District	.00370	.00370	.00350	.00350	.00350
Total	\$1.06932	\$1.07285	\$1.07322	\$1.10741	\$1.09928

Tax Rate Area 26-232

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
General	\$1.00000	\$1.00000	\$1.00000	\$1.00000	\$1.00000
Perris Union High School District	.03126	.03429	.03429	.06970	.06303
Metropolitan Water District	.00370	.00370	.00350	.00350	.00350
Total	\$1.03496	\$1.03799	\$1.03779	\$1.07320	\$1.06653

Source: California Municipal Statistics, Inc.

Largest Property Owners

The following table shows the 20 largest property taxpayers in the District as determined by secured assessed valuation in fiscal year 2015-16.

LARGEST 2015-16 LOCAL SECURED PROPERTY TAXPAYERS Perris Union High School District

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2015-16 Assessed Valuation</u>	<u>Total</u> ⁽¹⁾
1.	Inland Empire Energy Center LLC	Power Plant	\$295,000,000	2.19%
2.	Loma Linda University Medical Center	Medical Facilities	210,533,766	1.56
3.	KB Home Coastal Inc.	Residential Development	57,155,647	0.42
4.	Donahue Schriber Realty Group	Commercial	51,259,549	0.38
5.	Carrington Place Ltd.	Apartments	46,227,829	0.34
6.	FR Cal Goetz Road	Commercial	45,447,602	0.34
7.	Antelope Ridge Apartments	Apartments	42,987,662	0.32
8.	Health Care REIT Inc.	Medical Facilities	41,079,901	0.31
9.	Stark Menifee Land	Rural/Undeveloped	39,847,235	0.30
10.	Strata Cantabria	Apartments	31,762,930	0.24
11.	FR Cal Ellis	Commercial	30,056,000	0.22
12.	PHH Real Estate	Commercial	29,965,186	0.22
13.	Amway Corp.	Industrial	29,736,064	0.22
14.	Beazer Homes Holding Corp.	Residential Development	28,865,832	0.21
15.	Nuevo Development Co.	Rural/Undeveloped	28,795,165	0.21
16.	Coudures Family LP	Commercial	28,099,176	0.21
17.	CR&R Inc.	Commercial	27,877,253	0.21
18.	Richmond American Homes of Maryland Inc.	Residential Development	27,809,768	0.21
19.	Wal Mart Stores Inc.	Commercial	27,778,052	0.21
20.	Standard Pacific Corp.	Residential Development	<u>27,776,350</u>	<u>0.21</u>
			\$1,148,060,967	8.53%

⁽¹⁾ 2015-16 local secured assessed valuation: \$13,460,297,477.

Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report regarding the District (a “Debt Report”) prepared by California Municipal Statistics, Inc. and effective September 1, 2015. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency. The contents of the Debt Report is as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the District; (2) the second column shows the respective percentage of the assessed valuation of the overlapping public agencies identified in column 1 which is represented by property located in the District; and (3) the third column is an apportionment of the dollar amount of each public agency’s outstanding debt (which amount is not shown in the table) to property in the District, as determined by multiplying the total outstanding debt of each agency by the percentage of the District’s assessed valuation represented in column 2.

The table below includes obligations associated with two community facilities districts established within the District in an aggregate outstanding principal amount of \$45,400,000 (the “Special Tax Bonds”). In each case, the Special Tax Bonds are secured by special taxes levied against the land within the respective community facilities districts to pay for certain improvements.

**STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
Perris Union High School District**

2015-16 Assessed Valuation: \$13,704,452,476

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable ⁽¹⁾</u>	<u>Debt 9/1/15</u>
Riverside County Flood Control District Zone Nos. 3 and 4 Benefit Assessment Districts	0.795 & 29.791%	\$6,159,116
Metropolitan Water District	0.516	602,893
Eastern Municipal Water District Improvement Districts	0.049-100.	21,225,610
Mount San Jacinto Community College District	17.687	12,380,900
Perris Union High School District	100.000	73,902,853 ⁽²⁾
Menifee Union School District	100.000	44,004,640
Menifee Union School District Community Facilities Districts	100.000	110,780,000
Nuview School District	100.000	7,525,456
Perris School District	100.000	23,361,242
Perris School District Community Facilities District No. 2002-1	100.000	1,550,000
Perris Union High School District Community Facilities District Nos. 91-1 and 92-1	100.000	45,400,000
Romoland School District Community Facilities Districts	100.000	104,485,000
City of Lake Elsinore Community Facilities Districts	38.203-100.000	29,886,765
City of Murrieta Community Facilities Districts	100.000	21,941,552
City of Perris Community Facilities Districts	19.735-100.000	57,494,253
Riverside County Community Facilities Districts	4.890-100.000	25,069,378
Other Special District Community Facilities Districts	Various	49,054,385
City and Special District 1915 Act Bonds (Estimated)	Various	<u>11,173,793</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$645,997,836
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	5.640%	\$54,250,544
Riverside County Pension Obligation Bonds	5.640	18,074,508
Riverside County Board of Education Certificates of Participation	5.640	103,494
Perris Union High School District Certificates of Participation	100.000	8,710,580 ⁽³⁾
Menifee Union School District Certificates of Participation	100.000	4,098,632
Perris School District Certificates of Participation	100.000	7,465,000
City of Lake Elsinore General Fund Obligations	5.395	719,154
City of Murrieta General Fund Obligations	8.234	680,128
City of San Jacinto Pension Obligation Bonds	0.125	<u>1,899</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$94,103,939
Less: Riverside County supported obligations		<u>426,666</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$93,677,273
 <u>OVERLAPPING TAX INCREMENT DEBT:</u>		 \$107,558,665
 GROSS COMBINED TOTAL DEBT		 \$847,660,440 ⁽⁴⁾
NET COMBINED TOTAL DEBT		\$847,233,774

⁽¹⁾ Based on 2014-15 ratios.

⁽²⁾ Excludes the Bonds.

⁽³⁾ Excludes Qualified Zone Academy Bonds (“QZABs”) which are completely secured by funds on deposit with the trustee for such QZABs. See Note 8 to the fiscal year 2013-14 audited financial statements of the District included in Appendix A hereto.

⁽⁴⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2015-16 Assessed Valuation:

Direct Debt (\$73,902,853)	0.54%
Total Overlapping Tax and Assessment Debt	4.71%
Combined Direct Debt (\$82,613,433)	0.60%
Gross Combined Total Debt	6.19%
Net Combined Total Debt	6.18%

Ratios to Redevelopment Incremental Valuation (\$1,278,076,604):

Total Overlapping Tax Increment Debt	8.42%
--	-------

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal and Accreted Value of and interest on the Bonds of the District is payable from the proceeds of an ad valorem tax levied by the County for the payment thereof. See “THE BONDS – Security and Sources of Payment” Articles XIII A, XIII B, XIII C and XIII D of the Constitution, Propositions 98 and 111, 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 on behalf of the District and the District to spend its revenues 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 District to levy taxes for payment of its Bonds. The tax levied by the County for payment of the Bonds was approved by the District’s voters in compliance with Article XIII A, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

Article XIII A of the State Constitution limits the amount of *ad valorem* taxes on real property to 1% of “full cash value” as determined by the county assessor. Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the 1975-76 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,” subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the “base year value.” The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See “THE BONDS – Security and Sources of Payment” and “TAX BASE FOR REPAYMENT OF THE BONDS” herein.

Article XIII A requires a vote of two-thirds of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property, with certain exceptions. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b), as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) 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% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIII A requires the approval of two-thirds of all members of the State legislature to change any state taxes for the purpose of increasing tax revenues.

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.

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 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.

Both the United States Supreme Court and the California State Supreme Court have upheld the general validity of Article XIII A.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (“unitary property”). Under the State Constitution, such property is assessed by the State Board of Equalization (the “SBE”) as part of a “going concern” rather than as individual pieces of real or personal property. Such utilities 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 District) according to statutory formulae generally based on the distribution of taxes in the prior year. 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 the State, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District, since the property’s value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the County. The District is unable to predict future transfers of State-assessed property in the District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State’s methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State’s school financing formula. See “DISTRICT FINANCIAL INFORMATION” herein.

Article XIII B of the California Constitution

Article XIII B (“Article XIII B”) of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIII B defines:

- (a) “change in the cost of living” with respect to school districts to mean the percentage change in California per capita income from the preceding year, and
- (b) “change in population” with respect to a school district to mean the percentage change in the average daily attendance of the school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIII B, as amended.

The appropriations of an entity of local government subject to Article XIII B limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIII B also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See “– Propositions 98 and 111” herein.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided

directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Article XIIC and Article XIID of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIC and XIID (respectively, "Article XIIC" and "Article XIID"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIC or XIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Propositions 98 and 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act have, 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 1986-87, and (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 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 monies 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 budgets in a different way than is proposed in the Governor's Budget.

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("Proposition 111") which further modified Article XIII B and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

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 are 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 exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, there are excluded all appropriations for “qualified capital outlay projects” as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), 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. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which was expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.
- d. Recalculation of Appropriations Limit. The Article XIII B appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 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) 40.9% 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, schools 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, schools 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. If the third test is used in any year, the difference between the third test and the second test will become a “credit” to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as “Proposition 39”) to the California Constitution. This amendment (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 Article XIII A 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, including the 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. Property taxes may 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 acquire 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. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate per \$100,000 of taxable property value projected to be 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). These requirements are not part of the constitutional amendment and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends 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 allocating 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-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. 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.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 will be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was expected to be an increase in the State's general fund costs by approximately \$1 billion annually for several decades. See also "DISTRICT FINANCIAL INFORMATION – Dissolution Of Redevelopment Agencies."

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 District as being received from the State. To the