

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

921
A



FROM: Don Kent, Treasurer/Tax Collector

SUBMITTAL DATE:
March 17, 2011

SUBJECT: Resolution No. 2011-077- Beaumont Unified School District General Obligation Bonds, 2008 Election, Series C (Vote on Separately)

RECOMMENDED MOTION: That your Honorable Board approve and adopt Resolution No. 2011-077 authorizing the issuance and sale of general obligation bonds on behalf of Beaumont Unified School District (the "District") in a principal amount not to exceed \$30,000,000.

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

Don Kent, Treasurer-Tax Collector

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 3/16/11

DATE: 3/16/11
Departmental Concurrence

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

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

C.E.O. RECOMMENDATION:

APPROVE

BY:
Karen L. Johnson

County Executive Office Signature

- Policy
- Policy
- Consent
- Consent

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Ashley, seconded by Supervisor Stone and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Stone, Benoit and Ashley
Nays: None
Absent: Tavaglione
Date: March 29, 2011
xc: Treasurer

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

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

Date: March 17, 2011
From: Treasurer-Tax Collector
Subject: Resolution No. 2011-077
Page 2

The Riverside County Superintendent of Schools has jurisdiction over the Beaumont Unified School District which is planning to issue and sell bonds via a negotiated sale. Therefore the Education Code provides that the Riverside County Board of Supervisors is responsible for issuing and selling these District bonds, via a negotiated sale, on behalf of the District. To that end, the District's Board of Trustees adopted a resolution requesting this Board to sell the District's general obligation bonds in an aggregate principal amount not to exceed \$30,000,000.

An election was held on November 4, 2008, pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A and subdivision (b) of Section 18 of Article XVI of the California Constitution and Section 15266 of the Education Code which codifies, in part, Proposition 39. During that election, a measure authorizing the District to incur general obligation bonded indebtedness in an aggregate principal amount not to exceed \$125,000,000 was approved by more than 55% of the qualified voters voting on the measure.

In December 2009, the first two series of bonds under the authorization were issued in an aggregate principal amount of \$20,000,718.90.

Resolution No. 2011-077 authorizes the issuance and sale of Beaumont Unified School District General Obligation Bonds, 2008 Election, Series C (the "Series C Bonds") in an aggregate principal amount not to exceed \$30,000,000 as requested by the District. The proceeds of the Series C Bonds will be used for any purpose authorized by the measure, including the acquisition of land and the construction, equipping, furnishing, reconstruction, rehabilitation and replacement of school facilities and sites. All expenditures are subject to the review of a citizens' oversight committee appointed by the District's Board of Trustees.

The Series C Bonds represent general obligations of the District; the Series C Bonds do not constitute a debt or obligation of the County. No part of any fund of the County is pledged or obligated to the payment of the Series C Bonds.

The Office of County Counsel has reviewed Resolution No. 2011-077 and has approved it as to form.

RESOLUTION NO. 2011-077

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, CALIFORNIA, AUTHORIZING THE SALE AND ISSUANCE OF BEAUMONT UNIFIED SCHOOL DISTRICT, RIVERSIDE COUNTY, CALIFORNIA, ELECTION OF 2008 GENERAL OBLIGATION BONDS SERIES C IN A PRINCIPAL AMOUNT NOT TO EXCEED \$30,000,000 AND APPROVING CERTAIN OTHER MATTERS RELATED THERETO

Table of Contents

	<u>Page</u>
Section 1.	Recitals2
Section 2.	Purpose of the Bonds2
Section 3.	Terms and Conditions of Sale2
Section 4.	Approval of Bond Purchase Contract.....2
Section 5.	Certain Definitions3
Section 6.	Terms of the Bonds.7
Section 7.	Execution.....8
Section 8.	Appointment of Paying Agent.....8
Section 9.	Resignation or Removal of Paying Agent and Appointment of Successor.....9
Section 10.	Payment of Principal and Interest9
Section 11.	Bond Registration and Transfer10
Section 12.	Redemption.11
Section 13.	Book-Entry System.14
Section 14.	Forms of Bonds16
Section 15.	Deposit of Proceeds of Bonds; Creation of Funds.16
Section 16.	Security for the Bonds; Tax Levy17
Section 17.	Defeasance18
Section 18.	Partial Defeasance18
Section 19.	Continuing Disclosure.....19
Section 20.	Tax Covenants of the District.....19
Section 21.	Arbitrage Covenant19
Section 22.	Conditions Precedent19
Section 23.	Official Statement20
Section 24.	Approval of Actions.....20
Section 25.	Supplemental Resolutions.....20
Section 26.	Insurance21
Section 27.	Resolution to Constitute Contract21
Section 28.	Notices.....22
Section 29.	Unclaimed Moneys22
Section 30.	Permitted Investments.....22
Section 31.	Effective Date.....23
Exhibit A	Form of District Resolution.....A-1
Exhibit B	Form of Purchase Contract.....B-1
Exhibit C	Form of Bonds.....C-1
Exhibit D	Form of Preliminary Official Statement.....D-1

RESOLUTION NO. 2011-077

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, CALIFORNIA, AUTHORIZING THE SALE AND ISSUANCE OF BEAUMONT UNIFIED SCHOOL DISTRICT, RIVERSIDE COUNTY, CALIFORNIA, ELECTION OF 2008 GENERAL OBLIGATION BONDS SERIES C IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$30,000,000 AND APPROVING CERTAIN OTHER MATTERS RELATED THERETO

WHEREAS, a duly called election was held in the Beaumont Unified School District (the "District"), Riverside County (the "County"), State of California (the "State"), on November 4, 2008, at which the following proposition ("Measure Z") was submitted to the qualified electors of the District:

"To retain/attract excellent teachers, keep students from gangs by upgrading safety, technology security systems, energy efficiency; acquiring land; repairing, constructing, equipping schools/classrooms; adding vocational education/after-school space; fixing leaky roofs; replacing heating/air-conditioning; and qualifying for State matching grants shall Beaumont Unified School District issue \$125,000,000 in bonds at legal interest rates, with annual financial audits, Independent Citizens' Oversight, and no money for the State or administrators' salaries?"

WHEREAS, at such election Measure Z received the affirmative vote of more than fifty-five percent of the qualified electors of the District voting on the proposition as certified by the Registrar of Voters of the County of Riverside in the official canvassing of votes; and

WHEREAS, in December 2009 the County, pursuant to Measure Z, issued on behalf of the District the Beaumont Unified School District Election of 2008 General Obligation Bonds Series A (Tax Exempt Bonds) in an aggregate principal amount of \$4,500,718.90 and the Beaumont Unified School District Taxable Election of 2008 General Obligation Bonds Series B (Build America Bonds-Direct Payment to District) in an aggregate principal amount of \$15,500,000;

WHEREAS, this Board has received a signed, certified copy of the resolution of the Board of Education of the District adopted on March 8, 2011 requesting the issuance of Election of 2008 General Obligation Bonds Series C in an aggregate principal amount not to exceed \$30,000,000 (the "Bonds") which is attached hereto as Exhibit A; and

WHEREAS, the Bonds will be issued under and pursuant to the provisions of Article 4.5 Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California and Article XIII A of the California Constitution (the "Authorizing Law"); and

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

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 3/16/11 DATE
DALE A. GARDNER

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

Section 1. Recitals. All of the above recitals are true and correct.

Section 2. Purpose of the Bonds. The Bonds of the District shall be issued pursuant to the Authorizing Law in the name and on behalf of the District in one or more series in an aggregate Principal Amount not to exceed \$30,000,000, and this Board of Supervisors hereby authorizes, on behalf of the District, the issuance and sale of the Bonds and designates said Bonds to be issued and sold as the "Beaumont Unified School District Election of 2008 General Obligation Bonds Series C," (the "Bonds"). The Bonds shall be issued as Current Interest Bonds, Capital Appreciation Bonds or Convertible Capital Appreciation Bonds, or any combination thereof, as provided in Section 5 hereof.

The proceeds of the Bonds will be used for any of the purposes authorized by Measure Z, including the acquisition of land, the construction, equipping, furnishing, reconstruction, rehabilitation and replacement of school facilities and sites and the prepayment of any of lease payments or the repayment of other amounts owing by the District on financing entered into to fund such items on an interim basis (collectively, the "Projects").

Section 3. Terms and Conditions of Sale. The Bonds shall be sold at a negotiated sale pursuant to the Authorizing Law in accordance with the terms of this Resolution. The Bonds shall be sold pursuant to the terms and conditions set forth in the Purchase Contract executed as described in Section 4 below.

Section 4. Approval of Bond Purchase Contract. The form of Bond Purchase Contract (the "Purchase Contract") to be entered into by and among the County, the District and the Underwriter (defined below), for the purchase and sale of the Bonds, is hereby approved substantially in the form attached hereto as Exhibit B. The Treasurer-Tax Collector of the County, or designated deputy thereof (the "Treasurer"), is hereby authorized to execute and deliver the Purchase Contract, and an Authorized Representative of the District (defined herein) is hereby authorized and requested to acknowledge the execution of the Purchase Contract, but with such changes therein, deletions therefrom and modifications thereto as the Treasurer may approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; provided, however, that the Bonds shall have a final maturity no later than forty (40) years from the date of issue, the maximum interest rate on any Bond shall not exceed 12.00% per annum and any Underwriter's discount, excluding original issue discount on the Bonds and costs of issuance, if any, paid by the Underwriter under the terms of the Purchase Contract, shall not exceed 1.5% of the aggregate principal amount of Bonds issued. The Authorized Representative of the District executing the Purchase Contract shall determine the final principal amount of the Bonds to be sold, provided that the aggregate principal amount issued under the authority of this Resolution shall not exceed \$30,000,000, and shall determine whether to purchase municipal bond insurance for all or a portion of the Bonds.

The terms of the Purchase Contract shall recite the aggregate principal amount of the Bonds being sold thereunder, and with respect to the Current Interest Bonds shall recite the date thereof, the maturity dates, principal amounts and annual rates of interest of each maturity thereof, the initial and semiannual interest payment dates thereof, and the terms of optional and mandatory sinking fund redemption thereof; and with respect to the Capital Appreciation Bonds shall recite the date thereof,

the initial principal amounts, maturity dates, and maturity values of each maturity thereof, and the initial and semiannual interest dates thereof, and the terms of optional and mandatory sinking fund redemption thereof; and, with respect to the Convertible Capital Appreciation Bonds, shall recite the date thereof, the Conversion Dates (defined below) thereof, initial principal amounts, accreted values at the Conversion Dates and annual rates of interest of each maturity thereof, the initial and semiannual interest payment dates thereof, and the terms of optional and mandatory sinking fund redemption thereof. The Purchase Contract, together with this Resolution, shall constitute the order of the Board of Supervisors for purposes of Section 15230 of the Education Code.

Section 5. Certain Definitions. As used in this Resolution, the terms set forth below shall have the meanings ascribed to them:

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

“Accreted Value” means, with respect to each maturity of the Capital Appreciation Bonds and any Convertible Capital Appreciation Bonds prior to the Conversion Date, as of the date of calculation, the Principal Amount thereof, plus Accreted Interest thereon to such date of calculation, which interest shall be compounded semiannually on each Bond Payment Date at the stated yield to maturity thereof set forth in the Purchase Contract, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months.

“Authorizing Law” means, collectively, (i) Article 4.5 Chapter 3, Part 1, Division 2, of Title 5 of the California Government Code of the State of California, as amended, and (ii) Article XIII A of the California Constitution.

“Authorized Representative of the District” means each of the Superintendent of the District, the Assistant Superintendent, Business Services of the District and their designees.

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

“Bond Insurer” means any insurance company which issues a municipal bond insurance policy insuring the payment of all or a portion of the Principal Amount of and any interest, including Accreted Interest, on the Bonds.

“Bond Obligation” means, from time to time as of the date of calculation, with respect to any Current Interest Bond, the Principal Amount thereof and, with respect to any Capital Appreciation Bond, the Accreted Value thereof, and, with respect to any Convertible Capital Appreciation Bond, prior to the Conversion Date the Accreted Value thereof and after the Conversion Date the Conversion Value thereof.

“Bond Payment Date” means, (i) with respect to any Bonds which bear interest on a current basis, the payment dates specified in the Purchase Contract, and (ii) with respect to the Principal payments on the Bonds, the maturity dates provided in the Purchase Contract for such Bonds.

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

“Bonds” means the Beaumont Unified School District Election of 2008 General Obligation Bonds Series C issued and delivered pursuant to this Resolution.

“Building Fund” means the Beaumont Unified School District Election of 2008 General Obligation Bond Building Fund as described in Section 15 of this Resolution.

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

“Capital Appreciation Bonds” means any Bonds the interest component of which is compounded semiannually to maturity as shown in the table of Accreted Values for such Bonds set forth in the Purchase Contract for such Bonds.

“Capital Appreciation Term Bonds” means those Capital Appreciation Bonds for which mandatory sinking fund redemption dates have been established in the Purchase Contract for such Bonds.

“Code” means the Internal Revenue Code of 1986, as amended.

“Continuing Disclosure Agreement” shall mean the Continuing Disclosure Agreement by and between the District and U.S. Bank National Association, as dissemination agent in connection with the delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Convertible Capital Appreciation Bonds” means any Bonds which are originally issued as Capital Appreciation Bonds, but which convert to Current Interest Bonds on a Conversion Date. Prior to its Conversion Date, a Convertible Capital Appreciation Bond shall be treated as a Capital Appreciation Bond hereunder and after the Conversion Date shall be treated as a Current Interest Bond hereunder.

“Conversion Date” means, with respect to each Convertible Capital Appreciation Bond, the date as stated in the Purchase Contract or Official Statement, as the date on which such Convertible Capital Appreciation Bond converts to a Current Interest Bond which bears interest payable on each Bond Payment Date following such Conversion Date.

“Conversion Value” means the Accreted Value of a Convertible Capital Appreciation Bond as of its Conversion Date.

“Costs of Issuance” means all of the costs of issuing the Bonds, including, but not limited to, all printing and document preparation expenses in connection with this Resolution, the Bonds and any Official Statement pertaining to the Bonds and any and all other agreements, instruments, certificates or other documents prepared in connection therewith; financial advisory fees; rating agency fees; auditor’s fees; CUSIP service bureau charges; legal fees and expenses of counsel with respect to the Bonds; the initial fees and expenses of the Paying Agent; fees for credit enhancement relating to the Bonds; and other fees and expenses incurred in connection with the issuance of the Bonds, to the extent such fees and expenses are approved by an Authorized Representative of the District.

“Costs of Issuance Fund” means the Beaumont Unified School District Election of 2008 General Obligation Bond Costs of Issuance Fund established pursuant to Section 15 of this Resolution.

“County” means the County of Riverside, California.

“Current Interest Bonds” means any Bonds the interest on which is payable on each Bond Payment Date specified for such Bond in the Purchase Contract.

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

“Debt Service Fund” means the Beaumont Unified School District Election of 2008 General Obligation Bond Debt Service Fund as described in Section 15 of this Resolution.

“Depository” means the securities depository acting as Depository pursuant to Section 15 hereof.

“District” means the Beaumont Unified School District.

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

“Informational Services” means national information services that disseminate securities redemption notices; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the District may specify in a certificate to the County and the Paying Agent or as the Paying Agent may select.

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

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 13 hereof.

“Official Statement” means the offering document to be delivered to investors with respect to a series of Bonds as described in Section 23 below.

“Outstanding,” when used with reference to the Bonds, means, as of any date, Bonds theretofore issued or thereupon being issued under this Resolution except:

- (a) Bonds canceled at or prior to such date;
- (b) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Section 11 hereof; or
- (c) Bonds for the payment or redemption of which funds or United States Obligations in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Bonds), in accordance with Section 17 or 18 of this Resolution.

“Owner” means the registered owner of a Bond as set forth on the registration books maintained by the Paying Agent pursuant to Section 11 hereof.

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

“Paying Agent” means Zions First National Bank or any successor entity designated in accordance with Section 9 hereof to act in such capacity.

“Principal” or “Principal Amount” means, with respect to any Bond, the principal or principal amount thereof as specified in the Purchase Contract for such Bond.

“Projects” shall have the meaning given to that term in Section 2 of this Resolution.

“Projects Costs” means all of the expenses of and incidental to the construction and/or acquisition of the Projects, including Costs of Issuance.

“Purchase Contract” means, the Purchase Contract executed for the Bonds in accordance with Section 4 of this Resolution.

“Rebate Fund” means the Beaumont Unified School District Election of 2008 General Obligation Bond Rebate Fund established pursuant to Section 15 of this Resolution.

“Record Date” means, with respect to any Bond on which current interest is being paid, the close of business on the fifteenth day of the month preceding each Bond Payment Date for such Bond.

“Redemption Date” means any date on which any Bond is subject to optional redemption or mandatory sinking fund redemption in accordance with Section 12 hereof.

“Resolution” means this Resolution adopted by the Board of Supervisors of the County on March 29, 2011.

“Securities Depositories” means The Depository Trust Company, 55 Water Street, New York, New York 10041, Facsimile transmission: (212) 785-9681, or such other securities depositories as are designated by the District or the Paying Agent and whose business is to perform the functions of a clearing agency with respect to exempted securities, as defined in Section 3(a)(12) of the Securities Exchange Act of 1934, and who is registered as a clearing agency under Section 17A of the Act.

“Supplemental Resolution” means any resolution supplemental to or amendatory of this Resolution, adopted by the County in accordance with Section 25 hereof.

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

“Term Bonds” means those Bonds for which mandatory sinking fund redemption dates have been established in the Purchase Contract.

“Transfer Amount” means, with respect to any Outstanding Current Interest Bond, the aggregate Principal Amount, and, with respect to any Outstanding Capital Appreciation Bond, the Maturity Amount, with respect to any Outstanding Convertible Capital Appreciation Bond, its Conversion Value.

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

“Underwriter” means Piper Jaffray & Co.

Section 6. Terms of the Bonds.

(a) The Bonds entitled to the benefit, protection and security of this Resolution are hereby authorized in an aggregate Principal Amount not to exceed \$30,000,000. Such Bonds shall be general obligation bonds of the District, payable as to Principal, Accreted Value, premium, if any, and interest from *ad valorem* taxes to be levied upon all of the taxable property in the District. The Bonds shall be designated “Beaumont Unified School District, Riverside County, California, Election of 2008 General Obligation Bonds Series C.” The Bonds may be issued as Current Interest Bonds, Capital Appreciation Bonds and/or Convertible Capital Appreciation Bonds as set forth in the Purchase Contract, subject to the provisions of this Resolution.

(b) The Bonds shall be issued as bonds registered as to both principal and interest and unless otherwise specified in the Purchase Contract, in the denominations of, with respect to the Current Interest Bonds, \$5,000 Principal Amount, or any integral multiple thereof, with respect to the Capital Appreciation Bonds, \$5,000 Maturity Value, or any integral multiple thereof, with respect to Convertible Capital Appreciation Bonds, \$5,000 Conversion Value, or any integral multiple thereof; provided that one Capital Appreciation Bond may be issued in an odd Maturity Value and one Current Interest Bond may be issued in a denomination in excess of \$5,000 that is not an integral multiple thereof.

(c) The Current Interest Bonds shall mature in the years and be issued in the Principal Amounts as set forth in the Purchase Contract. Each Current Interest Bond shall be dated as set forth in the Purchase Contract and shall bear interest at the applicable interest rate set forth in the Purchase Contract 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 next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date, in which event it shall bear interest from its dated date; provided, however, that, if at the time of registration of any Current Interest Bond interest with respect thereto is in default, interest with respect thereto shall be payable from the Bond Payment Date to which interest has previously been paid or made available for payment.

(d) Each Capital Appreciation Bond shall be dated, and shall accrete interest equal to the Accreted Interest for such Bond from, its Date of Issuance. Capital Appreciation Bonds will not bear interest payable on a current basis. The Capital Appreciation Bonds shall be issued in fully registered form, shall mature in the years and shall be issued in the aggregate Principal Amounts and shall accrete interest at the rate or rates as set forth in the Purchase Contract and shall have Principal Amounts per each five thousand dollars (\$5,000) in Maturity Value as shown in the Accreted Value Table contained in Appendix A to the Purchase Contract; provided, that in the event

that the amount shown in such Accreted Value Table and the Accreted Value calculated by the County or the Paying Agent by application of the definition of Accreted Value set forth in this Section 6 differ, the latter amount shall be the Accreted Value of such Capital Appreciation Bond.

(e) Each Convertible Capital Appreciation Bond shall be dated, and shall accrete interest equal to the Accreted Interest for such Bond from, its Date of Issuance to its Conversion Date and during such period no interest shall be payable on a current basis. From and after its Conversion Date, each Convertible Capital Appreciation Bond will bear interest payable on a current basis on the Conversion Value thereof on each Bond Payment Date at the interest rate set forth in the Purchase Contract for such Bond. The Convertible Capital Appreciation Bonds shall be issued in fully registered form, shall mature in the years and shall be issued in the aggregate Principal Amounts set forth in the Purchase Contract and shall accrete interest at the rate or rates and shall have Principal Amounts per each five thousand dollars (\$5,000) in Conversion Value as shown in the Accreted Value Table contained in Appendix A to the Purchase Contract; provided that, in the event that the amount shown in such Accreted Value Table and the Accreted Value calculated by the County or the Paying Agent by application of the definition of Accreted Value set forth in this Section 6 differ, the latter amount shall be the Accreted Value of such Convertible Capital Appreciation Bond.

Section 7. Execution. The Bonds shall be in substantially the forms set forth in Exhibit C hereto. The Bonds shall be signed by the Chairman of the Board and the Treasurer, or a deputy of the Treasurer, by their manual or facsimile signatures and countersigned by the manual or facsimile signature of the Clerk of the Board, or by an authorized deputy, all in their official capacities. The County's seal (or a facsimile thereof) may be impressed, imprinted, engraved or otherwise reproduced on each Bond. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been issued by the County on behalf of the District, such Bonds may, nevertheless, be issued, as herein provided, as if the persons who signed or sealed such Bonds had not ceased to hold such offices. No Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Bond is signed by the Paying Agent as authenticating agent. Authentication by the Paying Agent shall be conclusive evidence that the Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution.

Section 8. Appointment of Paying Agent.

(a) This Board does hereby consent to and confirm the appointment of Zions First National Bank to act as the authenticating agent, bond registrar, transfer agent and paying agent (collectively, the "Paying Agent") for the Bonds. All fees and expenses incurred for services of the Paying Agent shall be the sole responsibility of the District.

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

(c) The Paying Agent, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying

Agent may consult with counsel, who may or may not be counsel to the District, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

(d) The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution. In no event shall the County be required to expend its own funds hereunder.

Section 9. Resignation or Removal of Paying Agent and Appointment of Successor.

(a) The Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least 60 days' written notice to the District and the County. The Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the County and signed by the District. A successor Paying Agent shall be appointed by the District with the written consent of the Treasurer, which consent shall not be unreasonably withheld, and, if not the Treasurer, shall be a bank or trust company organized under the laws of any state of the United States, a national banking association or any other financial institution, having capital stock and surplus aggregating at least \$50,000,000 and doing business in the State of California and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution. Such Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the County and the District a written acceptance thereof. Resignation or removal of the Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

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

Section 10. Payment of Principal and Interest. The Principal of, Accreted Value and interest on the Bonds shall be payable in lawful money of the United States of America without deduction for the services of the Paying Agent as paying agent. Principal of the Current Interest Bonds, the Conversion Value of the Convertible Capital Appreciation Bonds and the Maturity Value of the Capital Appreciation Bonds shall be payable when due upon presentation and surrender of the Bonds at the office of the Paying Agent which has been designated by the Paying Agent for purposes of paying Principal of the Current Interest Bonds, the Conversion Value of the Convertible Capital Appreciation Bonds and Maturity Value of the Capital Appreciation Bonds on the Bonds. Any interest due on Current Interest Bonds and interest due on the Convertible Capital Appreciation Bonds after the Conversion Date shall be paid on each Bond Payment Date by check mailed by first class mail to the person in whose name the Bond was registered, and to that person's address appearing on the Bond Register (as described in Section 11 below) at the close of business on the Record Date. The Owner of an aggregate Principal Amount of \$1,000,000 or more of Bonds bearing interest on a current basis may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of any Record Date.

Payments of Principal, Maturity Value, Conversion Value and redemption premiums, if any, with respect to the Bonds shall be payable at maturity or redemption upon surrender at the principal office of the Paying Agent. The Paying Agent is hereby authorized to pay the Bonds when duly presented for payment at maturity or redemption, and to cancel all Bonds which have matured or been redeemed upon payment thereof.

No current interest shall be payable to an Owner of a Capital Appreciation Bond; however, during the period Capital Appreciation Bonds are outstanding, interest will accrete on the Capital Appreciation Bonds to an amount equal to the Maturity Value. No payment of interest will be made to the Owner of a Convertible Capital Appreciation Bond on its Conversion Date. Interest shall be paid on the first Bond Payment Date after the Conversion Date based upon the Conversion Value of a Convertible Capital Appreciation Bond on its Conversion Date.

The Bonds are general obligation bonds of the District and do not constitute an obligation of the County. No part of any fund of the County is pledged or obligated to the payment of the Bonds.

Section 11. Bond Registration and Transfer. 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 this Section.

Subject to the provisions of Section 12 below, 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 this Resolution. Payment of or on account of the Principal of and interest on any Bond shall be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in this Section. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

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

If manual signatures on behalf of the County are required, the Paying Agent shall undertake the exchange or transfer of Bonds only after the new Bonds are signed by the authorized officers of the County. 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 this Resolution. All fees and costs of transfer shall be paid by the transferor. 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 this 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 at least twice each calendar year. The cancelled Bonds shall be retained for a period of time and then returned to the District or destroyed by the Paying Agent as directed by the District.

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

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

Any new Bonds issued pursuant to this Section 11 in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the District, whether or not the Bonds so alleged to be destroyed, stolen or lost are at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Resolution in any moneys or securities held by the Paying Agent for the benefit of the Owners of the Bonds.

Section 12. Redemption.

(a) Terms of Redemption. The Bonds shall be subject to redemption prior to maturity as provided in the Purchase Contract for the Bonds. The Purchase Contract may provide that the Bonds issued thereunder shall not be subject to optional redemption, and may provide separate and distinct redemption provisions for the Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds.

The Bonds, if any, which are designated in the Purchase Contract as Term Bonds shall be subject to redemption prior to their stated maturity dates, without a redemption premium, in part by lot, from mandatory sinking fund payments in the amounts and in accordance with the terms to be specified in the Purchase Contract. The principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date and allocated

by the District to such sinking fund payment, or as otherwise directed by the District. The Purchase Contract may provide that some or all of the Bonds shall not be subject to mandatory sinking fund redemption.

The Auditor-Controller of the County is hereby authorized to create such sinking funds or accounts for the Term Bonds as shall be necessary to accomplish the purposes of this Section.

(b) Selection of Bonds for Redemption. Whenever provision is made in this Resolution and the Purchase Contract for the redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from an Authorized Representative of the District, shall select Bonds for redemption from such maturity or maturities in accordance with such written instructions. Within a maturity, the Paying Agent shall select Bonds for redemption in such manner as directed by the District or if not so directed then by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Current Interest Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof and the portion of any Convertible Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000 Conversion Value of such Convertible Capital Appreciation Bond 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 of such Capital Appreciation Bond.

(c) Notice of Redemption. When redemption of any Bond is to be made pursuant to Section 12(a) hereof, the Paying Agent shall give notice (a "Redemption Notice") of the redemption of the Bonds by first class mail, postage prepaid to each Owner of the Bonds at the addresses appearing on the Bond Register at least 30 but not more than 60 days prior to the Redemption Date. 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) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount or Accreted Value, as applicable, of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified Redemption Date there shall become due and payable upon each Bond or portion thereof being redeemed the Principal Amount thereof and applicable premium, if any, together with the interest accreted to the Redemption Date in the case of the Convertible Capital Appreciation Bonds and the Capital Appreciation Bonds, and that from and after such Redemption Date, interest with respect thereto shall cease to accrue or accrete in value.

In case of the redemption as permitted herein of all the Bonds of any one maturity then Outstanding, notice of redemption shall be given by mailing as herein provided, except that the Redemption Notice need not specify the serial numbers of the Bonds of such maturity.

Any Redemption Notice for an optional redemption of the Bonds delivered in accordance with this Section 12(c) may be conditional, and, if any condition stated in the Redemption Notice shall not have been satisfied on or prior to the redemption date: (i) the Redemption Notice shall be of no force and effect, (ii) the District shall not be required to redeem such Bonds, (iii) the redemption shall not be made, and (iv) the Paying Agent shall within a

reasonable time thereafter give notice to the persons in the manner in which the conditional Redemption Notice was given that such condition or conditions were not met and that the redemption was canceled.

Neither failure to receive nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds.

(d) Additional Notice. In addition to the Redemption Notice given pursuant to Section 12(c), further notice shall be given by the Paying Agent as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption shall be sent at least thirty (30) days before the Redemption Date by registered or certified mail or overnight delivery service to each of the Securities Depositories which are then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more of the Informational Services that disseminate notice of redemption of obligations similar to the Bonds or, in accordance with the then-current guidelines of the Securities and Exchange Commission, such other securities depositories and services providing information on called bonds, or such securities depositories and services, as the District may designate in a certificate delivered to the Paying Agent. Notwithstanding the foregoing, if authorized by a Securities Depository or Information Service, such additional notice may be sent electronically or in such other manner as is approved by such entity.

(e) CUSIP Numbers. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(f) Payment of Redeemed Bonds. When notice of redemption has been given substantially as provided for herein, and, when the amount necessary for the redemption of the Bonds called for redemption is set aside for that purpose in the Debt Service Fund, as provided herein, the Bonds designated for redemption shall become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the notice of redemption with the form of assignment endorsed thereon executed in blank, said Bonds shall be redeemed and paid at the redemption price out of the Debt Service Fund.

(g) 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 series, tenor and maturity and of authorized denominations equal in Transfer Amount 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 County and the District shall be released and discharged thereupon from all liability to the extent of such payment.

(h) Effect of Notice of Redemption. If on such Redemption Date, money for the redemption of the Bonds to be redeemed as provided in Section 12 hereof, together with interest to such Redemption Date, shall be held by the Paying Agent so as to be available therefor on such Redemption Date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such Redemption Date, interest with respect to the Bonds to be redeemed shall cease to accrue or accrete and become payable.

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

Section 13. Book-Entry System.

(a) The Bonds shall be initially executed and delivered in the form of a single, fully registered Bond for each maturity (which may be typewritten). Upon initial execution and delivery, as provided for herein, the ownership of such Bond shall be registered in the Bond Register in the name of the Depository or its nominee (the "Nominee"), and its successors and assigns. Except as hereinafter provided, all of the outstanding Bonds shall be registered in the Bond Register in the name of the Nominee of the Depository, which may be the Depository, as determined from time to time pursuant to this Section. Each Bond certificate shall bear a legend substantially to the following effect: "UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

With respect to the Bonds registered in the Bond Register in the name of the Nominee, neither the District, the County nor the Paying Agent shall have any responsibility or obligation to any broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as securities depository (the "Participant") or to any person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, neither the District, the County nor the Paying Agent shall have any responsibility or obligation (unless the District is at such time the Depository) with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person, other than an Owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the District redeems the Bonds in part, or (iv) the payment to any Participant or any other person, other than an Owner of a Bond as shown in the Bond Register, of any amount with respect to Accreted Value, Principal of or interest on the Bonds. The District and the Paying Agent may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute Owner of such Bond for the purpose of the payment of Accreted Value, Principal and interest with respect to such Bond, for the purpose of giving notices of redemption, if applicable, and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall

pay all Accreted Value, Principal of and interest on the Bonds only to or upon the order of the respective Owner of the Bond, as shown in the Bond Register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of Accreted Value, Principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner of a Bond, as shown in the Bond Register, shall receive a Bond evidencing the obligation of the District to make payments of Accreted Value, Principal and interest. Upon delivery by the Depository to the Owners of the Bonds, and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Resolution shall refer to such nominee of the Depository.

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

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

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

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

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

Section 14. Forms of Bonds. The Bonds shall be in substantially the forms as shown in Exhibit C hereto; provided, however, that those officials executing the Bonds are hereby authorized to make the insertions and deletions necessary to conform the Bonds to this Resolution, the Purchase Contract and the Official Statement and to correct any defect or inconsistent provision therein or to cure any ambiguity or omission therein.

Section 15. Deposit of Proceeds of Bonds; Creation of Funds.

(a) Following the sale of the Bonds, the proper officials of the County shall cause the Bonds to be prepared, signed and delivered to DTC for credit to the account of the Underwriter upon payment by the Underwriter of the purchase price of such Bonds in immediately available funds.

(b) The proceeds from the sale of the Bonds, to the extent of the Principal Amount thereof payable to the County under the terms of the Purchase Contract, shall be paid to the County to the credit of the fund hereby created and established and to be known as the "Beaumont Unified School District Election of 2008 General Obligation Bond Building Fund" (the "Building Fund") of the District, which shall be kept separate and distinct from all other District and County funds. Such proceeds shall be used solely for the purpose for which the Bonds are being issued and shall be applied solely to authorized purposes which relate to the Projects. Any amounts that remain in the Building Fund at the completion of the Projects, at the written direction of an Authorized Representative of the District, shall be transferred to the Debt Service Fund to be used to pay the Principal of, premium, if any, and interest on the Bonds, subject to any conditions set forth in any Tax Certificate.

(c) All premium received by the County from the sale of the Bonds, if any, and any accrued interest on the Bonds shall be kept separate and apart in the fund hereby created and established and to be designated as the "Beaumont Unified School District Election of 2008 General Obligation Bond Debt Service Fund" (the "Debt Service Fund") for the Bonds. Amounts in the Debt Service Fund shall be used only for payments of Principal, premium, if any, and interest, including Accreted Interest, on the Bonds on each Bond Payment Date and Redemption Date. All ad valorem taxes levied for the purposes described in Section 16 hereof shall be deposited upon collection by the County into the Debt Service Fund and used for the payment of the Principal of, premium, if any, and interest, including Accreted Interest, on the Bonds on each Bond Payment Date and Redemption Date. On the Business Day immediately preceding each Bond Payment Date and Redemption Date, the District shall transfer or cause to be transferred from the Debt Service Fund to the Paying Agent, an amount, in immediately available funds, sufficient to pay all the Principal of, premium, if any, and interest, including Accreted Interest, on the Bonds (collectively, the "Debt Service") on such Bond Payment Date or Redemption Date, as applicable. Debt Service on the Bonds shall be paid by the Paying Agent in the manner provided by law for the payment of Debt Service. If, after payment in full of the Bonds, there remain excess proceeds in the Debt Service Fund, any such excess amounts shall be transferred to the General Fund of the District.

(d) There is hereby created and established a "Beaumont Unified School District Election of 2008 General Obligation Bond Rebate Fund" (the "Rebate Fund"). The County shall

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

(e) There shall hereby be created and established the "Beaumont Unified School District Election of 2008 General Obligation Bond Costs of Issuance Fund" (the "Costs of Issuance Fund") which shall be accounted for separately and distinctly from all other District and County funds and accounts. Upon direction from an Authorized Representative of the District following the issuance of the Bonds, the Treasurer shall transfer from the Building Fund and deposit in the Costs of Issuance Fund an amount not to exceed two percent (2.0%) of the initial principal amount of the Bonds. Monies held in the Costs of Issuance Fund shall be applied, upon direction from an Authorized Representative of the District, solely to pay Costs of Issuance. Upon direction from an Authorized Representative of the District amounts held in the Costs of Issuance Fund shall be transferred from the Costs of Issuance Fund and deposited in the Building Fund.

(f) Interest earned on the investment of monies held in the Debt Service Fund shall be retained in the Debt Service Fund, interest earned on the investment of monies held in the Building Fund shall be retained in the Building Fund, interest earned on the investment of moneys in the Costs of Issuance Fund shall be transferred and credited to the Building Fund, and interest earned in the investments in the Rebate Fund shall be retained in the Rebate Fund.

(g) If at any time it is deemed necessary or desirable by the District, upon the written direction of an Authorized Representative of the District, the County may establish additional funds under this Resolution and/or accounts within any of the funds or accounts established hereunder.

Section 16. Security for the Bonds; Tax Levy. There shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem* tax annually during the period the Bonds are Outstanding in an amount sufficient, together with moneys on deposit in the Debt Service Fund available for such purpose, to pay the Principal of, premium, if any, and interest, including Accreted Interest, on the Bonds when due. The Board hereby covenants to levy *ad valorem* taxes for the payment of the Bonds on all property in the District subject to taxation by the County without limitation as to rate or amount (except certain personal property which is taxable at limited rates) and to coordinate with the County of San Bernardino to collect the *ad valorem* taxes to be levied on property within the District which is located within the County of San Bernardino. The taxes collected for the Bonds will be placed in the Debt Service Fund of the District, which taxes, together with the amounts on deposit in the Debt Service Fund, are irrevocably pledged for the payment of the Principal of, premium, if any, and interest, including Accreted Interest, on the Bonds when and as due. The Bonds are the general obligation bonds of the District and do not constitute an obligation of the County. No part of any fund or account of the County is pledged or obligated to the payment of the Bonds or the interest thereon.

Section 17. Defeasance. The Bonds may be defeased, in whole, prior to maturity in the following ways:

(a) by well and truly paying or causing to be paid the Principal, Accreted Value, premium, if any, and interest on all Bonds Outstanding, and when the same become due and payable;

(b) by irrevocably depositing with the County or a bank or trust company appointed by the County or the District in escrow an amount of cash which together with amounts then on deposit in the Debt Service Fund, is sufficient to pay all Bonds Outstanding, including all Principal, premium, if any, Accreted Value and interest; or

(c) by irrevocably depositing with the County or a bank or trust company appointed by the County or the District in escrow noncallable United States Obligations (defined below), together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys then on deposit in the Debt Service Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge all the Bonds Outstanding, including all Principal, premium, if any, Accreted Value and interest due with respect thereto at or before their maturity date or applicable redemption date;

then, notwithstanding that any Bonds shall not have been surrendered for payment, all obligations of the District, the County and the Paying Agent with respect to all Outstanding Bonds shall cease and terminate, except only the obligation of the County and the Paying Agent to pay or cause to be paid from funds deposited pursuant to paragraphs (a), (b) or (c) of this Section, to the owners of the Bonds not so surrendered and paid, all sums due with respect thereto and the obligations of the County with respect to the Rebate Fund in accordance with Section 15 hereof.

For purposes of this Section and Section 16, "United States Obligations" shall mean:

Direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, 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. Investments in such proportionate interests must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States Obligations; and (c) the underlying United States Obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claims of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated "AAA" by Standard & Poor's and "Aaa" by Moody's Investors Service.

Section 18. Partial Defeasance. Any portion of the Outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

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

(b) by irrevocably depositing with the County, or a bank or trust company appointed by the County or the District, in escrow, noncallable United States Obligations, 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, be fully sufficient to pay and discharge the designated Outstanding maturities of Bonds (including all Principal, Accreted Value, interest and premium, if any, at or before their maturity date);

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

For purposes of this Section, United States Obligations shall have the same meaning as set forth in Section 17 hereof.

Section 19. Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Any Owner 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 a Continuing Disclosure Agreement. The failure of the District to comply with a Continuing Disclosure Agreement shall not constitute a default hereunder nor shall any Owner be permitted to monetary damages for failure of the District to comply.

Section 20. Tax Covenants of the District. The District has covenanted for and on behalf of the Owners 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 for federal income tax purposes of the interest payable on the Bonds.

Section 21. Arbitrage Covenant. The District has covenanted for and on behalf of the Owners that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary, so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code and the applicable regulations prescribed under that section or any predecessor section. Calculations for determining arbitrage requirements are the sole responsibility of the District. The County hereby covenants that it will follow such written directions as are given to it by an Authorized Representative of the District to restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary, so that any Bonds will not constitute arbitrage bonds under Section 148 of the Code and the applicable regulations prescribed under that section or any predecessor section.

Section 22. Conditions Precedent. This Board determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligation bonds of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

Section 23. Official Statement. The District has approved a Preliminary Official Statement substantially in the form attached hereto as Exhibit D meeting the requirements of Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12") and has authorized the execution and delivery of a final Official Statement to be delivered in accordance with Rule 15c2-12. Such Preliminary Official Statement and Official Statement shall be referred to as the "Official Statement," and will be substantially in the form of the Preliminary Official Statement in the form attached hereto as Exhibit D, together with such changes as the District deems necessary to make such Official Statement accurate as of its date.

With respect to any section contained or to be contained in the Official Statement describing the County's investment policy, current portfolio holdings, and valuation procedures, as they may relate to funds of the District held by the Treasurer, the Treasurer is hereby authorized and directed to prepare and review such information for inclusion in the District's Official Statement, and to certify in writing to the District prior to or upon the issuance of the Bonds that the information contained in such section does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading.

Section 24. Approval of Actions. Officers of the Board and County officials are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution, including the execution of any documents required by a Bond Insurer as a precondition to obtaining bond insurance if purchased by the District. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

Section 25. Supplemental Resolutions.

This Resolution, and the rights and obligations of the County, the District and of the Owners of the Bonds issued hereunder, may be modified or amended at any time by a Supplemental Resolution adopted by the County with the written consent of Owners owning at least 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the County or the District; provided, however, that no such modification or amendment shall, without the express consent of the Owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification. No such Supplemental Resolution shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto. Notwithstanding anything herein to the contrary, no such consent shall be required by the Owners of any Bonds that are not directly and adversely affected by such amendment or modification, and such modification or amendment may be adopted with the approval of not less than 60% in aggregate Bond Obligation of the Bonds affected.

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

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

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

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

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

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

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

Section 26. Insurance. In the event the District purchases bond insurance for a Bond, and to the extent that the Bond Insurer makes payment of the Principal, Accreted Value or interest on such Bond, the Bond Insurer shall become the owner of such Bond, with the right to payment of Principal, Accreted Value or interest on such Bond, and shall be fully subrogated to all of the Owner's rights, including the Owner's rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims that were past due interest, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books for such Bond maintained by the Paying Agent upon receipt of a copy of the cancelled check issued by the Bond Insurer or other evidence satisfactory to the Paying Agent for the payment of such interest to the Owner of such Bond, and (ii) in the case of subrogation as to claims for past due Principal, Accreted Value or interest, the Paying Agent shall note the Bond Insurer as subrogee on the registration books for such Bond maintained by the Paying Agent upon surrender of such Bond by the Owner thereof to the Bond Insurer or the insurance trustee for the Bond Insurer. The Paying Agent shall request payment pursuant to the terms of any bond insurance policy to the extent required to pay the Principal of and interest on any insured Bond when due if amounts on deposit in the Debt Service Fund are not adequate for that purpose.

Section 27. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall own the same from time to time, this Resolution shall be deemed to be and shall constitute a contract among the County, the District and the Owners from time to time of the Bonds; and the pledge made in this Resolution shall be for the equal benefit, protection and security of the Owners of any and all of the

Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof.

Section 28. Notices. All notices or communications herein required or permitted to be given to any party shall be given to each of the following parties and shall be given in writing and shall be deemed to have been sufficiently given or served for all purposes by being delivered or sent by telecopier or by being deposited, postage prepaid, in a post office letter box, to the addresses set forth below, or to such other address as may be provided to the other parties hereinafter listed in writing from time to time, namely:

If to the County: County of Riverside
4080 Lemon Street, Fourth Floor
Riverside, California 92501
Attention: Treasurer-Tax Collector

If to the Paying Agent: Zions First National Bank
550 South Hope Street, Suite 2650
Los Angeles, California 90071
Attention: Corporate Trust Services

If to the District: Beaumont Unified School District
500 Grace Avenue
Beaumont, California 92223
Attention: Superintendent

Section 29. Unclaimed Moneys. Anything in this Resolution to the contrary notwithstanding, any moneys held by the County or the Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for one (1) year after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the County or the Paying Agent at such date, or for one (1) year after the date of deposit of such moneys if deposited with the County or the Paying Agent after said date when such Bonds become due and payable, shall be repaid by the County or the Paying Agent, as applicable, to the District, as its absolute property and free from trust, and the County and the Paying Agent shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the District for the payment of such Bonds; provided, however, that before being required to make such payment to the District, the Paying Agent shall, at the expense of District, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the registration books, a notice that said moneys remain unclaimed and that, after a date in said notice, which date shall not be less than thirty (30) days after the date of mailing such notice, the balance of such moneys then unclaimed will be returned to the District.

Section 30. Permitted Investments.

(a) All amounts held in the funds and accounts established hereunder shall be invested by the Treasurer in any instrument which is a lawful investment for funds of the District, including the Treasurer's Pooled Investment Fund, the Local Agency Investment Fund, any investment authorized pursuant to Sections 53601 and 53635 of the Government Code, or in investment agreements, including guaranteed investment contracts, float contracts or other investment products (provided that such agreements comply with the requirements of Section 148 of

the Code, and with the requirements of the Bond Insurer, if any, and each rating agency then rating the Bonds necessary in order to maintain the then-current rating on the Bonds). Unless otherwise instructed by an Authorized Representative of the District in writing, amounts held hereunder shall be invested in the Treasurer's Pooled Investment Fund. If invested in other than the Treasurer's Pooled Investment Fund, amounts in the Debt Service Fund shall be invested in investments maturing not later than the date on which such amounts will be needed to pay the Principal of, premium, if any, and interest, including Accreted Interest, on the Bonds. Nothing in this Resolution shall prevent any investment securities acquired as investments of funds held hereunder from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

(b) Obligations purchased as an investment of moneys in any fund or account shall be deemed at all times to be a part of such fund or account. Profits or losses attributable to any fund or account shall be credited or charged to such fund or account. In computing the amount in any fund or account created under the provisions of this Resolution for any purpose provided in this Resolution, obligations purchased as an investment of moneys therein shall be valued at cost, plus, where applicable, accrued interest.

Section 31. Effective Date. This Resolution shall take effect immediately upon its passage.

The foregoing resolution was adopted by the Board of Supervisors of the County of Riverside on March 29, 2011.

ROLL CALL:

Ayes: Buster, Stone, Benoit, and Ashley
Nays: None
Absent: Tavaglione

The foregoing is certified to be a true copy of a resolution duly adopted by said Board of Supervisors on the date therein set forth.

KECIA HARPER-IHEM, Clerk of said Board

By: _____
Deputy

EXHIBIT A
[FORM OF DISTRICT RESOLUTION]

RESOLUTION 2011-06

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE BEAUMONT UNIFIED SCHOOL DISTRICT, RIVERSIDE COUNTY, CALIFORNIA, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE TO SELL ELECTION OF 2008 GENERAL OBLIGATION BONDS SERIES C OF THE DISTRICT IN A PRINCIPAL AMOUNT NOT TO EXCEED \$30,000,000 AND APPROVING CERTAIN OTHER MATTERS RELATED THERETO

WHEREAS, a duly called election was held in the Beaumont Unified School District (the "District"), Riverside County (the "County"), State of California, on November 4, 2008, at which the following School Safety; Vocational Education; Classroom Repair Measure proposition ("Measure Z") was submitted to the qualified electors of the District:

"To retain/attract excellent teachers, keep students from gangs by upgrading safety, technology security systems, energy efficiency; acquiring land; repairing, constructing, equipping schools/classrooms; adding vocational education/after-school space; fixing leaky roofs; replacing heating/air-conditioning; and qualifying for State matching grants shall Beaumont Unified School District issue \$125,000,000 in bonds at legal interest rates, with annual financial audits, Independent Citizens' Oversight, and no money for the State or administrators' salaries?"

WHEREAS, at such election Measure Z received the affirmative vote of more than fifty-five percent (55%) of the qualified electors of the District voting on the proposition as certified by the Registrar of Voters of the County of Riverside in the official canvassing of votes; and

WHEREAS, in December 2009 the County, pursuant to Measure Z, issued on behalf of the District the Beaumont Unified School District Election of 2008 General Obligation Bonds Series A (Tax Exempt Bonds) in an aggregate principal amount of \$4,500,718.90 and the Beaumont Unified School District Taxable Election of 2008 General Obligation Bonds Series B (Build America Bonds-Direct Payment to District) in an aggregate principal amount of \$15,500,000;

WHEREAS, at this time the Board of Trustees of the District has determined that it is necessary and desirable to authorize the issuance of and request the Board of Supervisors to issue a third series of general obligation bonds pursuant to the Measure Z authorization in an aggregate principal amount not to exceed \$30,000,000 to be designated as the "Beaumont Unified School District Election of 2008 General Obligation Bonds Series C" (the "Bonds"); and

WHEREAS, Education Code Section 15140 provides that the Board of Supervisors of the County shall issue bonds on behalf of the District following adoption of a resolution of the Board of Trustees; and

WHEREAS, the Board of Trustees of the District desires to request the Board of Supervisors of the County to issue the Bonds on behalf of the District pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code;

WHEREAS, there has been presented to this Board of Trustees at this meeting the form of a bond purchase contract (the "Purchase Contract") to be entered into by and among the District, the County and Piper Jaffray & Co. (the "Underwriter");

WHEREAS, there has been presented to this Board of Trustees at this meeting the form of a Preliminary Official Statement pursuant to which the Bonds will be offered for sale;

WHEREAS, there has been presented to this Board of Trustees at this meeting the form of a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") to be entered into by and between the District and U.S. Bank National Association, as dissemination agent; and

WHEREAS, all acts, conditions and things required by law to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of general obligation bonds of the District, and the indebtedness of the District, including the proposed issue of Bonds, is within all limits prescribed by law;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Beaumont Unified School District, as follows:

Section 1. Each of the above recitals is true and correct.

Section 2. In order to raise money for the purposes described in Measure Z and to pay all necessary legal, financial, engineering and contingent costs in connection therewith, in accordance with the provisions of Education Code Section 15140, the Board of Trustees hereby petitions the Board of Supervisors of the County to issue the Bonds in a principal amount not to exceed \$30,000,000 and to order such Bonds sold at a negotiated sale to the Underwriter. The Bonds shall bear or accrete interest at a rate which for the issue as a whole shall not exceed 12.00% per annum payable on the dates set forth in the Purchase Contract with principal maturing on the dates and in the amounts set forth in the Purchase Contract, not to exceed more than 40 years from the date of issuance of the Bonds.

The Bonds may be issued as Current Interest Bonds, as Capital Appreciation Bonds or as Convertible Capital Appreciation Bonds as set forth in the Purchase Contract, subject to the provisions of a resolution of the Board of Supervisors of the County relating to the Bonds (the "County Resolution").

The Board of Supervisors of the County is hereby authorized to set the terms of the optional and mandatory redemption of the Bonds in the Purchase Contract and to provide in the County Resolution the method of giving notice of redemption to owners of the Bonds to be redeemed.

Section 3. The Board of Trustees does hereby authorize the appointment of an authenticating agent, bond registrar, transfer agent and paying agent (collectively, the "Paying Agent") for the Bonds by the Board of Supervisors of the County on behalf of the District.

Section 4. The District hereby covenants for the benefit of the Bond owners that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be

necessary, so that the Bonds will not constitute arbitrage bonds under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations prescribed under that section or any predecessor section. In furtherance of this covenant, the District agrees to comply with the covenants contained in the tax certificate (the "Tax Certificate") to be executed by the District on the date of delivery of the Bonds. The District hereby agrees to deliver instructions to the County and the Paying Agent in order to comply with the Tax Certificate.

Section 5. The Clerk of the Board of Trustees is hereby directed to file a certified copy of this Resolution with the Board of Supervisors of the County and the Treasurer-Tax Collector of the County (the "Treasurer").

Section 6. The costs associated with the issuance of the Bonds, including municipal bond insurance, if any, and Underwriter's discount, is estimated to be 3.0% of the initial principal amount of the Bonds. The District has retained Stradling Yocca Carlson & Rauth, a Professional Corporation ("Bond Counsel") to serve as bond counsel to the District, Dolinka Group LLC to serve as Financial Advisor to the District and California Financial Services to serve as Bond Insurance and Structuring Consultant to the District, U.S. Bank National Association to act as Dissemination Agent for the District and the Underwriter to sell the Bonds on behalf of the District.

Section 7. The Board of Trustees determines that all acts and conditions necessary to be performed by the Board of Trustees or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

Section 8. The District hereby covenants to spend all Bond proceeds in accordance with applicable law, including, but not limited to, Chapters 1 and 1.5 of Part 10, Division 1, Title 1 of the California Education Code of the State of California (commencing with Section 15100), as amended, and Article XIII A of the California Constitution.

Section 9. The Preliminary Official Statement presented at this meeting is hereby approved in the form presented and upon receipt of the certificate described below from the President of the Board of Trustees, the Superintendent, or his designee, or the Assistant Superintendent, Business Services of the District, or her designee (each an "Authorized Officer"), the Underwriter is authorized to distribute the Preliminary Official Statement to prospective purchasers in the form hereby approved, together with such additions thereto and changes therein as are determined necessary by one or more of the Authorized Officers to make such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"). Each of the Authorized Officers is authorized to deliver to the Underwriter a certificate deeming the Preliminary Official Statement final for purposes of Rule 15c2-12. Each of the Authorized Officers is hereby authorized to execute a final Official Statement in the form of the Preliminary Official Statement, together with such changes as are determined necessary by the officer executing the same to make such Official Statement complete and accurate as of its date. The Underwriter is further authorized to distribute the final Official Statement for the Bonds to the purchasers thereof upon its execution by an officer of the District as described above.

Section 10. The Board hereby directs each of the Authorized Officers to execute a Continuing Disclosure Agreement by and between the District and U.S. Bank National Association,

as dissemination agent, providing for the annual disclosure of certain financial and operating data of the District in order for the Underwriter to comply with its obligations under Rule 15c2-12. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Any 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 the Continuing Disclosure Agreement. Noncompliance with the Continuing Disclosure Agreement shall not constitute a default hereunder or result in acceleration of the Bonds.

Section 11. The Bonds shall be sold to the Underwriter at a negotiated sale, which is determined to provide more flexibility in the timing of the sale, an ability to implement the sale in a shorter time period, an increased ability to structure the Bonds to fit the needs of particular purchasers, and a greater opportunity for the Underwriter to pre-market the Bonds to potential purchasers prior to the sale, all of which will contribute to the District's goal of achieving the lowest overall cost of funds. The form of the Purchase Contract presented at this meeting is hereby approved. Each Authorized Officer is hereby authorized and directed for and in the name of the District to execute the Purchase Contract in substantially the form hereby approved, with such additions thereto and changes therein as are recommended or approved by Bond Counsel to the District or County Counsel and approved by the Authorized Officer executing such agreement; provided, however, that the Purchase Contract shall be executed only if the aggregate principal amount of the Bonds is equal to or less than \$30,000,000 and the discount paid to the Underwriter (exclusive of original issue discount on the Bonds and costs of issuance paid by the Underwriter under the terms of the Purchase Contract) does not exceed [1.5]% of the principal amount of the Bonds. Each of the Authorized Officers is hereby authorized and directed for and in the name of the District to solicit bids for municipal bond insurance for the Bonds and to purchase such insurance if such Authorized Officer, on the basis of information provided by the Financial Advisor and the Underwriter, determines that acquiring such insurance to secure the repayment of some or all of the Bonds will be beneficial to the District in the marketing of the Bonds.

Section 12. Members of the Board of Trustees, the Authorized Officers and other District employees are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and employees are hereby ratified, confirmed and approved.

Section 13. This Resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 8th day of March, 2011.

Susan M. Lara

President of the Board of Trustees of the
Beaumont Unified School District

ATTEST:

Bangs Kayser

Secretary of the Board of Trustees of the
Beaumont Unified School District

SECRETARY'S CERTIFICATE

I, Barry Kayrell, Secretary of the Board of Trustees of the Beaumont Unified School District, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Trustees of said District duly and regularly held at the regular meeting place thereof on March 8, 2011, of which meeting all of the members of said Board of Trustees had due notice and at which a majority thereof were present; and that at said meeting said resolution was adopted by the following vote:

AYES: 5

NOES: 0

ABSENT OR NOT VOTING: 0

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: March 8, 2011

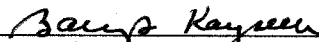

Secretary of the Board of Trustees of the
Beaumont Unified School District

EXHIBIT B
[FORM OF PURCHASE CONTRACT]

§ _____
**BEAUMONT UNIFIED SCHOOL DISTRICT
(RIVERSIDE COUNTY, CALIFORNIA)
ELECTION OF 2008 GENERAL
OBLIGATION BONDS SERIES C**

BOND PURCHASE CONTRACT

_____, 2011

County of Riverside
Board of Supervisors
4080 Lemon Street, 5th Floor
Riverside, California 92501

Beaumont Unified School District
500 Grace Avenue
Beaumont, California 92223

Ladies and Gentlemen:

The undersigned, Piper Jaffray & Co. (the "Underwriter"), hereby offers to enter into this Bond Purchase Contract (the "Purchase Contract") with the County of Riverside, California (the "County") and the Beaumont Unified School District (the "District") which, upon the acceptance hereof, will be binding upon the District, the County and the Underwriter. This offer is made subject to the written acceptance of this Purchase Contract by the County and the District and delivery of such acceptance to the Underwriter at its office specified in Section 13 below prior to 11:59 p.m., California Time, on the date hereof.

1. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the County for reoffering to the public, and the County hereby agrees to sell in the name and on behalf of the District to the Underwriter for such purpose, all (but not less than all) of \$_____ in aggregate initial amount of the District's Election of 2008 General Obligation Bonds Series C (the "Bonds"), which consist of \$_____ Current Interest Bonds, \$_____ of Capital Appreciation Bonds and \$_____ of Convertible Capital Appreciation Bonds. The Bonds shall bear or accrete interest at the rates, and shall mature in the principal amounts and in the years and shall be subject to redemption as shown on Appendix A hereto, which is incorporated herein by this reference. The Current Interest Bonds shall be dated their date of delivery and bear interest payable semiannually on each February 1 and August 1, commencing February 1, 2011. The Capital Appreciation Bonds shall be dated the date of delivery and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2011, which accreted interest is payable only at maturity as shown in Appendix A hereto. The Convertible Capital Appreciation Bonds shall be dated the date of delivery and accrete interest from such date, compounded semiannually on February 1 and August 1 in each year, commencing August 1, 2011, to the applicable conversion date (the "Conversion Date"). From and after the Conversion Date, each Convertible Capital Appreciation Bond shall bear interest

payable semiannually on each February 1 and August 1, commencing on February 1 or August 1 immediately following such Conversion. The accreted value of each Convertible Capital Appreciation Bond at the Conversion Date thereof shall be paid at maturity as shown in Appendix A hereto.

The Underwriter shall purchase the Bonds in immediately available funds by wire transfer to the County at a price of \$ _____ (consisting of the aggregate initial principal amount of the Bonds, plus net original issue premium of \$ _____, less Underwriter's discount of \$ _____, less costs of issuance of \$ _____) to be paid by the Underwriter.

In order to provide for the payment of certain costs relating to the issuance of the Bonds, the Underwriter will enter into the Cost of Issuance Agreement, dated as of _____, 2011 (the "Cost of Issuance Agreement") with Zions First National Bank, as Cost of Issuance Agent. At closing, there shall be \$ _____ (the "COI Deposit") set aside by the Underwriter from the proceeds of the sale of the Bonds, which amount shall be deposited with the Cost of Issuance Agent to be applied in accordance with the provisions of the Cost of Issuance Agreement.

2. The Bonds. The Bonds are subject to redemption as set forth in Appendix A hereto. In all other respects the Bonds shall be as described in, and shall be issued and secured pursuant to the provisions of the Resolution of the District adopted on March 8, 2011 (the "District Resolution") and the Resolution of the Board of Supervisors of the County adopted _____, 2011 (the "County Resolution" and collectively with the District Resolution, the "Resolutions"), Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"), and paragraph (3) of subdivision (b) of Article XIII A of the California Constitution. All capitalized terms used herein without definition shall have the meanings given to them in the County Resolution.

The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Contract and the Resolutions. The Bonds shall be in book-entry form, shall bear CUSIP numbers, shall be in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"); the Bonds shall initially be in authorized denominations of \$5,000 principal amount or any integral multiple thereof for the Current Interest Bonds, \$5,000 maturity value or any integral multiple thereof for the Capital Appreciation Bonds and \$5,000 Conversion Value, or any integral multiple thereof in the case of the Convertible Capital Appreciation Bonds.

[The payment of principal of and interest and compounded interest (but not any redemption premium) on the Bonds as specified in Appendix A hereto will be secured by a municipal bond insurance policy (the "Insurance Policy") to be issued simultaneously with the issuance of the Bonds by Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance, Inc.) (the "Insurer").]

3. Use of Documents. The District and the County hereby authorize the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Contract and an Official Statement (defined below), the Resolutions and all information contained herein and therein and all of the documents, certificates or statements furnished by the District or the County to the Underwriter in connection with the transactions contemplated by this Purchase Contract.

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 price or yield set forth in Appendix A and to be

set forth on the cover page of the Official Statement. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering price or yield as it deems necessary in connection with the marketing of the Bonds.

5. Review of Official Statement. The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated _____, 2011 (the "Preliminary Official Statement"). The District represents that it has deemed the Preliminary Official Statement to be final, except for either revisions or additions relating to the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule").

The Underwriter agrees that prior to the time the final Official Statement (the "Official Statement") relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the Preliminary Official Statement, together with any amendments or supplements thereto prepared by the District. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received. The Underwriter agrees that it will deliver a copy of the final Official Statement to each purchaser of the Bonds as required by the Rule. The Underwriter agrees that, in accordance with Rule G-32 of the Municipal Securities Rulemaking Board, within one business day after receipt from the District but by no later than the Closing (as defined below), it will file a copy of the Official Statement with the Municipal Securities Rulemaking Board.

6. Closing. At 8:00 a.m., California Time, on _____, 2011, or at such other time or on such other date as shall have been mutually agreed upon by the District and the Underwriter (the "Closing"), the County and the District will deliver to the Underwriter, through the facilities of The Depository Trust Company ("DTC") in New York, New York, or at such other place as we 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 Stradling Yocca Carlson & Rauth, a Professional Corporation ("Bond Counsel"), in Newport Beach, California, the other documents set forth in Section 10(e) below.

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

(a) **Due Organization.** The District is a school district duly organized and validly existing under the laws of the State of California, with the power to cause the Bonds to be issued by the County on its behalf 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 deliver the Preliminary Official Statement, to execute and deliver the Official Statement, to enter into this Purchase Contract and the Continuing Disclosure Agreement, dated as of _____ 1, 2011, entered into by the District and U.S. Bank National Association, as dissemination agent, to assist the District in satisfying its obligations under the Rule (the "Continuing Disclosure Agreement"), to adopt the District Resolution, to perform its obligations under each such document or instrument and to carry out and effectuate the transactions

contemplated by this Purchase Contract, the Continuing Disclosure Agreement, the Official Statement and the District Resolution; (iii) the District Resolution was duly adopted at a meeting of the governing body of the District 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; (iv) the delivery of the Preliminary Official Statement, the execution and delivery of the Official Statement, and the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the District Resolution, the County Resolution, the Continuing Disclosure Agreement and this Purchase Contract have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (v) this Purchase Contract and the Continuing Disclosure Agreement constitute valid and legally binding obligations of the District; (vi) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Contract and the Continuing Disclosure Agreement; and (vii) no statutory or constitutional limitation on indebtedness or taxation will be exceeded in issuing the Bonds.

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

(d) No Conflicts. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Contract, the Continuing Disclosure Agreement, the District Resolution and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the District a violation of or default under the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(e) Litigation. Except as described in the Preliminary Official Statement, as of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending in which service of process has been completed against the District, or to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or 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 the tax revenues 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 in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract, the Continuing Disclosure Agreement or the Resolutions or contesting the powers of the District or the County under the Resolutions or this Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Purchase Contract or the Resolutions, (b) declare this Purchase Contract, the District Resolution or the Continuing Disclosure Agreement to be invalid or unenforceable in whole

or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes or the exemption of interest on the Bonds from California personal income taxation.

(f) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District directly, nor the County on behalf of the District at the District's request, 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 Official Statement.

(g) Compliance with Internal Revenue Code. The District will comply with the applicable provisions of the Internal Revenue Code of 1986, as amended, with respect to the Bonds.

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

(i) Interim Report. The District has not received a qualified or negative certification in its most recent interim report pursuant to Section 42130 *et seq.* of the California Education Code.

(j) Continuing Disclosure. At or prior to the Closing, the District shall have duly authorized, executed and delivered the Continuing Disclosure Agreement. The Continuing Disclosure Agreement shall comply with the provisions of the Rule and be substantially in the form attached to the Preliminary Official Statement and Official Statement in Appendix C. Except as disclosed in the Official Statement, during the last five years, the District has not failed to comply in all material respects with any of its previous undertakings under the Rule.

(k) Official Statement. Except as limited in the following sentence, as of its date, the Preliminary Official Statement 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, the final Official Statement did not, and as of the Closing Date it 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; provided that 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 or as to the information therein provided by the [Insurer (defined below)], the County under the subcaption "Riverside County Treasurer's Pooled Investment Fund" or relating to DTC and its book-entry system or as to CUSIP numbers.

(l) Levy of Tax. The District hereby agrees to take any and all actions as may be required by the County or otherwise necessary in order to arrange for the levy and collection of taxes by the County for payment of the Bonds, and the deposit and investment of Bond proceeds. In particular, the District hereby agrees to provide to the County Auditor and the County Treasurer-Tax Collector a copy of the District Resolution, a copy of Appendix A hereto, and the full debt service schedule for the Bonds, in accordance with Education Code Section 15140(c) and policies and procedures of the County.

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

(a) Due Organization. The County is a political subdivision duly organized and validly existing under the laws of the State of California, with the power to issue the Bonds on behalf of the District 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 Contract, 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 to carry out and effectuate the transactions contemplated by this Purchase Contract and the Resolutions; (iii) the execution and delivery or adoption of, and the performance by the County of the obligations contained in the Bonds, the County Resolution and this Purchase Contract have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Purchase Contract constitutes a valid and legally binding obligation of the County; and (v) the County has duly authorized the consummation by it of all transactions contemplated by this Purchase Contract.

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

(d) No Conflicts. To the best knowledge of the County, the issuance of the Bonds, the execution, delivery and performance of this Purchase Contract, the County Resolution and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the County a violation of or default under the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party or by which it is bound or to which it is subject.

(e) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending in which service of process has been completed against the County, or to the best knowledge of the County, 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 to such offices; (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 the tax revenues 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 in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract 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 Contract; or (iii) in which a final

adverse decision could (a) materially adversely affect the consummation of the transactions contemplated by this Purchase Contract or the Resolutions, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes or the exemption of interest on the Bonds from California personal income taxation.

(f) 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 borrowing as may be described in or contemplated by the Official Statement.

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

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

(i) Securities Laws. The County 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 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.

(j) Official Statement Accurate and Complete. The section of the Preliminary Official Statement entitled "Riverside County Treasurer's Pooled Investment Fund," 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 section of the Final Official Statement entitled "Riverside County Treasurer's Pooled Investment Fund" 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.

9. Covenants of the District. The District covenants and agrees with the Underwriter and in the case of Section 9(e) below with the owners of the Bonds that:

(a) Securities Laws. 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 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;

(b) Application of Proceeds. The District will apply the proceeds from the sale of the Bonds for the purposes specified in the District Resolution;

(c) Official Statement. The District will deliver or cause to be delivered (and the County agrees to cooperate with the District in connection with such delivery) to the Underwriter, not later than the seventh (7th) business day following the date this Purchase Contract is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District in such reasonable quantities as may be requested by the Underwriter not later than five (5) business days following the date this Purchase Contract is signed, in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the Municipal Securities Rulemaking Board; provided, however, that the failure of the District to comply with this requirement due solely to the acts of the Underwriter, its counsel or agents, shall not be considered cause for the Underwriter to refuse to accept delivery of and pay for the Bonds. The District hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Bonds;

(d) Subsequent Events. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the District until the date which is twenty-five (25) days following the Closing;

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

(f) Amendments to Official Statement. From the date hereof until the earlier of twenty-five (25) days after the End of the Underwriting Period (as defined below) or the date on which all of the Bonds have been sold by the Underwriter, the District will amend or supplement the Official Statement in any manner necessary to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser, and (at the expense of the District) shall deliver a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance reasonably satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. As used herein, the term "End of the Underwriting Period" means the later of such time as (i) the Bonds are delivered to the Underwriter, or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the "End of the Underwriting Period" shall be deemed to be the date of the Closing. Any notice delivered pursuant to this provision shall be written notice delivered to the District at or prior to the Closing, and shall specify a date (other than the date of Closing and not more than 90 days after the Closing) to be deemed the "End of the Underwriting Period."

10. Conditions to Closing. The Underwriter has entered into this Purchase Contract 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 Contract 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 pursuant hereto 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 Contract;

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

(c) Adverse Rulings. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Contract (and not reversed on appeal or otherwise set aside), or to the best knowledge of the County or the District, pending or threatened which has any of the effects described in Section 7(e) or 8(e) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(d) Marketability. Between the date hereof and the Closing, the market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, at the initial offering prices set forth in the Official Statement, shall not have been materially adversely affected in the reasonable judgment of the Underwriter (evidenced by a written notice to the County and the District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds) by reason of any of the following:

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

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, 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; or

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

(2) the declaration of war or engagement, or material escalation of, in major military hostilities by the United States or the occurrence of any other national emergency or

calamity relating to the effective operation of the government or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

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

(6) the withdrawal or downgrading of any rating of the District's outstanding general obligation bonds by a national rating agency [or of the Insurer's rating]; or

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

(e) Delivery of Documents. At or prior to the date of the Closing, the Underwriter shall receive a copy 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 in substantially the form set forth in the Preliminary Official Statement and the Official Statement as Appendix A;

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

(3) Supplemental Opinion of Bond Counsel. A supplemental opinion from Bond Counsel, dated as of the date of the Closing and addressed to the Underwriter, to the effect that:

(i) the Purchase Contract and the Continuing Disclosure Agreement have been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute the legal,

valid and binding agreements of the District, enforceable in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion in appropriate cases and by the limitations on remedies against school districts in the State of California; provided, however, that no opinion as to the enforceability of any indemnification, contribution, choice of law, penalty or waiver provisions therein;

(ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolutions are exempt from qualification under the Trust Indenture Act of 1939, as amended; and

(iii) the statements contained in the Official Statement on the cover and under the captions "INTRODUCTION—Purpose of Issue," "—Sources of Payment for the Bonds," "—Description of the Bonds," "—Tax Matters"; "THE BONDS" (excluding statements under the subcaption "Debt Service Schedule" and "—Riverside County Treasurer's Pooled Investment Fund" and any information relating to DTC and its book-entry system), and Appendices A and C to the Official Statement, insofar as such statements purport to summarize certain provisions of the Bonds, the Resolution, the Continuing Disclosure Agreement and the Approving Opinion, are fair and accurate;;

(4) Disclosure Counsel Letter. A letter, dated the date of the Closing and addressed to the Underwriter, of Stradling Yocca Carlson & Rauth, a Professional Corporation, in its capacity as Disclosure Counsel to the District, to the effect that, based upon its participation in the preparation of the Official Statement, Disclosure Counsel advises the Underwriter as a matter of fact and not opinion that, during the course of its role as Disclosure Counsel with respect to the Bonds, no facts came to the attention of the attorneys in the firm rendering legal services in connection with such role which caused Disclosure Counsel to believe that the Official Statement as of its date contained, or as of the date of Closing contains, any untrue statement of a material fact or as of its date omitted, or as of the date of Closing omits, to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (in each case except for financial statements, the information set forth in the Appendices to the Official Statement, any CUSIP numbers, financial, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, or any information about book-entry, tax-exemption, DTC included or referred to therein, [or any information related to the Insurer], which Disclosure Counsel expressly excludes from the scope of such letter and as to which Disclosure Counsel expresses no opinion or view).

(5) Certificate of the County. A certificate signed by an appropriate official of the County to the effect that (i) such official is authorized to execute this Purchase Contract; (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 Contract to be complied with by the County prior to or concurrently with the Closing and such documents are in full force and effect; (iv) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Contract substantially conform to the descriptions thereof contained in the County Resolution; (v) no event concerning the County has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement thereto, but should be disclosed in order to make the statements in the Official Statement in light of the circumstances in which they were made not misleading; and (vi) the

information in the Official Statement under the caption “—Riverside County Treasurer’s Pooled Investment Fund,” was furnished by the County, and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading;

(6) Certificate of the District. A certificate signed by an appropriate official of the District to the effect that (i) such official is authorized to execute this Purchase Contract; (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing; (iii) the District has complied with all the terms of the District Resolution, the Continuing Disclosure Agreement and this Purchase Contract to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect; (iv) such District official has reviewed the Official Statement and on such basis certifies that the Official Statement (other than the information therein provided by the Insurer, the County under the caption “THE BONDS—Riverside County Treasurer’s Pooled Investment Fund” and as to DTC and the book-entry system and CUSIP numbers, as to which no view is expressed) does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Contract substantially conform to the descriptions thereof contained in the County Resolution; and (vi) no consent is required for inclusion of the District’s Fiscal Year 2009-10 audit in the Official Statement;

(7) No Arbitrage. A tax certificate of the District for the Bonds in the form satisfactory to Bond Counsel;

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

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

and

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

(9) County Resolution. A certificate, together with a fully executed copy of the County Resolution, of the Clerk of the Board of Supervisors to the effect that:

(i) such copy is a true and correct copy of the 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) County Counsel Opinion. An opinion of counsel to the County substantially in the form attached hereto as Appendix B;

(11) Official Statement. A copy of the “deemed final” certificate of the appropriate official of the District evidencing his or her determinations respecting the Preliminary Official Statement in accordance with the Rule; and

(12) Rating. Evidence as of the Closing Date satisfactory to the Underwriter that the Bonds have received, at a minimum, a underlying ratings of “___” from Moody’s Investors Service (“Moody’s”) and “___” from Standard & Poor’s Ratings Services (“S&P”), and [insured ratings of “___” from Moody’s and “___” from S&P provided that, upon delivery of the Bonds, a policy insuring the payment when due of principal of and interest on the Bonds is issued by Assured Guaranty Municipal Corp. (the “Insurer”) and that such ratings have not been revoked or downgraded];

(13) Bond Insurance. An executed municipal bond insurance policy (the “Policy”) of the Insurer insuring the scheduled payment of principal of and interest on the Bonds, substantially in the form attached as Appendix H to the Official Statement;]

(14) Opinion of Counsel to Insurer. An opinion of counsel to the Insurer, dated as of the date of Closing, addressed to the Underwriter and the District and the County in form and substance acceptable to the Underwriter, substantially to the effect that: (i) the Insurer has been duly incorporated and is validly existing and in good standing under the laws of the State of its incorporation; (ii) the Policy constitutes the legal, valid and binding obligation of the Insurer enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, rehabilitation and other similar laws of general applicability relating to or affecting creditors’ and/or claimants’ rights against insurance companies and to general equity principles; and (iii) the information contained in the Official Statement under the caption “BOND INSURANCE” does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;]

(15) Form 8038-G. Evidence that a federal tax information Form 8038-G has been prepared for filing for the Bonds;

(16) Notice of Final Sale. A copy of the Notice of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code;

(17) Other Documents. A duly executed copy of the Continuing Disclosure Agreement and such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence compliance (i) 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; (iii) the truth and accuracy, as of the time of Closing, of the Official Statement; and (iv) 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.

(f) Termination. If the County and/or the District shall be unable to satisfy the conditions to the Underwriter’s obligations contained in this Purchase Contract prior to the close of business on the date of Closing and if such unsatisfied conditions have not been waived by the Underwriter, or if the Underwriter’s obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Section 12 hereof.

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

12. Expenses. Pursuant to the Fiscal Agent Agreement, the Underwriter shall apply up to \$_____ to pay the expenses listed in the following paragraph, as set forth in a written instruction from the District, and all amounts not expended for such purpose shall be paid to the District to be held in the Debt Service Fund under the County Resolution. The Underwriter shall pay from its own funds out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, travel (except in connection with securing a rating on the Bonds) and other expenses incurred by it.

The District shall pay any expenses incident to the performance of its obligations hereunder from the proceeds of the Bonds (or from any other source of available funds of the District) which are not paid by the Underwriter from the amounts specified in the prior paragraph. The expenses to be paid by the Underwriter from the \$_____ referenced in the prior paragraph include: (i) the cost of the preparation and reproduction of the Resolutions; (ii) the fees and expenses of consultants; (iii) the fees and disbursements of Bond Counsel; (iv) the fees and disbursements of Underwriter's Counsel; (v) the cost of the preparation, printing and delivery of the Bonds; (vi) the cost of the preparation, printing and delivery of the Preliminary Official Statement, the Official Statement, and any amendment or supplement thereto in the quantity requested by the Underwriter in accordance herewith; (vii) initial rating fees of Standard & Poor's Ratings Services and Moody's Investors Service; (viii) fees and expenses of the Paying Agent for the Bonds, [and (ix) the premium for the Policy issued by the Insurer].

In the event that the Closing does not occur, the Underwriter shall not be responsible for any costs related to the proposed issuance of the Bonds, which costs, if any are due, shall be the responsibility of the District.

13. Notices. Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the County, to the Treasurer-Tax Collector of the County of Riverside, 4080 Lemon Street, Riverside, California 92501; if to the District, to the Superintendent, Beaumont Unified School District, 500 Grace Avenue, Beaumont, California 92223; or if to the Underwriter, to Piper Jaffray & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245, Attention: Municipal Finance.

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

15. Severability. If any one or more of the provisions in this Purchase Contract to be performed on the part of the District, the County or the Underwriter should be determined by a court of competent jurisdiction to be contrary to law, such provisions shall be null and void and shall be deemed separate from the remaining provisions herein contained and shall in no way affect the validity of the remaining provisions of this Purchase Contract.

16. No Prior Agreements. This Purchase Contract supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of the Bonds.

17. Execution in Counterparts. This Purchase Contract 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.

18. Applicable Law. This Purchase Contract shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

PIPER JAFFRAY & CO.

By: _____
Authorized Representative

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

COUNTY OF RIVERSIDE

By: 
Treasurer-Tax Collector

APPROVED AS TO FORM:

PAMELA J. WALLS, County Counsel

By: _____
Deputy County Counsel

BEAUMONT UNIFIED SCHOOL DISTRICT

By: _____
Assistant Superintendent, Business Services

APPENDIX A

MATURITY SCHEDULE

ELECTION OF 2008 GENERAL OBLIGATION BONDS SERIES C

\$ _____ **Current Interest Bonds**

<i>Maturity Date (August 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>
-------------------------------------	-----------------------------	--------------------------	--------------

\$ _____ **Capital Appreciation Bonds**

<i>Maturity Date (August 1)</i>	<i>Original Principal Amount</i>	<i>Accretion Rate</i>	<i>Reoffering Yield to Maturity</i>	<i>Maturity Value</i>
-------------------------------------	--	---------------------------	---	---------------------------

\$ _____ **Convertible Capital Appreciation Bonds**

<i>Maturity Date (August 1)</i>	<i>Original Principal Amount</i>	<i>Conversion Date</i>	<i>Accretion Rate</i>	<i>Reoffering Yield to Maturity</i>	<i>Conversion Value</i>	<i>Coupon Upon Conversion</i>
-------------------------------------	--------------------------------------	----------------------------	---------------------------	---	-----------------------------	-----------------------------------

REDEMPTION PROVISIONS

Optional Redemption. Any Bonds maturing on August 1, 20__ may be redeemed before maturity at the option of the District, from any source of funds on any date, on or after August 1, 20__, as a whole, or in part in such manner as directed by the District and by lot within a maturity if

not otherwise directed by the District. For the purposes of such selection, Bonds will be deemed to consist of \$5,000 portions, and any such portion may be separately redeemed. Any Bonds called prior to maturity will be redeemed at a redemption price equal to 100% of principal amount thereof together with accrued interest to the date of redemption, without premium.

Sinking Fund Redemption for the Convertible Capital Appreciation Bonds. The Convertible Capital Appreciation Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption on the following dates and in the following amounts at a redemption price equal to the Conversion Value to be redeemed, together with accrued interest to the redemption date, without premium:

<i>Date</i> <i>(August 1)</i>	<i>Conversion Value</i> <i>To Be Redeemed</i>
----------------------------------	--

†

† Final Maturity.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption on the following dates and in the following amounts at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the redemption date, without premium as follows:

<i>Year</i> <i>(August 1)</i>	<i>Principal Amount</i>
----------------------------------	-------------------------

†

† Final Maturity.

ACCREDITED VALUE TABLE

APPENDIX B

FORM OF OPINION OF COUNTY COUNSEL

**§
BEAUMONT UNIFIED SCHOOL DISTRICT
(RIVERSIDE COUNTY, CALIFORNIA)
ELECTION OF 2008 GENERAL OBLIGATION BONDS SERIES C**

(Introduction)

1. The County is a political subdivision duly organized and existing pursuant to the Constitution and the laws of the State of California.

2. The County Resolution 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.

3. The County Resolution has been duly executed and remains in effect and is valid, binding and enforceable against the County except as limited by bankruptcy, moratorium, reorganization, insolvency or other laws affecting creditors' rights generally or by the exercise of judicial discretion in accordance with general principles of equity or otherwise in appropriate cases.

4. To our knowledge, 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 the County, which would adversely impact the County'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 Bonds or in any way contesting or affecting the validity of the County Resolution or the Bonds or the transactions described in and contemplated by the Official Statement wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the County Resolution or the Bonds or in which a final adverse decision could materially adversely affect the operations of the County.

5. To our knowledge, the obligations of the County under the Bonds, and the approval of the Official Statement and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument to which the County is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the County is subject.

Very truly yours,

County Counsel

EXHIBIT C

FORM OF CURRENT INTEREST BOND

R- _____

\$ _____

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

BEAUMONT UNIFIED SCHOOL DISTRICT
RIVERSIDE COUNTY, CALIFORNIA
ELECTION OF 2008 GENERAL OBLIGATION BOND SERIES C

INTEREST RATE: _____ **MATURITY DATE:** _____ **DATED DATE:** _____ **CUSIP**
_____ % per annum _____ 1, 20 _____, 2011 _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

The Beaumont Unified School District (the "District") Riverside County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on _____ 1 and _____ 1 of each year, commencing _____ 1, 2011 (each, a "Bond Payment Date"). This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date, in which event it shall bear interest from its Dated Date; provided, however, that, if at the time of registration of this bond interest with respect hereto is in default, interest with respect hereto shall be payable from the Bond Payment Date to which interest has previously been paid or made available for payment). Principal and interest are payable in lawful money of the United States of America,

without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the register maintained by the Paying Agent, initially Zions First National Bank. Principal is payable when due upon presentation and surrender of this bond at the principal office of the Paying Agent. Interest is payable by check mailed by the Paying Agent on each Bond Payment Date to the Registered Owner as shown and at the address appearing on said register at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date (the "Record Date"); provided that a Registered Owner of bonds in the aggregate principal amount of \$1,000,000 or more may request in writing to the Paying Agent that the Registered Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

The bonds of this issue (the "Bonds") are comprised of \$ _____ principal amount of Convertible Capital Appreciation Bonds, \$ _____ principal amount of Capital Appreciation Bonds and \$ _____ principal amount of Current Interest Bonds of which this bond is a part.

The Bonds have been issued in the principal amount of \$ _____ to finance the acquisition of land and the construction, equipping, furnishing, reconstruction, rehabilitation and replacement of school facilities and sites under authority of and pursuant to the laws of the State of California, and the requisite fifty-five percent vote of the electors of the District cast at an election held on November 4, 2008, upon the question of issuing bonds in the amount of \$125,000,000 and the resolution of the Board of Education of the District adopted on March 8, 2011 (the "District Resolution") and the resolution of the County Board of Supervisors adopted on March 29, 2011 (the "Bond Resolution"). Any capitalized terms not defined herein shall have the meaning set forth in the Bond Resolution. This bond and the issue of which this bond is a part are payable as to both principal and interest from the proceeds of the levy of ad valorem taxes on all property subject to such taxes in the District, which taxes are, under the laws now in force, unlimited as to rate or amount. **THE BONDS OF THIS ISSUE ARE GENERAL OBLIGATION BONDS OF THE DISTRICT AND DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY. NO PART OF ANY FUND OF THE COUNTY IS PLEDGED OR OBLIGATED TO THE PAYMENT OF THE BONDS OF THIS ISSUE.**

This bond is exchangeable and transferable for Bonds of other authorized denominations at the principal office of the Paying Agent, by the Registered Owner or by a person legally empowered to do so, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District, the County and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary.

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

The Current Interest Bonds maturing on or before _____ 1, 20___, are not subject to redemption prior to their maturity dates. Any Current Interest Bonds maturing on or after _____ 1, 20___ may be redeemed before maturity at the option of the District, from any source of funds, on any date on or after _____ 1, 20___, as a whole, or in part in such manner as directed by the District and by lot within a maturity if not otherwise directed by the District. For the purposes of such selection, Current Interest Bonds will be deemed to consist of \$5,000 portions, and any such portion may be separately redeemed. Any Current Interest Bonds called prior to maturity will be redeemed at the following redemption prices, expressed as a percentage of the principal amount thereof, together with accrued interest to the date of redemption:

<i>Redemption Date</i>	<i>Redemption Price</i>
_____ 1, ___ and _____ 1, ___	%
_____ 1, ___ and _____ 1, ___	
_____ 1, ___ and thereafter	

The Current Interest Bonds maturing on _____ 1, 20___ are subject to mandatory sinking fund redemption on the following dates and in the following amounts at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the redemption date, without premium:

<i>Year</i> (_____ 1)	<i>Principal Amount To Be Redeemed</i>
---------------------------	--

*

* Final Maturity

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot at the direction of the District by the Paying Agent in such manner as the Paying Agent in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, the Paying Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The rights and obligations of the County and of the Owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the County in certain cases with the written consent of Owners of at least 60% in aggregate Bond Obligation of the Outstanding Bonds and other bonds issued under the Resolution, exclusive of Bonds, if any, owned by the County and in certain cases without the consent of the Owners as further specified in the Resolution.

Reference is made to the Bond Resolution for a more complete description of the provisions, among others, with respect to the nature and extent of the security for the Bonds of this series, the rights, duties and obligations of the District, the County, the Paying Agent and the Registered

Owners, and the terms and conditions upon which the Bonds are issued and secured. The Registered Owner of this Election of 2008 General Obligation Bond Series C assents, by acceptance hereof, to all of the provisions of the Bond Resolution.

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the Bonds described herein in order to make them legal, valid and binding general obligation bonds of the District, have been performed and have been met in regular and due form as required by law; that payment in full for the Bonds has been received; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the Bonds; and that due provision has been made for levying and collecting ad valorem property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due.

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


IN WITNESS WHEREOF, the Board of Supervisors has caused this Bond to be executed on behalf of the District, by the facsimile signatures of the Chairman of the Board of Supervisors of the County and the Treasurer-Tax Collector of the County, and to be countersigned by the facsimile signature of the Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

[SEAL]

Chairman of the Board of Supervisors

COUNTERSIGNED:

Clerk of the Board of Supervisors



Treasurer-Tax Collector of the County of Riverside

(FORM OF CERTIFICATE OF AUTHENTICATION)

This bond is one of the Current Interest Bonds described in the Bond Resolution referred to herein, which has been authenticated and registered on _____, 2011.

Zions First National Bank, as Paying Agent

By: _____

Its: Authorized Officer

(FORM OF LEGAL OPINION)

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

Clerk of the Board of Supervisors of the County of
Riverside

(FORM OF STATEMENT OF INSURANCE)

[TO COME]

(FORM OF ASSIGNMENT)

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

(Name, Address, and Tax Identification or Social Security Number of Assignee)

the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

Note: The signature(s) on this Assignment must correspond with the names as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

FORM OF CAPITAL APPRECIATION BOND

R- _____

\$ _____

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

BEAUMONT UNIFIED SCHOOL DISTRICT
RIVERSIDE COUNTY, CALIFORNIA
ELECTION OF 2008 GENERAL OBLIGATION BOND SERIES C

YIELD			
TO MATURITY:	MATURITY DATE:	DATE OF ISSUANCE:	CUSIP
	_____ 1, 20__	_____ , 2011	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

MATURITY VALUE:

The Beaumont Unified School District (the "District") in Riverside County, California, for value received, promises to pay to the Registered Owner named above, or registered assigns, the Maturity Value on the Maturity Date, each as stated above. Interest due and payable on the Maturity Date consists of interest compounded from the Date of Issuance at the Yield to Maturity specified above to the Maturity Date, assuming that the sum of such compounded interest and the Principal Amount hereof increases in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months (interest, together with the Principal Amount hereof, being herein called the "Accreted Value"). Accreted Value is payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the register maintained by the Paying Agent, initially Zions First National Bank. Accreted Value is payable upon presentation and surrender of this bond at the principal office of the Paying Agent.

The bonds of this issue (the "Bonds") are comprised of \$_____ principal amount of Current Interest Bonds (each a "Current Interest Bond"), \$_____ principal amount of

Convertible Capital Appreciation Bonds and Capital Appreciation Bonds (each a "Capital Appreciation Bond") of which this bond is a part, in \$_____ Principal Amount and \$_____ Maturity Value.

The Bonds have been issued to finance the construction, equipping, furnishing, reconstruction, rehabilitation and replacement of school facilities and sites under authority of and pursuant to the laws of the State of California, and the requisite fifty-five percent vote of the electors of the District cast at an election held on November 4, 2008, upon the question of issuing bonds in the amount of \$125,000,000 and the resolutions of the Board of Education of the District adopted on March 8, 2011 (the "District Resolution") and the resolution of the Board of Supervisors of the County of Riverside (the "County") adopted on March 29, 2011 (the "Bond Resolution"). Any capitalized terms not defined herein shall have the meaning set forth in the Bond Resolution. This bond and the issue of which this bond is a part are payable as to both principal and interest from the proceeds of the levy of ad valorem taxes on all property subject to such taxes in the District, which taxes, under the laws now in force, are unlimited as to rate or amount. **THE BONDS OF THIS ISSUE ARE GENERAL OBLIGATION BONDS OF THE DISTRICT AND DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY. NO PART OF ANY FUND OR MONEYS OF THE COUNTY IS PLEDGED OR OBLIGATED TO THE PAYMENT OF THE BONDS OF THIS ISSUE.**

This bond is exchangeable and transferable for Capital Appreciation Bonds of like tenor, maturity and Transfer Amount (as defined in the Bond Resolution) and in authorized denominations at the principal office of the Paying Agent, by the Registered Owner or by a person legally empowered to do so, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District, the County and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary.

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

[The Capital Appreciation Bonds are subject to optional redemption prior to maturity as set forth in the Bond Resolution.]

[The Capital Appreciation Bonds maturing on _____ 1, 20__ are subject to mandatory sinking fund redemption on the following dates and in the following amounts at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the redemption date, without premium:

Year
(_____)

*Principal Amount
To Be Redeemed]*

The rights and obligations of the County and of the Owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the County in certain cases with the written consent of Owners of at least 60% in aggregate Bond Obligation of the Outstanding Bonds and other bonds issued under the Resolution, exclusive of Bonds, if any, owned by the County and in certain cases without the consent of the Owners as further specified in the Resolution.

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

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that payment in full for the Bonds has been received; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the Bonds; and that due provision has been made for levying and collecting ad valorem property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due, and for levying and collecting such taxes the full faith and credit of the District are hereby pledged.

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

IN WITNESS WHEREOF, the Board of Supervisors has caused this Election of 2008 General Obligation Bond Series C to be executed on behalf of the District, in the official capacities and by the facsimile signatures of the Chairman of the Board of Supervisors of the County and the Treasurer-Tax Collector of the County, and to be countersigned by the facsimile signature of the Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.


[SEAL]

COUNTERSIGNED:

Clerk of the Board of Supervisors

By:

Chairman of the Board of Supervisors



Treasurer-Tax Collector of the County of
Riverside

CERTIFICATE OF AUTHENTICATION

This bond is one of the Capital Appreciation Bonds described in the Bond Resolution referred to herein, which has been authenticated and registered on _____, 2011.

Zions First National Bank, as Paying Agent

By: _____
Its: Authorized Officer

(FORM OF LEGAL OPINION)

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

Clerk of the Board of Supervisors of the County of
Riverside

(FORM OF STATEMENT OF INSURANCE)

(FORM OF ASSIGNMENT)

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

(Name, Address, and Tax Identification or Social Security Number of Assignee)

the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

Note: The signature(s) on this Assignment must correspond with the names as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before _____, in which event it will bear interest from the Conversion Date. The Conversion Value hereof and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the register maintained by the Paying Agent, initially Zions First National Bank. Accreted Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the principal office of the Paying Agent.

The bonds of this issue (the "Bonds") are comprised of \$_____ principal amount of Current Interest Bonds (each a "Current Interest Bond"), \$_____ principal amount of Capital Appreciation Bonds and Convertible Capital Appreciation Bonds (each a "Convertible Capital Appreciation Bond") of which this bond is a part, in \$_____ Principal Amount and \$_____ Conversion Value.

The Bonds have been issued to finance the construction, equipping, furnishing, reconstruction, rehabilitation and replacement of school facilities and sites under authority of and pursuant to the laws of the State of California, and the requisite fifty-five percent vote of the electors of the District cast at an election held on November 4, 2008, upon the question of issuing bonds in the amount of \$125,000,000 and the resolutions of the Board of Education of the District adopted on March 8, 2011 (the "District Resolution") and the resolution of the Board of Supervisors of the County of Riverside (the "County") adopted on March 29, 2011 (the "Bond Resolution"). Any capitalized terms not defined herein shall have the meaning set forth in the Bond Resolution. This bond and the issue of which this bond is a part are payable as to both principal and interest from the proceeds of the levy of ad valorem taxes on all property subject to such taxes in the District, which taxes, under the laws now in force, are unlimited as to rate or amount. THE BONDS OF THIS ISSUE ARE GENERAL OBLIGATION BONDS OF THE DISTRICT AND DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY. NO PART OF ANY FUND OR MONEYS OF THE COUNTY IS PLEDGED OR OBLIGATED TO THE PAYMENT OF THE BONDS OF THIS ISSUE.

This bond is exchangeable and transferable for Convertible Capital Appreciation Bonds of like tenor, maturity and Transfer Amount (as defined in the Bond Resolution) and in authorized denominations at the principal office of the Paying Agent, by the Registered Owner or by a person legally empowered to do so, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District, the County and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary.

Neither the District, the County nor the Paying Agent will be required (a) to issue or transfer this bond during a period beginning with the opening of business on the 15th business day next preceding either the Maturity Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Maturity Date or day on which the applicable notice of redemption is

given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

The Convertible Capital Appreciation Bonds are subject to optional redemption prior to maturity as set forth in the Bond Resolution.

The Convertible Capital Appreciation Bonds maturing on _____ 1, 20__ are subject to mandatory redemption from moneys in the Debt Service Fund prior to their stated maturity date, at the Accreted Value thereof without premium on each _____ 1 on and after _____ 1, 20__, in the Accreted Value as set forth in the following table:

<i>Year</i> (_____ 1)	<i>Accreted Values</i>
---------------------------	------------------------

Reference is made to the Bond Resolution for a more complete description of the provisions, among others, with respect to the nature and extent of the security for the Convertible Capital Appreciation Bonds of this series, the rights, duties and obligations of the District, the Paying Agent and the Registered Owners, and the terms and conditions upon which the bonds are issued and secured. The Registered Owner of this bond assents, by acceptance hereof, to all of the provisions of the Bond Resolution.

The rights and obligations of the County and of the Owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the County in certain cases with the written consent of Owners of at least 60% in aggregate Bond Obligation of the Outstanding Bonds and other bonds issued under the Resolution, exclusive of Bonds, if any, owned by the County and in certain cases without the consent of the Owners as further specified in the Bond Resolution.

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that payment in full for the Bonds has been received; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the Bonds; and that due provision has been made for levying and collecting ad valorem property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due, and for levying and collecting such taxes the full faith and credit of the District are hereby pledged.

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

IN WITNESS WHEREOF, the Board of Supervisors has caused this Bond to be executed on behalf of the District, in the official capacities and by the facsimile signatures of the Chairman of the Board of Supervisors of the County and the Treasurer-Tax Collector of the County, and to be countersigned by the facsimile signature of the Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

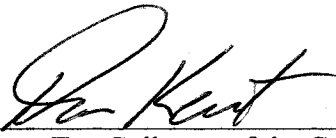
[SEAL]

COUNTERSIGNED:

Clerk of the Board of Supervisors

By:

Chairman of the Board of Supervisors



Treasurer-Tax Collector of the County of
Riverside

CERTIFICATE OF AUTHENTICATION

This bond is one of the Convertible Capital Appreciation Bonds described in the Bond Resolution referred to herein, which has been authenticated and registered on _____, 2011.

Zions First National Bank, as Paying Agent

By: _____
Its: Authorized Officer

(FORM OF LEGAL OPINION)

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

Clerk of the Board of Supervisors of the County of
Riverside

(FORM OF STATEMENT OF INSURANCE)

(FORM OF ASSIGNMENT)

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

(Name, Address, and Tax Identification or Social Security Number of Assignee)

the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

Note: The signature(s) on this Assignment must correspond with the names as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT D

[FORM OF PRELIMINARY OFFICIAL STATEMENT]

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2011

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) 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 (the "Code") and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "LEGAL MATTERS—Tax Matters" herein.

NEW ISSUE—FULL BOOK-ENTRY

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

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

\$30,000,000*

BEAUMONT UNIFIED SCHOOL DISTRICT
(RIVERSIDE COUNTY, CALIFORNIA)

ELECTION OF 2008 GENERAL OBLIGATION BONDS SERIES C

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

This Official Statement describes the Beaumont Unified School District, Riverside County, California, Election of 2008 General Obligation Bonds Series C (the "Bonds"). The Bonds are being issued by the Board of Supervisors of the County of Riverside on behalf of the Beaumont Unified School District (the "District"). The Bonds were authorized at a special election of the registered voters of the District held on November 4, 2008, at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$125,000,000 principal amount of general obligation bonds of the District (the "Authorization"). The District previously issued the Series A Bonds and the Series B Bonds in an aggregate principal amount of \$20,000,718.90 representing the first and second series of bonds issued under the Authorization. The Bonds represent the third series of bonds issued under the Authorization and are being issued to finance various school facilities for the District.

The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied on taxable property within the District. Each of the Board of Supervisors of Riverside County and the Board of Supervisors of San Bernardino County is empowered and is obligated to levy *ad valorem* taxes, without limitation of rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of interest on and principal of the Bonds when due. The District has other outstanding general obligation bonds which are secured by and payable from *ad valorem* taxes levied on taxable property within the District. See "SECURITY FOR THE BONDS" and "TAX BASE FOR REPAYMENT OF BONDS—*Ad Valorem* Property Taxation" herein.

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 The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers will not receive certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by Zions First National Bank, as the Paying Agent, Registrar and Transfer Agent (the "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—DTC Book-Entry Only" herein.

The Bonds will be issued as current interest bonds (the "Current Interest Bonds"), capital appreciation bonds (the "Capital Appreciation Bonds") and convertible capital appreciation bonds (the "Convertible Bonds").

The Current Interest Bonds are dated the date of delivery of the Bonds and accrue interest from such date, and are payable semiannually on February 1 and August 1 of each year, commencing February 1, 2012. The Current Interest Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

The Capital Appreciation Bonds are dated the date of delivery of the Bonds and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2011, and are payable only at maturity. The Capital Appreciation Bonds are issuable in denominations of \$5,000 Maturity Value (defined herein) or any integral multiple thereof.

The Convertible Bonds are dated the date of delivery of the Bonds and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2011, to the applicable Conversion Date (defined herein) and thereafter will bear interest payable semiannually on February 1 and August 1 of each year on its Conversion Value (defined herein). The Convertible Bonds are issuable in denominations of \$5,000 Conversion Value or any integral multiple thereof.

The Current Interest Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. The Capital Appreciation Bonds and the Convertible Bonds are not subject to optional redemption. The Capital Appreciation Bonds and the Convertible Bonds are subject to mandatory sinking fund redemption prior to maturity. See "THE BONDS—Redemption of Bonds" herein.

[The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. (FORMERLY KNOWN AS FINANCIAL SECURITY ASSURANCE INC.)]

THE BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT AND DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY OR SAN BERNARDINO COUNTY. NO PART OF ANY FUND OF THE COUNTY OR SAN BERNARDINO COUNTY IS PLEDGED OR OBLIGATED TO THE PAYMENT OF THE BONDS.

MATURITY SCHEDULE
(See Inside Front Cover)

This cover page contains certain information for 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.

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. Certain matters will be passed on for the County by County Counsel. The Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about _____, 2011.

PIPER JAFFRAY & CO.

* 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.

Dated: _____, 2011

MATURITY SCHEDULE

ELECTION OF 2008 GENERAL OBLIGATION BONDS SERIES C

\$ _____ **Current Interest Bonds**

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

\$ _____ **Capital Appreciation Bonds**

<i>Maturity Date (August 1)</i>	<i>Original Principal Amount</i>	<i>Accretion Rate</i>	<i>Reoffering Yield to Maturity</i>	<i>Maturity Value</i>	<i>CUSIP[†]</i>
---	--	---------------------------	---	---------------------------	--------------------------

\$ _____ **Convertible Capital Appreciation Bonds**

<i>Maturity Date (August 1)</i>	<i>Principal Amount</i>	<i>Accretion Rate</i>	<i>Maturity Value</i>	<i>Conversion Date</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>CUSIP[†]</i>
---	-----------------------------	---------------------------	---------------------------	----------------------------	--------------------------	--------------	--------------------------

[†] Copyright 2011, American Bankers Association. CUSIP[®] data herein is provided by Standard & Poor's, CUSIP[®] Service Bureau, a division of The McGraw-Hill Companies, Inc. None of the District, the County nor the Underwriter takes any responsibility for the accuracy of such data.

No dealer, broker, salesperson or other person has been authorized by the District, the County or the Underwriter to give any information or to make any representations other than those contained herein. If given or made, such other information or representations must not be relied upon as having been authorized by the District, the County or the Underwriter. 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 Underwriter has provided the following sentence for inclusion in this Official Statement:

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

The information and expression of opinion 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 or any other parties described herein since the date hereof. This Official Statement is being 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, unless authorized in writing by the District. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

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 a "plan," "expect," "estimate," "project," "budget" or similar words. Such forward-looking statements include, but are not limited to certain statements contained in the information under the captions "THE DISTRICT," and "DISTRICT FINANCIAL MATTERS" and APPENDIX D—"RIVERSIDE COUNTY TREASURER'S INVESTMENT POLICY" herein.

The achievement of certain results or other expectations contained in such forward-looking statements involves 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. While the District has agreed to provide certain on-going financial and operating data on an annual basis, it does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which statements are based change. See "CONTINUING DISCLOSURE" and APPENDIX C—"FORM OF CONTINUING DISCLOSURE AGREEMENT" herein.

All information material to the making of an informed investment decision with respect to the Bonds is contained in this Official Statement. While the District maintains an internet website for various purposes, none of the information on its website is incorporated by reference into this Official Statement. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded.

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

WITH RESPECT TO THIS OFFERING, THE UNDERWRITER MAY ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS DESCRIBED HEREIN TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED IN THIS OFFICIAL STATEMENT AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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

COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

BOARD OF SUPERVISORS

Bob Buster, *Chairman*
First District

John F. Tavaglione, Vice Chairman
Second District

Jeff Stone
Third District

John Benoit
Fourth District

Marion Ashley
Fifth District

COUNTY OFFICIALS

Bill Luna
County Executive Officer

Don Kent
Treasurer-Tax Collector

Paul Angulo, CPA, MA
Auditor-Controller

Pamela J. Walls
County Counsel

BEAUMONT UNIFIED SCHOOL DISTRICT

Board of Trustees

Susie Lara, President
Wayne Hackney, Vice President
Mark Orozco, Clerk
Margaret DeLongchamp, Member
Janelle Poulter, Member

School District Administrators

Dr. Barry Kayrell, Superintendent
Mays Kakish, Assistant Superintendent, Business Services
Maureen Latham, Assistant Superintendent, Instructional Support Services
Steve Hovey, Assistant Superintendent, Personnel Services

PROFESSIONAL SERVICES

Bond Counsel

Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

Paying Agent

Zions First National Bank
Los Angeles, California

Financial Advisor

Dolinka Group, LLC
Irvine, California

TABLE OF CONTENTS

INTRODUCTION.....	1	Special Reserve Fund for Other than Capital	
The District.....	1	Outlay.....	32
Sources of Payment for the Bonds.....	1	Capital Projects Funds.....	33
Purpose of Issue.....	1	DISTRICT DEBT STRUCTURE.....	33
Description of the Bonds.....	2	Long-Term Debt.....	33
Tax Matters.....	3	Obligation to Repay State School Building	
Authority for Issuance of the Bonds.....	3	Program.....	33
Offering and Delivery of the Bonds.....	3	Short-Term Debt.....	34
Continuing Disclosure.....	3	Capital Leases.....	34
Other Information.....	3	Direct and Overlapping Debt.....	34
THE BONDS.....	4	STATE CONSTITUTIONAL LIMITATIONS ON	
Authority for Issuance.....	4	DISTRICT SOURCES AND EXPENDITURES.....	35
Description of the Bonds.....	4	Article XIII A.....	36
Accreted Values.....	5	Article XIII B.....	36
Paying Agent.....	5	Articles XIII C and XIII D.....	37
Redemption of Bonds.....	5	Unitary Property.....	38
Notice of and Effect of Redemption of the Bonds...	6	Proposition 46.....	38
Book-Entry Only System.....	7	Proposition 26.....	38
Defeasance.....	7	Proposition 98 and 111.....	39
Supplemental Resolution.....	8	Proposition 39.....	40
Unclaimed Moneys.....	9	Jarvis v. Connell.....	40
Debt Service Schedule.....	10	Proposition 1A.....	41
Sources and Uses of Funds.....	11	Future Initiatives.....	41
Sources and Uses.....	12	STATE OF CALIFORNIA FISCAL ISSUES.....	41
Application and Investment of Bonds Proceeds and		General Overview.....	42
Tax Revenues.....	12	2010-11 State Budget.....	43
Riverside County Treasurer's Pooled Investment		Governor's Proposed 2011-12 State Budget.....	45
Fund.....	13	Future Budgets and Actions.....	47
SECURITY FOR THE BONDS.....	14	Litigation Challenging Method of School	
[BOND INSURANCE].....	15	Financing.....	47
[Bond Insurance Policy.....	15	LEGAL MATTERS.....	48
[Assured Guaranty Municipal Corp. (Formerly		Tax Matters.....	48
Known as Financial Security Assurance Inc.)].....	15	Legal Opinion.....	49
TAX BASE FOR REPAYMENT OF THE BONDS...	15	Legality for Investment in California.....	49
<i>Ad Valorem</i> Property Taxation.....	16	No Litigation.....	49
Tax Levies and Delinquencies.....	19	CONTINUING DISCLOSURE.....	50
Tax Rates.....	20	MISCELLANEOUS.....	50
THE DISTRICT.....	22	Ratings.....	50
Introduction.....	22	Underwriting.....	50
Board of Trustees.....	23	Audited Financial Statements.....	51
Superintendent and Administrative Personnel.....	23	Financial Interests.....	51
Average Daily Attendance and Base Revenue		ADDITIONAL INFORMATION.....	51
Limit.....	24	APPENDIX A FORM OF OPINION OF BOND	
Employee Relations.....	25	COUNSEL.....	A-1
Retirement System.....	25	APPENDIX B DISTRICT'S 2009-10 AUDITED	
Post-Employment Benefits.....	26	FINANCIAL STATEMENT.....	B-1
Insurance.....	27	APPENDIX C FORM OF CONTINUING	
DISTRICT FINANCIAL MATTERS.....	27	DISCLOSURE AGREEMENT.....	C-1
Accounting Practices.....	27	APPENDIX D COUNTY OF RIVERSIDE OFFICE OF	
Comparative Financial Statements and 2010-11		THE TREASURER-TAX COLLECTOR	
Adopted Budget.....	27	2009 STATEMENT OF INVESTMENT	
Current Financial Condition.....	29	POLICY.....	D-1
Revenue Sources.....	31	APPENDIX E INFORMATION CONCERNING THE	
Revenue Limit Sources.....	31	CITY OF BEAUMONT AND COUNTY OF	
Federal Revenues.....	32	RIVERSIDE.....	E-1
Other State Revenues.....	32	APPENDIX F BOOK ENTRY ONLY SYSTEM.....	F-1
Other Local Sources.....	32	APPENDIX G TABLE OF ACCRETED VALUES.....	G-1

[APPENDIX H SPECIMEN MUNICIPAL BOND
INSURANCE POLICYH-1]

\$30,000,000*
**BEAUMONT UNIFIED SCHOOL DISTRICT
(RIVERSIDE COUNTY, CALIFORNIA)
ELECTION OF 2008 GENERAL OBLIGATION BONDS SERIES C**

INTRODUCTION

This Official Statement (which includes the cover page, the Table of Contents and the Appendices attached hereto) is furnished by the Beaumont Unified School District (the "District"), located in Riverside County, California, to provide information concerning the Beaumont Unified School District, Riverside County, California, Election of 2008 General Obligation Bonds Series C (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 and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The District

The District is located in the northwestern portion of Riverside County at the Intersection of the U.S. Interstate 10 and State Route 60 Freeways, with a small portion of the District boundaries extending into San Bernardino County. The District encompasses an area of approximately 110 square miles, and it serves the communities of Beaumont, Calimesa, Cherry Valley and its surrounding attendance areas. The District was established in 1953 and currently operates 13 school sites which include 6 elementary schools, two middle schools, a comprehensive high school, an independent study school, an adult education school, an opportunity school and one alternate education schools.

Sources of Payment for the Bonds

Ad Valorem Taxes. The Bonds are general obligation bonds of the District approved by the voters of the District at a November 4, 2008 election. Each of the Board of Supervisors of the County of Riverside (the "County") and the Board of Supervisors of the County of San Bernardino has the power and is obligated annually to 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 personal property which is taxable at limited rates). See "SECURITY FOR THE BONDS" herein.

THE BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT AND DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY OR SAN BERNARDINO COUNTY. NO PART OF ANY FUND OF THE COUNTY OR SAN BERNARDINO COUNTY IS PLEDGED OR OBLIGATED TO THE PAYMENT OF THE BONDS.

Purpose of Issue

Proceeds from the Bonds will be used for one or more of the purposes identified within the projects list approved by the voters and authorized at the November 4, 2008 election ("Projects List") which include, but are not limited to: upgrading safety, technology security systems, energy efficiency; acquiring land; repairing, constructing, equipping schools/classrooms; adding vocational education and after-school space; fixing leaky roofs and replacing heating and air-conditioning systems.

* Preliminary, subject to change

Description of the Bonds

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

Payments. Interest on the Current Interest Bonds accrues from the date of delivery of the Current Interest Bonds at the rates set forth on the inside cover page of this Official Statement, and is payable semiannually on each February 1 and August 1, commencing February 1, 2012. The principal amount of the Current Interest Bonds is payable at maturity upon surrender of the applicable Current Interest Bond for payment.

The Capital Appreciation Bonds are payable only at maturity, and will not pay interest on a current basis. Each Capital Appreciation Bond accretes in value from its initial principal amount on the date of delivery to its Maturity Value (as defined herein) on the maturity thereof at the applicable rate per annum set forth on the inside cover page of this Official Statement, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2011. The maturity amount of each Capital Appreciation Bond is equal to its initial principal amount plus the interest compounded thereon between the delivery date and the maturity date thereof (the "Maturity Value").

The Convertible Bonds initially are issued as Capital Appreciation Bonds and will convert to Current Interest Bonds on the date set forth on the inside cover page of this Official Statement (the "Conversion Date"). During the period while the Convertible Bonds are in the form of Capital Appreciation Bonds, they will not pay interest on a current basis but will accrete interest through the Conversion Date, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2011, at the accretion rates set forth on the inside cover of this Official Statement. From and after the Conversion Date, the Convertible Bonds will bear interest payable on a current basis on the Conversion Value (defined herein) of such Convertible Bonds on the Conversion Date, payable semiannually on February 1 and August 1 of each year at the rate set forth on the inside cover hereof, commencing on the February 1 or August 1 the immediately following such Conversion Date. No payment will be made to Owners of Convertible Bonds on or prior to the Conversion Date.

Registration. The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth on the 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 of the Bonds will not be entitled to receive physical delivery of the Bonds, respectively. See "THE BONDS—Book-Entry Only System" herein.

Denominations. The Bonds will be issued and beneficial ownership interests may be purchased by Beneficial Owners (defined below) in denominations of \$5,000 principal amount, or any integral multiple thereof, in the case of the Current Interest Bonds, \$5,000 Maturity Value, or any integral multiple thereof, in the case of Capital Appreciation Bonds and \$5,000 Conversion Value or any integral multiple thereof in the case of the Convertible Bonds. One Capital Appreciation Bond may have an odd Maturity Value in excess of \$5,000.

Redemption. The Current Interest Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described herein. The Convertible Bonds are subject to mandatory sinking fund redemption prior to maturity as described herein. See "THE BONDS—Redemption of Bonds" herein.

[Bond Insurance. The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured

Guaranty Municipal Corp. (formerly known as "Financial Security Assurance, Inc."). See "BOND INSURANCE" herein.]

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming compliance with certain covenants and requirements described herein, interest (and original discount) on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income tax. In the further opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations but may be included in adjusted current earnings when calculating federal corporate alternative minimum taxable income. In addition, the difference between the issue price of a Bond (the first price at which a substantial amount of a Bond of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to a Bond constitutes original issue discount, and the amount of original issue discount that accrues to the owner of the Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax. See "LEGAL MATTERS—Tax Matters" herein.

Authority for Issuance of the Bonds

As described below, the Bonds are issued pursuant to certain provisions of the State of California Government Code, as well as other applicable law, and pursuant to resolutions adopted by the Board of Trustees of the District and the Board of Supervisors of the County. See "THE BONDS—Authority for Issuance" herein.

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 in New York, New York on or about _____, 2011.

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, if material, in compliance with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission. The specific nature of the information to be made available and of the notices of material events is summarized below under the caption "CONTINUING DISCLOSURE" and APPENDIX C—"FORM OF CONTINUING DISCLOSURE AGREEMENT" herein.

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, Beaumont Unified School District, 500 Grace Avenue, Beaumont, California 92223, telephone: (951) 736-5000. The District may impose a charge for copying, mailing and handling.

This Official Statement is not to be construed as a contract with the purchasers of the 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 entireties by reference to each of such documents, statutes and constitutional provisions.

The 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 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.

All terms used herein and not otherwise defined shall have the meanings given such terms in the Resolution (as defined below).

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5, Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"), paragraph (3) of subdivision (b) of Article XIII A of the California Constitution and pursuant to a resolution adopted by the Board of Trustees of the District on _____, 2011 (the "District Resolution") and a resolution adopted by the Board of Supervisors of the County on _____, 2011 (the "County Resolution" and, together with the District Resolution, the "Resolution"). In accordance with the Act, the Bonds are being issued by the Board of Supervisors of the County on behalf of the District.

The District received authorization at an election held on November 4, 2008 by more than fifty-five percent of the votes cast by eligible voters within the District, to issue up to \$125,000,000 of general obligation bonds (the "Authorization"). In December 2009, the District previously issued the first two series of bonds under the Authorization in an aggregate principal amount of \$20,000,718.90. The Bonds represent the third series of bonds issued under the Authorization and are being issued to finance various projects identified within the Projects List.

Description of the Bonds

The Bonds will be issued as Current Interest Bonds, Capital Appreciation Bonds and Convertible Bonds.

The Current Interest Bonds are dated the date of delivery of the Bonds and bear current interest payable semiannually on February 1 and August 1 of each year (each an "Interest Payment Date"), commencing February 1, 2012, computed on the basis of a 360-day year comprised of twelve 30-day months, at the annual interest rates shown on the inside cover of this Official Statement. The Current Interest Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

The Capital Appreciation Bonds are dated the date of delivery of the Bonds and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2011, payable only upon maturity. Interest will accrete from the date of delivery at the accretion rates set forth on the inside cover of this Official Statement, assuming in any such semiannual period that the accreted value increases in equal daily amounts on the basis of a 360-day year comprised of twelve 30-day months. The Capital Appreciation Bonds are issuable in denominations of \$5,000 of Maturity Value or any integral multiple thereof. The Maturity Value for the Capital Appreciation Bonds is set forth in Appendix G. See APPENDIX G—"TABLE OF ACCRETED VALUES."

The Convertible Bonds are dated the date of delivery of the Bonds and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2011. Interest will accrete from the date of delivery at the accretion rate set forth on the inside cover of this Official Statement, assuming in any such semiannual period that the accreted value increases in equal daily amounts on the basis of a 360-day year comprised of twelve 30-day months, to an amount equal to the Conversion Value on the Conversion Date. The Conversion Value represents the initial principal amount thereof plus interest accreted thereon ("Conversion Value"). The Convertible Bonds are issuable in denominations of \$5,000 of Conversion Value or any integral multiple thereof. The Conversion Value for the Convertible Bonds on each February 1 and August 1 in each of the years through the Conversion Date is set forth in Appendix G. See APPENDIX G—"TABLE OF ACCRETED VALUES."

Following the Conversion Date, the Convertible Bonds will be in the form of Current Interest Bonds with interest payable semiannually on February 1 and August 1 of each year commencing _____, 20__ until maturity or earlier redemption at the rate set forth on the inside cover of this Official Statement.

See the Maturity Schedule on the inside cover and "—Debt Service Schedule" below.

Accreted Values

Appendix G contains a table of the original principal plus Accreted Interest on the Capital Appreciation Bonds and the original principal plus Accreted Interest on the Convertible Bonds (together, the "Accreted Value") as of each February 1 and August 1 for each maturity of Capital Appreciation Bonds and Convertible Bonds, respectively. The amount of Accreted Value as of any February 1 and August 1 determined by the Paying Agent in accordance with the provisions of the Resolution shall control over any different amount of Accreted Value determined by reference to Appendix G.

Paying Agent

Zions First National Bank will act as the initial paying agent, registrar and transfer agent (the "Paying Agent") for the Bonds.

If the Paying Agent resigns or is removed by the District, a successor Paying Agent will be appointed by the District with the consent of the Treasurer-Tax Collector of the County of Riverside. Any successor Paying Agent selected by the District, other than the Treasurer, may be any bank, trust company, national banking association or other financial institution doing business in the State of California and with at least \$50,000,000 in net assets.

Redemption of Bonds

Optional Redemption of the Current Interest Bonds. The Current Interest Bonds maturing on August 1, 20__ may be redeemed before maturity at the option of the District, from any source of funds, on or after August 1, 20__ as a whole, or in part. The Current Interest Bonds will be deemed to consist of \$5,000 portions, and any such portion may be separately redeemed. The Current Interest Bonds redeemed prior to maturity, if any, will be redeemed at a redemption price equal to 100% of the principal amount thereof together with accrued interest to date of redemption, without premium.

Mandatory Sinking Fund Redemption of Current Interest Bonds. The Current Interest Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption on the following dates and in the following amounts at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the redemption date, without premium:

<i>Year</i>	<i>Principal Amount To Be Redeemed</i>
	\$

†

† Final Maturity.

Mandatory Sinking Fund Redemption Convertible Bonds. The Convertible Bonds maturing on August 1, 20__ are subject to mandatory sinking fund redemption in part by lot on August 1, 20__ and August 1, 20__, in accordance with the schedule set forth below. The Convertible Bonds so called for mandatory sinking fund redemption will be redeemed at a redemption price equal to the Conversion Value to be redeemed, together with accrued interest to the redemption date, without premium.

Convertible Bond Due August 1, 2029

<i>Payment Date (August 1)</i>	<i>Conversion Value to be Redeemed</i>
	\$

†

† Final Maturity.

Selection of Bonds for Redemption. Whenever provision is made in the Resolution or for the redemption of the Bonds, and less than all Bonds, are to be redeemed, the Paying Agent, upon written instruction from an Authorized Officer of the District, shall select Bonds for redemption from such maturity or maturities in accordance with such written instructions. Within a maturity, the Paying Agent shall select Bonds, for redemption in such manner as directed by the District or if not so directed then by lot. 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. The portion of any Convertible Bond to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000 Conversion Value of such Convertible Bond 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 of such Capital Appreciation Bond.

Notice of and Effect of Redemption of the Bonds

At least 30 but not more than 60 days prior to the redemption date, a redemption notice shall be given to the owners of Bonds designated for redemption by first class mail, postage redeemed, at their addresses appearing on the registration books of the Paying Agent. Neither failure to receive any redemption notice nor any defect in any such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of the Bonds.

If on a redemption date money for the redemption of the Bonds to be redeemed, together with interest accrued to such redemption date, are held by the Paying Agent, and if notice of redemption thereof shall have

been given as set forth in the Resolution, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent and sufficient moneys are held by the Paying Agent irrevocably in trust for the payment of the redemption price of such Bonds, or portions thereof, then such Bonds, shall no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Any redemption notice for an optional redemption of the Bonds delivered may be conditional, and, if any condition stated in the redemption notice shall not have been satisfied on or prior to the redemption date: (i) the redemption notice shall be of no force and effect, (ii) the District shall not be required to redeem such Bonds, (iii) the redemption shall not be made, and (iv) the Paying Agent shall within a reasonable time thereafter give notice to the persons in the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

Book-Entry Only System

The will be issued as one fully registered bond without coupons for each maturity and, when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 for Current Interest Bonds, \$5,000 Conversion Value for Convertible Bonds and \$5,000 Maturity Value for Capital Appreciation Bonds and integral multiples thereof for each maturity. Purchasers of beneficial ownership interests (the "Beneficial Owners") will not receive certificates representing their interest in the Bonds purchased. Principal and interest will be paid to DTC, which will in turn remit such principal and interest to its participants for subsequent dispersal to the Beneficial Owners of the Bonds, as described herein. See APPENDIX F—"BOOK ENTRY ONLY SYSTEM" herein.

Defeasance

All or a portion of the outstanding Bonds may be paid and discharged in any one or more of the following ways:

(1) by well and truly paying or causing to be paid the principal, Accreted Value, premium, if any, and interest on all Bonds outstanding, as and when the same become due and payable;

(2) by irrevocably depositing with the County or a bank or trust company in escrow an amount of cash which, together with amounts then on deposit in the Debt Service Fund, is fully sufficient to pay all or a designated portion of the Bonds, outstanding at maturity thereof, including all principal, premium, if any, Accreted Value and all interest thereon; or

(3) by irrevocably depositing with the County or a bank or trust company appointed by the County or the District in escrow noncallable United States Obligations (as defined below), together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with the interest to accrue thereon and moneys then on deposit in the Debt Service Fund together with interest to accrue thereon, be fully sufficient to pay and discharge all, or a designated portion of the Bonds, outstanding at or before maturity or on the applicable redemption date thereof, including all principal, premium, if any, Accreted Value and all interest thereon.

If a Bond is defeased as described above, then, all obligations of the County, the District and the Paying Agent under the Resolution with respect to such outstanding Bond shall cease and terminate, whether or not such Bond has been surrendered for payment, except only the obligation of the County and the Paying Agent to pay or cause to be paid to the Owners of the Bonds, all sums due thereon from the amounts on deposited pursuant to (1), (2) and (3) above and the obligations of the County with respect to the Rebate Fund.

In the County Resolution, United States Obligations are defined as:

Direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, 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. Investments in such proportionate interest must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States Obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claims of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated "Aaa" by Moody's Investors Service and "AAA" by Standard & Poor's.

Supplemental Resolution

(a) The Resolution and the rights and obligations of the County, the District and of the Owners of the Bonds, may be modified or amended at any time by a supplemental resolution adopted by the County with the written consent of Owners owning at least 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds owned by the County or the District; provided, however, that no such modification or amendment shall, without the express consent of the Owner of each Bond affected, reduce the principal amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification. No such Supplemental Resolution shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto. Notwithstanding anything in the Resolution to the contrary, no such consent shall be required by the Owners of a series of bonds if the Owners of such series are not directly and adversely affected by such amendment or modification and such modification or amendment may be adopted with the approval of not less than 60% in aggregate Bond Obligation of the affected series of bonds.

(b) The Resolution and the rights and obligations of the County, the District and of the Owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the County, without the written consent of the Owners:

(1) To add to the covenants and agreements of the County in the Resolution other covenants and agreements to be observed by the County which are not contrary to or inconsistent with the Resolution as theretofore in effect;

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

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

(4) To cure any ambiguity, supply any omission, or cure to correct any defect or inconsistent provision in the Resolution; or

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

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

In the County Resolution, Bond Obligation is defined as:

From time to time as of the date of calculation, with respect to any Current Interest Bond, the principal amount thereof and, with respect to the Capital Appreciation Bond, the Accreted Value thereof, and, with respect to any Convertible Bond, prior to the Conversion Date the Accreted Value thereof and after the Conversion Date the Conversion Value thereof.

Unclaimed Moneys

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

Debt Service Schedule

The following table sets forth the annual debt service on the Bonds and the Series AB Bonds (defined below):

Year Ending (August 1)	Total Series AB Bonds	Current Interest Bonds		Capital Appreciation Bonds		Convertible Bonds		Total
		Annual Principal Payment	Annual Interest Payment	Annual Principal Payment	Annual Interest Payment	Annual Principal Payment	Annual Interest Payment	
2011		\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
2012								
2013								
2014								
2015								
2016								
2017								
2018								
2019								
2020								
2021								
2022								
2023								
2024								
2025								
2026								
2027								
2028								
2029								
2030								
2031								
2032								
2033								
2034								
Total								

The following table summarizes the aggregate annual debt service requirements for all of the District's outstanding general obligation bonds:

**Beaumont Unified School District
Aggregate Annual Debt Service**

<i>Year Ending (August 1)</i>	<i>Prior General Obligation Bonds</i>	<i>Bonds</i>	<i>Total</i>
2010	\$ 1,931,009.30		
2011	2,026,683.76		
2012	2,064,793.76		
2013	2,105,033.76		
2014	2,252,003.76		
2015	2,337,133.76		
2016	2,449,333.76		
2017	2,576,721.26		
2018	2,701,521.26		
2019	2,842,921.26		
2020	2,983,990.00		
2021	3,139,477.50		
2022	3,299,437.50		
2023	3,466,000.00		
2024	3,646,000.00		
2025	3,831,000.00		
2026	4,036,000.00		
2027	4,581,000.00		
2028	4,866,000.00		
2029	3,148,897.50		
2030	3,444,844.90		
2031	3,602,264.80		
2032	3,770,030.40		
2033	3,940,526.86		
2034	<u>\$ 4,121,512.86</u>		
Total	<u>\$ 79,164,137.96</u>		

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the Bonds are as follows:

Sources and Uses

Sources of Funds

Principal Amount of Bonds	\$
Net Original Issue Premium	
Total Sources of Funds	<u>\$</u>

Uses of Funds

Building Fund	\$
Debt Service Fund	
Underwriter's Discount	
Costs of Issuance	
Total Uses of Funds	<u>\$</u>

Application and Investment of Bonds Proceeds and Tax Revenues

A portion of the proceeds from the sale of the Bonds paid to the District by the Underwriter to the extent of the principal amount thereof shall be deposited in the Beaumont Unified School District Election of 2008 General Obligation Bond Building Fund (the "Building Fund") established under the Resolution and shall be kept separate and distinct from all other District and County funds. Interest earned on the investment of monies held in the Building Fund shall be retained in the Building Fund. The proceeds shall be used for the purpose for which the Bonds are issued.

The original issue premium, if any, remaining after payment of all costs of issuance and received by the District from the sale of the Bonds and the *ad valorem* property taxes securing the payment of the Bonds, when received, shall be kept separate and apart in the Beaumont Unified School District Election of 2008 General Obligation Bond Debt Service Fund (the "Debt Service Fund") established under the Resolution and used only for payments of principal and interest on the Bonds. Interest earned on the investment of monies held in the Debt Service Fund shall be retained in the Debt Service Fund and used to pay principal and interest on the Bonds when due.

Any excess proceeds of the Bonds not needed for the purpose for which the Bonds are issued shall be transferred from the Building Fund to the Debt Service Fund and applied to the payment of principal and interest on the Bonds. If after payment in full of the Bonds there remains excess proceeds, any such excess amounts shall be transferred to the District's General Fund. Amounts which the District determines are required to be rebated to the federal government will be deposited in the Beaumont Unified School District Election of 2008 General Obligation Bond Rebate Fund (the "Rebate Fund") established under the Resolution.

Investment of Bond Proceeds. Monies held in the Building Fund, the Debt Service Fund and the Rebate Fund established under the Resolution may be invested in any investment permitted by law.

It is anticipated that monies in the Building Fund, the Rebate Fund and the Debt Service Fund will be invested in the Riverside County Treasurer's Pooled Investment Fund described below.

Riverside County Treasurer’s Pooled Investment Fund

The information in this section has been provided by the County. While the District believes this information to be reliable, neither the District nor the Underwriter have independently verified this information and do not guaranty the accuracy or completeness thereof.

The Resolution provide that unless the District provides the Treasurer-Tax Collector of the County (the “Treasurer”) with other instructions, all amounts held thereunder will be invested in the Treasurer’s Pooled Investment Fund.

The County Treasurer maintains one Pooled Investment Fund (the “PIF”) for all local jurisdictions having funds on deposit in the County Treasury. As of January 31, 2011, the portfolio assets comprising the PIF had a market value of \$5,815,137,071.46.

State law requires that all operating moneys of the County, school districts, and certain special districts be held by the County Treasurer. On June 30, 2008, the Auditor-Controller performed an analysis on the County Treasury which resulted in the identification and classification of “mandatory” vs. “discretionary” depositors. Collectively, these mandatory deposits constituted approximately 84% of the funds on deposit in the County Treasury, while approximately 16% of the total funds on deposit in the County Treasury represented discretionary deposits.

While State law permits other governmental jurisdictions, with the prior consent of the Board of Supervisors and the County Treasurer, to participate in the County’s PIF, none have been authorized entry, nor are any pending consideration. The desire of the County is to maintain a stable depositor base for those entities participating in the PIF.

All purchases of securities for the PIF are to be made in accordance with the County Treasurer’s 2009 Statement of Investment Policy, which is more restrictive than the investments authorized pursuant to Sections 53601 and 53635 of the California Government Code. The Policy Statement requires that all investment transactions be governed by first giving consideration to the safety and preservation of principal and liquidity sufficient to meet daily cash flow needs prior to achieving a reasonable rate of return on the investment. Investments are not authorized in reverse-repurchase agreements except for an unanticipated and immediate cash flow need that would otherwise cause the Treasurer to sell portfolio securities prior to maturity at a principal loss.

The investments in the Pooled Investment Fund as of January 31, 2011, were as follows:

Federal Agency	\$ 4,800,313,336	82.56%
Cash Equivalent	470,000,000	7.38
U.S. Treasury Bonds	266,125,000	4.56
Commercial Paper	164,943,176	2.84
Certificate of Time Deposits	13,145,559	1.72
Municipal Bonds	100,000,000	0.23
Local Agency Obligations ⁽¹⁾	<u>610,000</u>	<u>0.01</u>
	\$ 5,815,147,071	100.00%
	Weighted Average Yield	0.66%
	Weighted Average Maturity	1.25 years

⁽¹⁾ Represents Local Agency Obligations issued by the Riverside District Court Financing Corporation, the County, and the Redevelopment Agency. Not rated; all other investments are government securities or rated investments.

As of January 31, 2011, the market value of the PIF was 100.01% of book value. The Treasurer estimates that sufficient liquidity exists within the portfolio to meet daily expenditure needs without requiring any sale of securities at a principal loss prior to their maturity.

In keeping with Sections 53684 and 53844 of the California Government Code, all interest, income, gains and losses on the portfolio are distributed quarterly to participants based upon their average daily balance except for specific investments made on behalf of a particular fund. In these instances, Sections 53844 requires that the investment income be credited to the specific fund in which the investment was made.

The Board of Supervisors has established an "Investment Oversight Committee" in compliance with California Government Code Section 27131. Currently, the Committee is composed of the County Finance Director, the County Treasurer-Tax Collector, the County Superintendent of Schools, a school district representative and a public member at large. The purpose of the committee is to review the prudence of the County's investment policy, portfolio holdings and investment procedures, and to make any findings and recommendations known to the Board. This committee was reorganized to conform to new State requirements requiring the County to have a local oversight committee. The committee is utilized by the County to manage, audit, and safeguard public funds and to perform other internal control measures.

The County has obtained a rating on the PIF of "AAA/MR1" from Moody's Investors Service and "AAA/V1+" rating from Fitch Ratings. There is no assurance that such ratings will continue for any given period of time or that any such rating may not be lowered, suspended or withdrawn entirely by the respective rating agency if, in the judgment of such rating agency, circumstances so warrant.

Neither the District nor the Underwriter has made any independent investigation of the investments in the County PIF or has made any assessment of the current County Investment Policy. The value of the various investments in the County PIF will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Therefore, there can be no assurance that the values of the various investments in the County PIF will not vary significantly from the values described herein.

SECURITY FOR THE BONDS

The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied on taxable property within the District. Each of the Board of Supervisors of the County and the Board of Supervisors of San Bernardino County is empowered and obligated annually to levy *ad valorem* taxes, without limitation of rate or amount, for the payment of the principal and interest on the Bonds due and payable in the next succeeding bond year (less amounts on deposit in the Debt Service Fund established under the Resolution), upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates). Pursuant to the provisions of Education Code 15260, the tax shall be levied according to the ratio which the assessed value of the property in the District in any county bears to the total assessed value of the property in the District. In light of this provision, given current assessed valuations, more than 99% of the *ad valorem* taxes are to be levied on property within the County and less than 1% on property within San Bernardino County. The Education Code further provides that, when collected, the *ad valorem* taxes shall be paid into the county treasury of the county which levied the taxes, and requires the Treasurer of San Bernardino County, upon order of the San Bernardino County Auditor, to pay the *ad valorem* taxes collected to the County Treasurer. The Resolution pledges as security for the Bonds the proceeds from the levy of the *ad valorem* tax which are collected and allocated to the payment of the Bonds. See "TAX BASE FOR PREPAYMENT OF BONDS" herein.

In December 2009, the District issued the first two series of bonds under the Authorization in an aggregate principal amount of \$20,000,718.90 (the "Series AB Bonds").

The District previously issued \$16,000,000 of general obligation bonds which as of June 30, 2010 were outstanding in the principal amount of \$_____ (together with the Series AB Bonds, the "Prior General Obligation Bonds") pursuant to the authorization provided at a special election of the registered voters of the District held on November 3, 1998, at which more than two-thirds of the persons voting on the proposition voted to authorize the issuance and sale of the Prior General Obligation Bonds. The Prior General Obligation Bonds are also payable solely from *ad valorem* property taxes levied on taxable property within the District to repay such bonds.

The amount of the annual *ad valorem* tax levied to repay the Bonds and the Prior General Obligation 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 and the Prior General Obligation Bonds in any year. Fluctuations in the annual debt service on the Bonds and the Prior General Obligation Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District's control could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate. These factors include a general market decline in real property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the federal government, the State of California (the "State") and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination. In fiscal year 2009-10, the assessed valuations in the District did not increase for the first time in many years and, in fact, declined by 13.41% as a result of significant declines in the real estate market in California, and in the County and San Bernardino County in particular. In fiscal year 2010-11, the assessed valuations to the District declined by 6.6%. The District has not received assessed valuation information for fiscal year 2011-12. It is possible that there may be future reductions of assessed valuations if there is continued weakness in the local real estate market.

THE BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT AND DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY OR SAN BERNARDINO COUNTY. NO PART OF ANY FUND OF THE COUNTY OR SAN BERNARDINO COUNTY IS PLEDGED OR OBLIGATED TO THE PAYMENT OF THE BONDS.

[BOND INSURANCE]

[Bond Insurance Policy]

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (formerly known as Financial Security Assurance Inc.) ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.]

[Assured Guaranty Municipal Corp. (Formerly Known as Financial Security Assurance Inc.)]

[TO COME FROM INSURER]

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 and San Bernardino County on taxable property in the District. The District's General Fund is not source for the repayment of the Bonds.

Ad Valorem Property Taxation

The collection of property taxes is significant to the District and the owners of the Bonds in two respects. First, the County and San Bernardino County will levy and collect *ad valorem* taxes on all taxable parcels within the District which are pledged specifically to the repayment of the Bonds and the Prior General Obligation Bonds. Second, the general *ad valorem* property tax levy levied in accordance with Article XIII A of the California Constitution and its implementing legislation funds a portion of the District's base revenue limit which is used to operate the District's educational program. See "DISTRICT FINANCIAL MATTERS—Revenue Limit Sources" below. As described below, the general *ad valorem* property tax levy and the additional *ad valorem* property tax levy pledged to repay the Bonds and the Prior General Obligation Bonds will be collected on the annual tax bills distributed by the County and San Bernardino County to the owners of parcels within the boundaries of the District.

Method of Property Taxation. Beginning in fiscal year 1978-79, Article XIII A and its implementing legislation permitted each county to levy and collect all property taxes (except for levies to support prior voter approved indebtedness) and prescribed how levies on county-wide property values were to be shared with local taxing entities within each county. All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law, however, provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

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

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

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll, also containing State-assessed property, and property, the taxes on which are a lien on real property 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, and if unpaid become delinquent on December 10 and April 10, respectively. A penalty of 10 percent attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5 percent per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer-Tax Collector of the county levying the tax.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10 percent penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of 1.5 percent attaches to them on the first day of each

month until paid. A county has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property improvements or possessory interests belonging or assessed to the delinquent taxpayer.

District Assessed Valuation. Both the general *ad valorem* property tax levy and the additional *ad valorem* levy for the Bonds is based upon the assessed valuation of the parcels of taxable property in the District. Property taxes allocated to the District are collected by the County and San Bernardino County at the same time and on the same tax rolls as are county, city and special district taxes. The assessed valuation of each parcel of property is the same for both District and county taxing purposes. The valuation of secured property by the County and San Bernardino County is established as of January 1, and is subsequently equalized in September of each year.

Taxation of State-Assessed Utility Property. A portion of property tax revenue of the 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.

Teeter Plan. The County has implemented an alternative method for the distribution of secured property taxes to local agencies, known as the "Teeter Plan." Although San Bernardino County has implemented a Teeter Plan, the District may not elect to proceed under that Teeter Plan because the District's headquarters are not located in San Bernardino County. As a result, with respect to *ad valorem* taxes levied on parcels within the District and San Bernardino County, the District receives only the amount paid by the owners of such parcels.

The Teeter Plan provisions are now set forth in Sections 4701 to 4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county acts as "bank" and certain other public agencies and taxing areas located in the county receive annually the full amount of their share of property taxes on the secured roll, including delinquent property taxes which have yet to be collected. While a county benefits from the penalties associated with these delinquent taxes when they are paid, the Teeter Plan is intended to provide participating local agencies with stable cash flow and the elimination of collection risk.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. As a separate election, a county may elect to have the Teeter Plan procedures also apply to assessments on the secured roll. The County Board of Supervisors has adopted the Teeter Plan and has elected to include school districts in its Teeter Plan. Thus, the County's Teeter Plan applies to the District.

Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, opt to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency. Although the rate of delinquency for a variety of local agencies, including

the District, has exceed the 3% delinquency threshold from time to time, the County has never discontinued the Teeter Plan with respect to any levying agency.

Upon making a Teeter Plan election, a county must initially provide a participating local agency with 95% of the estimated amount of the then accumulated tax delinquencies (excluding penalties) for that agency. In the case of the initial year distribution of assessments (if a county has elected to include assessments), 100% of the assessment delinquencies (excluding penalties) are to be apportioned to the participating local agency which levied the assessment. After the initial distribution, each participating local agency receives annually 100% of the secured property tax levies to which it is otherwise entitled, regardless of whether the county has actually collected the levies.

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a pro rata adjustment for the amount of the change is made on the records of the treasurer and auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by the County as an interest-free offset against future advances of tax levies under the Teeter Plan.

The information provided in Tables 1 through 5 below has been provided by California Municipal Statistics, Inc. Neither the District nor the Underwriter has independently verified this information and do not guarantee its accuracy.

Property within the District has a total assessed valuation for fiscal year 2010-11 of \$3,630,880,321. The following table represents the five-year history of assessed valuations in the District. As a result of continuing declines in the real estate market in the County and San Bernardino County, the assessed valuation in the District declined by 6.60% in fiscal year 2010-11 from the prior fiscal year.

Table 1
ASSESSED VALUATIONS
Fiscal Year 2006-07 through 2010-11
Beaumont Unified School District

Riverside County Portion

	<i>Local Secured</i>	<i>Utility</i>	<i>Unsecured</i>	<i>Total</i>	<i>Total Less Redevelopment Tax Increment</i>
2006-07	\$3,884,512,908	\$2,242,330	\$62,523,382	\$3,949,278,620	\$3,614,857,613
2007-08	4,369,105,658	1,184,680	79,610,863	4,449,901,201	4,014,241,868
2008-09	4,402,512,477	1,184,680	82,218,350	4,485,915,507	4,022,906,524
2009-10	3,805,328,467	1,184,680	77,319,994	3,883,833,141	N/A
2010-11	3,543,303,002	1,184,680	83,310,095	3,627,797,777	3,239,557,795

San Bernardino County Portion

	<i>Local Secured</i>	<i>Utility</i>	<i>Unsecured</i>	<i>Total</i>
2006-07	\$3,397,093	\$0	\$0	\$3,397,093
2007-08	3,856,471	0	0	3,856,471
2008-09	3,852,099	0	0	3,852,099
2009-10	3,739,564	0	0	3,739,564
2010-11	3,082,544	0	0	3,082,544

Total District

	<i>Local Secured</i>	<i>Utility</i>	<i>Unsecured</i>	<i>Total</i>	<i>Total Less Redevelopment Tax Increment</i>
2006-07	\$3,887,910,001	\$2,242,330	\$62,523,382	\$3,952,675,713	\$3,618,254,706
2007-08	4,372,962,129	1,184,680	79,610,863	4,453,757,672	4,018,098,339
2008-09	4,406,364,576	1,184,680	82,218,350	4,489,767,606	4,026,758,623
2009-10	3,809,068,031	1,184,680	77,319,994	3,887,572,705	N/A
2010-11	3,546,385,546	1,184,680	83,310,095	3,630,880,321	3,242,640,339

Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

The following summarizes the annual secured tax levy within the portions of the District located within the County for its outstanding general obligation bonds and the amount delinquent as of June 30 for the last five fiscal years. Under the terms of the County's Teeter Plan, the District is paid 100% of the secured tax levy each year by the County and the County takes responsibility for collecting delinquencies and keeps penalties and interest. The portion of the secured tax levy for the general obligation bonds levied on property within San Bernardino County (less than 1% of the total) is not covered by the Teeter Plan and the District receives only the actual collections plus its share of any penalties and interest payable with respect to delinquent taxes.

Table 2
BEAUMONT UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
(Riverside County Portion)

	<i>Secured Tax Charges Levied</i>	<i>Delinquent Secured Taxes</i>	<i>% Delinquent June 30</i>
2005-06	\$ 509,326.69	\$15,475.61	3.04%
2006-07	542,440.95	28,883.63	5.32
2007-08	558,965.20	49,300.09	8.82
2008-09	649,792.90	56,177.64	8.65
2009-10	1,707,504.73	94,553.38	5.54

Source: California Municipal Statistics, Inc.

Tax Rates

There are a total of 256 tax rate areas in the District. Table 3 summarizes the total *ad valorem* tax rates levied by all taxing entities in a typical tax rate area within the portion of the District located in the County from fiscal year 2005-06 to fiscal year 2009-10.

Table 3
BEAUMONT UNIFIED SCHOOL DISTRICT
Summary of *Ad Valorem* Tax Rates
Typical Total Tax Rates (Riverside County Portion TRA 1-007)

	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Beaumont Unified School District	0.019030	0.014160	0.012930	0.014990	0.049800
San Gorgonio Memorial Healthcare District	-	0.032720	0.032720	0.033650	0.099140
San Gorgonio Pass Water Agency	<u>0.170000</u>	<u>0.170000</u>	<u>0.170000</u>	<u>0.170000</u>	<u>0.170000</u>
Total	1.189030%	1.21688%	1.215650%	1.218640%	1.318940%

Source: California Municipal Statistics, Inc.

Table 4 below lists the 20 largest property taxpayers within the District measured by assessed valuation for fiscal year 2010-11.

Table 4
BEAUMONT UNIFIED SCHOOL DISTRICT
Twenty Largest 2010-11 Local Secured Property Taxpayers
(Riverside County Portion)

<i>Property Owner</i>	<i>Primary Land Use</i>	<i>2010-11 Assessed Valuation</i>	<i>% of Total⁽¹⁾</i>
1. Pardee Homes	Residential Development	\$ 32,178,334	0.91%
2. Beaumont Associates	Commercial	32,141,511	0.91
3. Frederick J. Hanshaw	Commercial	32,000,000	0.90
4. Cathay Bank	Commercial	25,789,623	0.73
5. K. Hovanian's Four Seasons at Beaumont	Residential Development	20,957,717	0.59
6. Wal Mart Real Estate Business Trust	Commercial	19,672,617	0.56
7. Dura Plastic Products Inc.	Industrial	19,510,872	0.55
8. Lowes HIW Inc.	Commercial	17,710,842	0.50
9. LBREP L Suncl Summerwind Ranch	Residential Development	15,714,807	0.44
10. Suncl Heartland	Residential Development	14,851,480	0.42
11. Oak Valley Village	Commercial	14,816,000	0.42
12. Kohls Dept. Stores Inc.	Commercial	14,318,904	0.40
13. Baldi Bros.	Commercial	13,467,012	0.38
14. Home Depot USA Inc.	Commercial	13,281,470	0.37
15. Anaheim Investments	Commercial	13,020,000	0.37
16. LB L Suncl Oak Valley	Residential Development	11,535,235	0.33
17. East Valley Golf Club	Golf Course	9,908,914	0.28
18. AIM All Storage I 10	Industrial	9,771,884	0.28
19. Oakmont Dowling Orchard	Commercial	9,339,899	0.26
20. M&R Beaumont Partners	Commercial	9,180,984	0.26
		<u>\$349,168,105</u>	<u>9.85%</u>

⁽¹⁾ 2010-11 Local Secured Assessed Valuation: \$3,543,303,002.
Source: California Municipal Statistics, Inc.

The table below describes the District's land use and assessed valuation of parcels within Riverside County as shown on the County Assessor's equalized assessment roll for fiscal year 2010-11. The table excludes parcels within San Bernardino County; however, such parcels represent approximately 1% of the District's assessed valuation.

**BEAUMONT UNIFIED SCHOOL DISTRICT
Assessed Valuation and Parcels by Land Use**

	<i>2010-11 Assessed Valuation⁽¹⁾</i>	<i>% of Total</i>	<i>No. of Parcels</i>	<i>% of Total</i>
Non-Residential:				
Agricultural	\$ 42,666,353	1.20%	96	0.44%
Commercial	219,363,541	6.19	501	2.30
Vacant Commercial	45,509,554	1.28	463	2.12
Professional/Office	30,343,206	0.86	49	0.22
Industrial	90,126,739	2.54	111	0.51
Recreational	39,888,349	1.13	105	0.48
Government/Social/Institutional	3,915,022	0.11	90	0.41
Vacant Other	<u>12,766,943</u>	<u>0.36</u>	<u>633</u>	<u>2.90</u>
Subtotal Non-Residential	\$ 484,579,707	13.68%	2,048	9.39%
Residential:				
Single Family Residence	\$ 2,366,773,945	66.80%	13,249	60.74%
Condominium/Townhouse	35,818,234	1.01	247	1.13
Mobile Homes and Mobile Home Lots	58,917,238	1.66	1,543	7.07
Mobile Home Park	28,396,329	0.80	20	0.09
2+ Residential Units/Apartments	51,106,612	1.44	282	1.29
Miscellaneous Residential Structure	1,562,187	0.04	7	0.03
Vacant Residential	<u>516,148,750</u>	<u>14.57</u>	<u>4,415</u>	<u>20.24</u>
Subtotal Residential	\$ 3,058,723,295	86.32%	19,763	90.61%
Total	\$ 3,543,303,002	100.005	21,811	100.00%

⁽¹⁾ Local Secured Assessed Valuation; excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

THE DISTRICT

Introduction

The District is located in the northwestern portion of Riverside County at the Intersection of the U.S. Interstate 10 and State Route 60 Freeways, with a small portion of the District boundaries extending into San Bernardino County. The District encompasses an area of approximately 110 square miles, and it serves the communities of Beaumont, Calimesa, Cherry Valley and its surrounding attendance areas. The District was established in 1953 and currently operates 13 school sites which include 6 elementary schools, two middle schools, a comprehensive high school, an independent study school, an adult education school, an opportunity school and one alternate education schools. The total enrollment in the District during fiscal year 2009-10 was approximately 8,242 students, and approximately 8,402 for fiscal year 2010-11.

Board of Trustees

The District is governed by a five member Board of Trustees. Members are elected to four year terms.

Table 6
BEAUMONT UNIFIED SCHOOL DISTRICT
Board of Trustees

<i>Name</i>	<i>Term Expires</i>
Susie Lara	November 2014
Wayne Hackney	November 2012
Mark Orozco	November 2012
Margaret De Longchamp	November 2014
Janelle Poulter	November 2014

Source: Beaumont Unified School District.

Superintendent and Administrative Personnel

The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. The names and backgrounds of the Superintendent and the senior administrative staff are set forth below.

Dr. Barry Kayrell, Superintendent, was appointed as superintendent effective August 1, 2006. Dr. Kayrell has 34 years of experience in public education. Previously Dr. Kayrell served as the Superintendent of the Oroville Union High School District, Assistant Superintendent of Human Resources at Perris Union High School District, Assistant Superintendent of Curriculum and Instruction at Oroville Union High School, Director of Alternative Education in Oroville Union High School District, Principal at Las Plumas High School in Oroville Union High School District, Assistant Principal at San Bernardino High School in San Bernardino City Unified School District, Assistant Principal at Needles High School in Needles Unified School District, Activities Director at Yucaipa High School in Yucaipa/Calimesa Joint Unified School District, Teacher/Coach at Norte Vista High School in Alvord Unified School District and Teacher/Coach at Pacific High School in San Bernardino City Unified School District.

Dr. Kayrell is currently serving as an adjunct professor at the University of Redlands. He received the ACSA Region 19 2009 Superintendent of the Year and Riverside County Office of Education Certificated Employee of the Year Award.

Mays Kakish, Assistant Superintendent, Business Services, was appointed on June 1, 2006. She has nine years experience in public education. Mrs. Kakish is also head of the facilities department at this time. She previously served as the Director of Centralized Support Services and as a Director of Fiscal Services for public education and for the public sector served as a senior Auditor and retail management. Mrs. Kakish is a member of the following organizations: Riverside Schools' Insurance Authority; California Association of School Business Officials; Member of Association of California School Administrators, Riverside Schools Insurance Authority; Riverside Schools' Risk Management Authority, Secretary; Riverside Employee/Employer Partnership; California's Coalition for Adequate School Housing.

Mrs. Kakish is heavily involved in business leadership committees. She is involved in the following committees: California Business Officials, SELPA Finance Committee, Southern California Relief Finance Committee, Riverside County Office Finance Sub-Committee, Measure Z Citizens' Oversight Committee, and various construction project committees. She holds a B.S. from California State University San Bernardino, San Bernardino, California.

Dr. Maureen Latham, Assistant Superintendent, Instructional Support Services, was hired as the Assistant Superintendent of Instructional Support Services for the District on August 1, 2007. Dr. Latham has 34 years of experience in public education. She previously served as the Director of Curriculum, Instruction and Professional Development for the Alvord Unified School District in Riverside, the Principal of Yucaipa High School in Yucaipa, the Assistant Principal of Curriculum and Instruction at Yucaipa High School in Yucaipa, the School-To-Career Coordinator at Apple Valley High School in Apple Valley, a Resource Specialist at Apple Valley High School, in Apple Valley, a Special Day Class Teacher at Yucca Loma Elementary School in Apple Valley, a Kindergarten Teachers at Helendale Elementary School in Helendale, a Reading Specialist at Pell Lake Elementary School in Lake Geneva, Wisconsin, and a Second Grade Teacher at Hempstead Elementary School in St. Louis, Missouri.

Dr. Latham completed her Ed.D. in Educational Justice at the University of Redlands. She holds an M.A. from California State University San Bernardino, San Bernardino, California and a B.A. from Webster University, St. Louis, Missouri. She earned Administrative, Special Education, Multiple Subjects and Community College California Service Credentials from California State University San Bernardino and Azusa Pacific University. In addition she holds the Reading Specialist Certification from the University of Wisconsin, Whitewater.

Steve Hovey, Assistant Superintendent, Personnel Services, was appointed the Assistant Superintendent, Personal Services on December 4, 2006. Mr. Hovey has 39 years experience in public education. Previously, he served as Director of Personnel Services, Director of Employee Services, Director of Curriculum and Instruction, Coordinator/Principal for Pregnant Minors Program and Special Education, Coordinator of Staff Development, Program Specialist (LH/SH), and Special Education Teacher for the Riverside County Office of Education. Mr. Hovey received both is B.A. and M.A. from University of California, Riverside. He received the ACSA Region XIX Administrator of the Year-Personnel/Human Resources Administrator in 2006 and 2009.

Average Daily Attendance and Base Revenue Limit

Between fiscal years 2005-06 and 2009-10, the District’s average daily attendance (“ADA”) increased by approximately thirty-nine percent (39%). In its First Interim Report as of October 31, 2010, the District assumed an ADA of 7,934 for Fiscal Year 2010-11 for purposes of calculating its revenue limit, and base revenue limit funding of \$6,350.88 per unit of ADA; however, because of the State of California’s fiscal crisis, the funded revenue is projected at \$5,209.85 per ADA. For each unit of average daily attendance, the District receives from the State an amount equal to the base revenue limit. See “THE DISTRICT—Base Revenue Limit” herein. The ADA and Base Revenue Limit for fiscal years 2005-06 through 2009-10 are set forth below.

**Table 7
BEAUMONT UNIFIED SCHOOL DISTRICT
Average Daily Attendance**

<i>Fiscal Year</i>	<i>Total Average Daily Attendance</i>	<i>Base Revenue Limit per Student per Year</i>
2005-06	5,627	5,159.88
2006-07	6,492	5,532.33
2007-08	7,232	5,784.58
2008-09	7,661	5,634.03
2009-10	7,818	5,205.34 ⁽¹⁾

⁽¹⁾ Due to State Budget deficit, amount actually funded was reduced by an additional amount of \$250 per ADA. Source: Beaumont Unified School District.

Employee Relations

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

The teachers of the District (certificated personnel) are represented by the Beaumont Teachers Association ("BTA"). The District's contract with BTA expired on June 30, 2010. The District and the BTA have been unable to complete negotiations regarding Early Release Days, Late Start Days and instructional time. Both parties have agreed to file a Request for Impasse Determination ("Impasse Request") with the Public Employment Relations Board ("PERB"). If the Impasse Request is accepted by PERB, a mediator will be assigned to meet with the parties and attempt to bring about an agreement. As of February 28, 2011, the District employed 361 BTA certificated employees with a total covered payroll of approximately \$27,768,348.

Table 8
BEAUMONT UNIFIED SCHOOL DISTRICT
Certificated Employees

<i>Fiscal Year</i>	<i>Number of BTA Employees</i>	<i>Number of Non-BTA Employees</i>
2005-06	272	36
2006-07	340	31
2007-08	371	35
2008-09	376	37
2009-10	354	21

Source: Beaumont Unified School District.

The California School Employees Association ("CSEA") has been selected as the exclusive bargaining agent for non-teaching (classified) personnel in the District. CSEA and the District are currently operating under a contract that will expire on June 30, 2012. As of February 28, 2011, the District employed 311 CSEA classified employees with a total covered payroll of approximately \$6,741,293.

Table 9
BEAUMONT UNIFIED SCHOOL DISTRICT
Classified Employees

<i>Fiscal Year</i>	<i>Number of CSEA Employees</i>	<i>Number of Non-CSEA Employees</i>
2005-06	284	26
2006-07	338	37
2007-08	351	31
2008-09	324	30
2009-10	291	23

Source: Beaumont Unified School District.

Retirement System

The District participates in the State of California Teachers' Retirement System ("STRS") which provides benefits to full-time certificated personnel. The District also participates in the State of California

Public Employees Retirement System (“PERS”) which provides benefits to full-time classified personnel and part-time employees who are employed more than 1,000 hours during the year.

The District was required to contribute to STRS from its General Fund a total of \$2,255,328 during the fiscal year ended June 30, 2010 as set forth in Table 10 below. The District made a PERS contribution during fiscal year ended June 30, 2010 of \$826,387 from its General Fund. For fiscal year 2010-11, the District has budgeted for a STRS contribution of \$2,424,970 and a PERS contribution of \$1,003,017.

Table 10
BEAUMONT UNIFIED SCHOOL DISTRICT
Retirement Contributions from General Fund for Fiscal Year 2009-10

	<i>Number of Employees Covered</i>	<i>Total Employer Contributions</i>	<i>District's Fiscal Year 2009-10 Covered Payroll</i>	<i>Employer Contribution as a Percentage of Covered Payroll</i>
STRS	367	\$2,255,328	\$26,856,864	8.250%
PERS	271	826,387	8,329,952	9.709

Source: Beaumont Unified School District.

Both STRS and PERS have substantial unfunded liabilities based on current actuarial assumptions, which could result in higher contribution rates for the District in the future. The substantial declines in the stock and bond markets in 2008 and recent changes in actuarial assumptions by STRS and PERS are expected to increase the unfunded liabilities and result in an increases in contribution rates in the future.

See Note 11 to the District’s June 30, 2010 Financial Statements set forth in Appendix B hereto.

Post-Employment Benefits

The District provides post-employment health care benefits, in accordance with the District’s employment contracts, to all employees who retire from the District on or after attaining the age of 55 with at least 10 years of service (5 years for management and confidential employees). As of June 30, 2010, 31 retired employees met those eligibility requirements. The District contributes a maximum of \$10,000 per year of the amount of premiums incurred by each retiree and his or her dependents and the retiree contributes the remainder. A retiree will receive these health care benefits to the end of the month in which the retiree turns 65. Expenditures for post-employment benefits are recognized on a pay-as-you-go basis, as retirees report claims paid. During fiscal year 2009-10, the District contributed \$219,546 to fund these health care benefits. The District’s contribution in fiscal year 2009-10 was approximately 19.5% of the annual required contribution of \$1,127,480 for fiscal year 2009-10. As of July 1, 2010, the most recent actuarial valuation date for the District’s other post-employment benefits (“OPEB”), the District did not have a funded plan and had an unfunded actuarial accrued liability of \$5,365,162 based on certain assumptions. The District is required to conduct a report on its unfunded actuarial liability every two years.

Beginning with its fiscal year ending June 30, 2009, the District is required to comply with the Governmental Accounting Standards Board (“GASB”) Statement 45 relating to other post-employment benefits (“OPEB”), which requires the District to recognize the expenses and related liabilities and assets for any OPEB provided by the District in its government-wide financial statements of net assets and activities. The District’s annual required contribution (the “ARC”) for the post-employment health benefits plan calculated in accordance with the parameters of GASB Statement 45 was \$784,572 for the fiscal year beginning July 1, 2010. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued

liabilities over a period not to exceed 30 years. See Note 13 to the District's June 30, 2010 Financial Statements set forth in Appendix B hereto.

Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District currently receives property and liability insurance coverage through the Riverside Schools Insurance Authority, a public entity risk pool which insures a number of school districts in Riverside County and Southern California Regional Excess Liability Fund Joint Powers Authorities. Settled claims have not exceeded this commercial coverage in any of the past three years.

To obtain workers' compensation insurance, the District participates in the Riverside Schools Risk Management Authority ("RSRMA") public entity risk pool. The intent of RSRMA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated and applied to a common premium rate. Participation in RSRMA is limited to local educational agencies that can meet RSRMA selection criteria.

DISTRICT FINANCIAL MATTERS

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles and are in accordance with the policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all State school districts.

Comparative Financial Statements and 2010-11 Adopted Budget

The District is required by provisions of the California Education Code to maintain each year a balanced budget in which the sum of expenditures plus the ending fund balance cannot exceed the revenues plus the carry over fund balance from the previous year. The California State Department of Education imposes a uniform budgeting format for each school district in the State.

Pursuant to State law, the District adopted on June 22, 2010, a fiscal line-item budget setting forth revenues and expenditures so that appropriations during fiscal year 2010-11 will not exceed the sum of revenues plus the July 1, 2010 beginning fund balance.

Table 11 below summarizes the District's Statement of General Fund Revenues, Expenditures and Changes in Fund Balance for fiscal years 2005-06 through 2009-10.

Table 11
BEAUMONT UNIFIED SCHOOL DISTRICT
Summary of General Fund Revenues, Expenditures and Changes in Fund Balance

	<i>Audited</i> 2005-06	<i>Audited</i> 2006-07	<i>Audited</i> 2007-08	<i>Audited</i> 2008-09	<i>Audited</i> 2009-10
SOURCES					
Revenue Limit Sources:					
State Apportionments	\$ 19,185,670	\$ 25,209,774	\$ 29,291,328	\$ 29,869,318	\$ 27,045,434
Local Sources	10,016,022	10,942,107	12,698,054	13,465,945	11,961,444
Revenue Limit Transfers	<u>197,254</u>	<u>255,203</u>	<u>259,357</u>	<u>256,699</u>	<u>203,313</u>
Total Revenue Limit	\$ 29,398,946	\$ 36,407,084	\$ 42,248,739	\$ 43,591,962	\$ 39,210,191
Federal Revenues	\$ 2,426,182	\$ 2,503,711	\$ 2,375,765	\$ 5,496,702	\$ 4,780,714
Other State Revenues	6,081,578	9,010,845	8,262,461	7,871,243	7,630,582
Other Local Revenue	<u>4,866,065</u>	<u>6,276,036</u>	<u>5,596,726</u>	<u>6,429,665</u>	<u>4,692,183</u>
Total Revenues	\$ 42,772,771	\$ 54,197,676	\$ 58,483,691	\$ 63,389,573	\$ 56,313,670
EXPENDITURES					
Instruction	\$ 23,892,175	\$ 27,953,406	\$ 34,263,667	\$ 34,978,825	\$ 33,196,175
Instruction – Related Services	4,647,013	5,245,255	5,866,673	6,687,351	5,978,666
Pupil Services	4,072,115	5,632,482	5,014,622	4,610,253	3,956,997
General Administration	2,773,787	3,634,013	4,047,496	3,865,717	3,930,774
Plant Services	4,497,511	6,138,306	6,856,473	6,928,362	5,956,122
Facilities Acquisition and Construction	39,479	187,879	5,044	104,370	65,685
Ancillary Services	237,490	272,221	298,613	394,076	374,980
Community Services	23,976	443,154	618,849	35,543	21,522
Enterprise Activities	347,974	95,306	301,879	340,344	17,864
Other Outgo	--	--	--	<u>195,011</u>	<u>390,022</u>
Total Expenditures	\$ 40,835,047 ⁽¹⁾	\$ 49,602,022	\$ 57,273,316	\$ 58,139,852	\$ 53,888,807
Excess of (Deficiency) of Revenues Over Expenditures	\$ 1,937,724	\$ 4,595,653	\$ 1,210,375	\$ 5,249,721	\$ 2,424,863
OTHER FINANCING SOURCES					
Operating Transfers In	\$ 271,582	\$ 378,096	\$ 113,681	\$ 646,243	\$ 308,602
Operating Transfers Out	<u>(239,377)</u>	<u>(697,508)</u>	<u>(5,203,519)</u>	<u>(554,384)</u>	<u>(689,595)</u>
Total Other Financing Sources (uses)	\$ 32,205	(319,412)	\$ (5,089,838)	\$ 91,859	\$ (380,993)
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	1,969,929	4,276,241	(3,879,463)	5,341,580	2,043,870
Fund Balance (Deficit), July 1	\$ 3,278,965	\$ 5,248,894	\$ 9,525,135	\$ 5,645,672	\$ 10,987,252
Fund Balance (Deficit), June 30	<u>\$ 5,248,894</u>	<u>\$ 9,525,135</u>	<u>\$ 5,645,672</u>	<u>\$ 10,987,253</u>	<u>\$ 13,031,122</u>

⁽¹⁾ On behalf payments of \$842,328 are included in the actual revenues and expenditures, but have not been included in the budget amounts.

Source: Beaumont Unified School District Audited Financial Statements for fiscal years 2005-06 through 2009-10.

Table 12 below compares the District's 2008-09 Adopted Budget to its actual revenues and expenditures for fiscal year 2008-09 and the District's 2009-10 Adopted Budget to its actual revenues and expenditures for fiscal year 2009-10.

Table 12
BEAUMONT UNIFIED SCHOOL DISTRICT
Comparison of 2008-09 Budgeted to Actual Revenues and Expenditures
and 2009-10 Budgeted to Actual Revenues and Expenditures

	<i>2008-09 Budget</i>	<i>2008-09 Audited</i>	<i>2009-10 Budget</i>	<i>2009-10 Audited</i>
SOURCES				
Revenue Limit Sources:	\$ 44,134,403	\$ 43,591,962	\$ 40,613,344	\$ 39,210,191
Federal Revenues	2,399,040	5,496,702	5,296,796	4,780,714
Other State Revenues	7,699,447	7,871,243	6,344,874	7,630,582
Other Local Revenue	<u>4,470,766</u>	<u>6,429,665</u>	<u>4,349,663</u>	<u>4,692,183</u>
Total Revenues	\$ 58,703,656	\$ 63,359,573	\$ 56,604,677	\$ 56,313,670
EXPENDITURES				
Instruction	\$ 36,165,139	\$ 34,978,825	\$ 34,478,396	\$ 33,196,175
Instruction – Related Services	5,943,349	6,687,351	7,474,170	5,978,666
Pupil Services	5,512,902	4,610,253	4,254,939	3,956,997
General Administration	4,277,796	3,865,717	4,328,780	3,930,774
Plant Services	7,744,959	6,928,362	7,712,382	5,956,122
Facilities Acquisition & Construction	--	104,370	--	65,685
Ancillary Services	331,423	394,076	264,939	374,980
Community Services	442,319	35,543	27,271	21,522
Enterprise Services	283,960	340,344	36,134	17,864
Other Outgo	--	195,011	390,023	390,022
Total Expenditures	\$ <u>60,701,847</u>	\$ <u>58,139,852</u>	\$ <u>58,967,034</u>	\$ <u>53,888,807</u>
Excess of Revenues over (Under) Expenditures	\$ (1,998,191)	\$ 5,249,721		\$ 2,424,863
OTHER FINANCING SOURCES				
Operating Transfers In	\$ 210,026	\$ 646,243	\$ 90,000	\$ 308,602
Operating Transfers Out	--	<u>(554,384)</u>	--	<u>(689,595)</u>
Total Other sources (uses)	\$ 210,026	\$ 91,859	\$ 90,000	\$ (380,993)
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	\$ (1,788,165)	\$ 5,341,580	\$ (2,272,357)	\$ 2,043,870
Fund Balance (Deficit), July 1	\$ 5,907,535	\$ 5,645,672	\$ 6,070,594	\$ 10,987,252
Fund Balance (Deficit), June 30	<u>\$ 4,119,370</u>	<u>\$ 10,987,253</u>	<u>\$ 3,798,237</u>	<u>\$ 13,031,122</u>

Source: Beaumont Unified School District Adopted Budget for fiscal years 2008-09 and 2009-10; Audited Financial Statements for fiscal years 2008-09 and 2009-10.

Current Financial Condition

The District's financial condition is closely linked to the finances of the State, which has an ongoing structural budget deficit. As discussed below, reductions in State funding, which began in fiscal year 2008-09, have reduced the District's total General Fund revenues and required the District to implement budget reductions. While some of these reductions in State funding have been offset by increased federal revenues related to federal stimulus legislation, those federal funds were one-time in nature and the District must now adjust its budget to reflect both the reduced State revenues and the loss of the one-time federal stimulus funds. Future budget decisions by the State could have an adverse impact on the District's financial condition. See "STATE OF CALIFORNIA FISCAL ISSUES."

Despite the reductions in State funding the District has been able to increase its General Fund ending balance over the last two fiscal years. However, the District is projecting that for fiscal year 2010-11, its

General Fund expenditures will exceed revenues by approximately \$5.8 million. Without budget reductions, as of the First Interim Report, the District was projecting that expenditures would exceed revenues in fiscal year 2011-12 by approximately \$5 million and by approximately \$6.7 million in fiscal year 2012-13. These projections result in an ending balance of approximately \$1.9 million in fiscal year 2011-12 and negative \$2.1 million in fiscal year 2012-12. The District is developing a plan to implement budget reductions over the next two fiscal years.

The District has not yet determined how to achieve the needed cost reductions, and is exploring various alternatives, some of which, such as furlough days for employees, would have to be negotiated with the District employee bargaining groups. The District Superintendent plans to present a budget solvency proposal to the Board at the time of adoption of the Second Interim Report for fiscal year 2010-11 which is to be filed by March 15, 2011. The District expects the Board to adopt budget reductions in June 2011.

Table 13 contains the District's Adopted General Fund Budgets for fiscal year 2008-09, 2009-10 and 2010-11 as initially adopted, the District's Adopted General Fund Budget for fiscal year 2010-11 as initially adopted in June 2010. and the difference between the Adopted General Fund Budget for fiscal year 2009-10 and fiscal year 2010-11. Table 13 also contains the Adopted General Fund Budget for fiscal year 2010-11 as updated by the District's First Interim Report for fiscal year 2010-11. The First Interim Report reflects budget adjustments through the period ending on October 31, 2010.

Table 13
BEAUMONT SCHOOL DISTRICT
Adopted Budget for Fiscal Years 2008-09, 2009-10 and 2010-11

	<i>2008-09 Budget</i>	<i>2009-10 Budget</i>	<i>2010-11 Budget</i>	<i>2010-11 Budget as of First Interim Report</i>
SOURCES				
Revenue Limit Sources:	\$ 44,134,403	\$ 40,613,344	\$ 39,330,551	\$ 41,529,284
Federal Revenues	2,399,040	5,296,796	2,506,791	4,861,357
Other State Revenues	7,699,447	6,344,874	7,556,754	7,558,949
Other Local Revenue	4,470,766	4,349,663	3,218,026	2,999,872
Total Revenues	<u>\$ 58,703,656</u>	<u>\$ 56,604,677</u>	<u>\$ 52,612,122</u>	<u>\$ 55,949,462</u>
EXPENDITURES				
Certificated Salaries	\$ 28,937,040	\$ 27,860,796	\$ 28,298,463	\$ 28,267,584
Classified Salaries	9,698,969	8,018,879	8,410,802	8,463,921
Employee Benefits	11,524,753	10,986,519	11,299,858	11,271,899
Books and Supplies	4,926,532	5,279,351	3,308,330	6,456,894
Contracted Services & Operating Expenditures	5,685,489	6,464,375	6,011,936	6,688,823
Capital Outlay	119,528	170,046	341,810	1,386,616
Other Outgo	0	390,023	390,023	390,023
Direct Support/Indirect Costs	(190,464)	(202,955)	(221,038)	(226,670)
Total Expenditures	<u>\$ 60,701,847</u>	<u>\$ 58,967,034</u>	<u>\$ 57,840,184</u>	<u>\$ 62,699,091</u>
Excess of Revenues over (Under) Expenditures	\$ (1,998,191)	\$ (2,362,357)	\$ (5,228,062)	\$ (5,749,629)
OTHER FINANCING SOURCES				
Operating Transfers In	\$ 210,026	\$ 90,000	\$ 13,423	\$ 13,423
Operating Transfers Out	0	0	620,380	861,494
Prior Year Adjustments	0	0	0	0
Other	0	0	0	0
Total Other sources (uses)	<u>\$ 210,026</u>	<u>\$ 90,000</u>	<u>\$ (606,957)</u>	<u>\$ (848,070)</u>
Net Increase (Decrease) in Fund Balance	(1,788,165)	(2,272,357)	\$ (5,385,019)	\$ (6,597,700)
Fund Balance (Deficit), July 1	\$ 5,907,535.30	\$ 6,070,594	\$ 7,559,115	\$ 13,031,122
Fund Balance (Deficit), July 1	<u>\$ 4,119,370</u>	<u>\$ 3,798,237</u>	<u>\$ 1,764,096</u>	<u>\$ 6,433,422</u>

Source: Beaumont Unified School District Adopted Budget for fiscal years 2008-09, 2009-10 and 2010-11 and First Interim Report for fiscal year 2010-11.

The State is projecting significant budget shortfalls over the next several fiscal years which could result in reduced State funding for the District in future fiscal years. See "STATE OF CALIFORNIA FISCAL ISSUES."

Table 14 below sets forth the District's General Fund balance sheet for the last five fiscal years.

Table 14
Beaumont Unified School District
Summary of Combined General Fund Balance Sheet

	<i>Audited</i> 2005-06	<i>Audited</i> 2006-07	<i>Audited</i> 2007-08	<i>Audited</i> 2008-09	<i>Audited</i> 2009-10
ASSETS					
Deposits and Investments	\$ 2,109,496	\$ 5,116,100	\$ 7,133,740	\$ 7,072,809	\$ 7,984,619
Accounts Receivable	4,344,364	5,527,360	5,485,488	8,349,070	9,691,351
Due from Other Funds	822,219	1,170,306	650,495	283,730	520,423
Inventory	-	-	-	-	-
Total Assets	<u>\$ 7,276,079</u>	<u>\$ 11,813,766</u>	<u>\$ 13,269,723</u>	<u>\$ 15,705,609</u>	<u>\$ 18,196,393</u>
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ 1,588,217	\$ 1,164,597	\$ 2,218,398	\$ 1,293,911	\$ 2,213,729
Due to Other Funds	77,219	685,746	5,172,229	2,850,657	2,706,995
Deferred Revenue	361,749	438,288	233,424	573,789	244,547
Total Liabilities	<u>2,027,185</u>	<u>2,288,631</u>	<u>7,624,051</u>	<u>4,718,357</u>	<u>5,165,271</u>
FUND EQUITY					
Fund balances					
Reserved	728,255	2,233,061	1,676,480	3,715,309	1,756,784
Unreserved	4,520,639	7,292,074	3,969,192	7,271,943	11,274,338
Total Fund Equity	<u>5,248,894</u>	<u>9,525,135</u>	<u>5,645,672</u>	<u>10,987,252</u>	<u>13,031,122</u>
Total Liabilities and Fund Equity	<u>\$ 7,276,079</u>	<u>\$ 11,813,766</u>	<u>\$ 13,269,723</u>	<u>\$ 15,705,609</u>	<u>\$ 18,196,393</u>

Source: Beaumont Unified School District.

Revenue Sources

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

Revenue Limit Sources

Since fiscal year 1973-74, State school districts have operated under general purpose revenue limits established by the State Legislature. In general, the base revenue limits are calculated for each school district by multiplying (1) the ADA for each such district by (2) a base revenue limit per unit of ADA. The base revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among all State school districts of the same type. In fiscal year 2008-09, the District's base revenue limit per unit of ADA was \$5,634.03. For fiscal year 2009-10, the District's base revenue limit per unit ADA was \$6,375.58; however, because of the State's fiscal crisis, the funded revenue was \$5,205.34 per ADA. For fiscal year 2010-11, the District has budgeted assuming a base revenue limit per unit of ADA of \$6,350.58; however, because of the State's fiscal crisis, the funded revenue is projected at \$5,209.85 per ADA.

In fiscal year 2008-09, the District received \$43,591,692 of revenue limit source income, representing approximately 69% of its General Fund revenues. In fiscal year 2009-10, the District received \$39,210,191 of revenue limit source income, representing approximately 70% of its General Fund revenues. For fiscal year 2010-11, the District has budgeted \$41,529,284 of revenue limit source income, representing 74% of its projected General Fund revenues.

Funding of the District's revenue limit is accomplished by a mix of (1) local property taxes, and (2) State apportionments of basic and equalization aid. In fiscal year 2009-10, \$12,986,356 or approximately 33% of the District's revenue limit sources was derived from property taxes. Generally, the State's apportionments amount to the difference between the District's revenue limit and its local property tax revenues.

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

Federal Revenues

The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Drug Free Schools. The federal revenues, a portion of which is restricted, comprised approximately 9% of General Fund revenues in fiscal year 2008-09, approximately 8% in fiscal year 2009-10 and are budgeted to equal approximately 9% in fiscal year 2010-11.

Other State Revenues

As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax sources. In addition to such apportionment revenue, the District receives substantial other State revenues ("Other State Revenues"). In fiscal year 2008-09 and 2009-10, respectively, Other State Revenues comprised for approximately 12% and 14% of total General Fund revenues. In fiscal year 2010-11, Other State Revenues are budgeted to equal approximately 14% of total General Fund revenues. Many of the Other State Revenues are restricted to specific types of program uses such as special education, transportation, class size reduction and instructional materials.

Other Local Sources

In addition to property taxes, the District receives additional local sources ("Other Local Sources") from items such as the leasing of property owned by the District and interest earnings. These Other Local Sources comprised approximately 9% of the total General Fund revenues in fiscal year 2008-09 and 8% in fiscal year 2009-10, and are budgeted to equal approximately 5% of the total General Fund revenues in fiscal year 2010-11.

Special Reserve Fund for Other than Capital Outlay

The District maintains a Special Reserve Fund for Other than Capital Outlay, which is used to account for reserves set aside for general operating purposes. As of June 30, 2010, there was a balance of \$4,841,057 therein.

Capital Projects Funds

The District maintains a Capital Facilities Fund, separate and apart from the General Fund, to account for developer fees collected by the District. The District's developer fees may be utilized for any capital purpose related to growth. The District also maintains a Building Fund, a State School Building Lease-Purchase Fund and a Special Reserve Fund for Capital Outlay separate and apart from the General Fund to account for general obligation bond proceeds, State apportionments provided for the construction and reconstruction of school facilities and a reserve for Board designated construction projects, respectively.

Collection of developer fees followed a formal declaration by the Board of Trustees which addressed the overcrowding of District schools as a result of new development. These fees are collected pursuant to certain provisions of the Education Code of the State. The square-foot amounts are periodically adjusted for inflation and the current developer fee is \$[3.54] per square foot of habitable space on domestic housing developments. The current developer fee on commercial/industrial developments is \$[0.47] per square foot.

As of June 30, 2010, there was a balance of \$6,796,325 in the District's Capital Facilities Fund. As of June 30, 2010, a balance of approximately \$18,531,056 in the Building Fund from general obligation bonds proceeds, a balance of approximately \$0 in the State School Building Lease-Purchase Fund (which includes funds provided by the State) and a balance of approximately \$5,493,517 in the Special Reserve for Capital Outlay Fund.

DISTRICT DEBT STRUCTURE

Long-Term Debt

A schedule of changes in long-term debt of the District for the year ended June 30, 2010 is as follows:

Table 16
BEAUMONT UNIFIED SCHOOL DISTRICT
Long-Term Debt

<i>Long Term Debt</i>	<i>Balance July 1, 2009</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance June 30, 2010</i>
General Obligation Bonds	\$ 14,869,539	\$ 21,233,274	\$ 425,517	\$ 35,677,296
Certificates of Participation	6,715,739	-	276,999	6,438,740
Repayment to OPSC	3,467,735	-	1,693,007	1,774,728
Capital Leases	293,928	-	116,711	177,217
Compensated Absences	344,365	19,342	-	363,707
Other Post Employment Benefits	915,502	887,199	-	1,802,701
Pool Loan ⁽¹⁾	<u>1,150,000</u>	<u>-</u>	<u>1,150,000</u>	<u>-</u>
Total	<u>\$ 27,756,808</u>	<u>\$ 22,139,815</u>	<u>\$ 3,662,234</u>	<u>\$ 46,234,389</u>

⁽¹⁾ Reflects City loan that was forgiven as part of the sale of District property to the City.
Source: Beaumont Unified School District.

Obligation to Repay State School Building Program

In 2002, the Office of Public School Construction ("OPSC"), which oversees the State School Building Program, began an investigation related to the District's participation in the school building program. On July 2, 2003, the OPSC investigation concluded that the District had committed material inaccuracies in OPSC program funding applications that resulted in funding advantages. The State Allocation Board ("SAB"), based on the recommendations made to it by OPSC, rescinded prior unfunded approvals totaling

approximately \$49.2 million on ten schools, but agreed to allow the District to retain approximately \$8.9 million previously released for these projects for a period of three years.

The District has decided not to proceed with eight of the projects. In a July 24, 2006 meeting with the Office of Public Schools, the District requested the remaining apportionment from the July 2, 2003 State Allocation Board to be rescinded. The total amount of apportionment to be returned to the State, including interest earnings, amounts to \$8,093,199. The annual payment is due every year beginning July 1, 2007 through July 1, 2011. At June 30, 2010, the principal balance outstanding was \$1,774,728.

Short-Term Debt

The District has no short-term debt outstanding as of December 1, 2010.

Capital Leases

The District leases equipment under agreements that provide for title to pass upon expiration of the lease period. As of June 30, 2010, the future minimum lease payments were as follows:

<i>Fiscal Year</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2010-11	\$ 119,689	\$ 6,469	\$ 126,158
2011-12	56,502	2,373	58,875
2012-13	1,026	79	1,105
Total	<u>\$ 177,217</u>	<u>\$ 8,921</u>	<u>\$ 186,138</u>

Direct and Overlapping Debt

The information provided in Table 18 below has been provided by California Municipal Statistics, Inc. Neither the District nor the Underwriter has independently verified this information and do not guarantee its accuracy.

Contained within the District are numerous overlapping local agencies providing public services. These local agencies have outstanding debt issued in the form of general obligation, lease revenue and special tax and assessment bonds. The direct and overlapping debt of the District is shown in Table 18 below. Tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds, and non-bonded capital lease obligations are excluded from the debt statement.

Table 18
BEAUMONT UNIFIED SCHOOL DISTRICT
Direct and Overlapping Debt as of December 16, 2010

2010-11 Assessed Valuation:	\$3,630,880,321
Incremental Valuation:	<u>388,239,982</u>
Adjusted Assessed Valuation:	\$3,242,640,339

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/09</u>
San Bernardino Valley Joint Community College District	0.008%	\$ 34,482
Beaumont Unified School District	100.	32,360,683
San Gorgonio Memorial Healthcare District	63.488	68,541,645
City of Beaumont Community Facilities District No. 93-1	100.	181,952,773
City of Banning Assessment District No. 91-1	100.	<u>470,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$283,359,583

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	2.215%	\$15,884,743
Riverside County Pension Obligations	2.215	8,308,465
Riverside County Board of Trustees Certificates of Participation	2.215	136,666
San Bernardino County General Fund Obligations	0.003	20,722
San Bernardino County Pension Obligations	0.003	18,053
San Bernardino County Flood Control District General Fund Obligations	0.003	3,445
Mt. San Jacinto Community College District General Fund Obligations	5.869	731,864
Beaumont Unified School District Certificates of Participation	100.	24,438,740
City of Banning Certificates of Participation	5.801	<u>227,399</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$49,435,034
Less: Riverside County self-supporting obligations		<u>334,963</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$49,435,034

GROSS COMBINED TOTAL DEBT	\$333,129,580 ⁽¹⁾
NET COMBINED TOTAL DEBT	\$332,794,617

⁽¹⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2010-11 Assessed Valuation:

Direct Debt (\$32,360,683)	0.89%
Total Overlapping Tax and Assessment Debt.....	7.80%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$56,799,423)	1.75%
Gross Combined Total Debt	10.27%
Net Combined Total Debt.....	10.26%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: \$0

Source: California Municipal Statistics, Inc.

STATE CONSTITUTIONAL LIMITATIONS ON DISTRICT SOURCES AND EXPENDITURES

Principal of and interest on the Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE SERIES A BONDS" herein. Articles XIII A, XIII B, XIII C and XIII D of the Constitution, Propositions 39, 46, 49, 98, 111, 187, 227 and 1A, 1D and certain other provisions of law discussed below, are discussed in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy

taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy ad valorem taxes for payment of the 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

On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under "full cash value," or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition.

Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. The County is unable to predict the nature or magnitude of future revenue sources that may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Article XIII B

On November 6, 1979, California voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the California Constitution. In June 1990, Article XIII B was amended by the voters through their approval of Proposition 111. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the state to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is the 1978-79 fiscal year. Increases in appropriations by a governmental entity are also permitted (a) if financial responsibility for providing services is transferred to the governmental entity, or (b) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability

insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979 on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the Federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (a) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (b) the investment of tax revenues and (c) certain State subventions received by local governments. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

As amended in June 1990, the appropriations limit for local governments in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the local government's option, either (i) the percentage change in California per capita personal income, or (ii) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college ("K-14") districts.

As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by the District over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years. Any proceeds of taxes received by the District in excess of the appropriations limit are absorbed into the State's allowable limit. The District does not currently have and does not anticipate having "proceeds of taxes" in excess of its appropriations limit.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years. Pursuant to statute, if a school district receives any proceeds of taxes in excess of its appropriations limit, it may, by resolution of the governing board, increase its appropriations limit to equal the amount received, provided that the State has sufficient excess appropriations limit in that fiscal year.

Articles XIII C and XIII D

On November 5, 1996, California voters approved Proposition 218—Voters Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIII C and XIII D to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Among other things, Proposition 218 states that all taxes imposed by local governments shall be deemed to be either "general taxes" (imposed for general governmental purposes) or "special taxes" (imposed for specific purposes); prohibits special purpose government agencies, including 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. Proposition 218 also provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

Article XIII C also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The State Constitution and the laws of the State impose a mandatory, statutory duty on the County Treasurer and Tax Collector to levy a property tax sufficient to pay

debt service on the Series A Bonds coming due in each year. There is no court case which directly addresses whether the initiative power may be used to reduce or repeal the *ad valorem* taxes pledged to repay general obligation bonds. In the case of *Bighorn-Desert View Water Agency v. Virjil (Kelley)* (the "Bighorn Decision"), the California Supreme Court held that water service charges may be reduced or repealed through a local voter initiative subject to Article XIIC. The Supreme Court did state that it was not holding that the initiative power is free of all limitations. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. Legislation adopted in 1997 provides that Article XIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure that would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

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

The provisions of Article XIIC and XIID 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.

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

Unitary Property

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

Proposition 46

On June 3, 1986, California voters approved Proposition 46, which provided an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIC 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 XIII D. 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.

Proposition 98 and 111

On November 8, 1988, California voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" ("Proposition 98"). Proposition 98 changed State funding of public education below the university level and the operation of the State's appropriations limit, primarily by guaranteeing K-14 schools a minimum share of State General Fund revenues. Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 schools are guaranteed the greater of (a) 40.9% of State General Fund revenues (the "first test"), or (b) the amount appropriated to K-14 schools 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"), or (c) a "third test" which would replace the second test in any year when the percentage growth in per capita State General Fund revenues from the prior year plus 1/2 of 1% is less than the percentage growth in California per capita personal income. Under the third test, schools would receive the amount appropriated in the prior year adjusted for changes 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 would become a "credit" to schools which would be paid in future years when State General Fund revenue growth exceeds personal income growth.

Proposition 98 permits the Legislature by two-thirds vote of both houses, with the Governor's concurrence, to suspend the K-14 schools' minimum funding formula for a one-year period, and any corresponding reduction in funding for that year will not be paid in subsequent years. However, in determining the funding level for the succeeding year, the formula base for the prior year will be reinstated as if such suspension had not taken place. In certain fiscal years, the State Legislature and the Governor have utilized this provision to avoid having the full Proposition 98 funding paid to support K-14 schools.

Proposition 98 also changes how tax revenues in excess of the State Appropriations Limit are distributed. "Excess" tax revenues are determined based on a two-year cycle, so that the State could avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year were under its limit. After any two-year period, if there are excess State tax revenues, 50% of the excess would be transferred to K-14 schools with the balance returned to taxpayers. Further, any excess State tax revenues transferred to K-14 schools 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 will not be increased by this amount.

Since Proposition 98 is unclear in some details, there can be no assurance that the Legislature or a court might not interpret Proposition 98 to require a different percentage of State General Fund revenues to be allocated to K-14 districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, some fiscal observers expect Proposition 98 to place increasing pressure on the State's budget over future years, potentially reducing resources available for other

State programs, especially to the extent the Article XIII B spending limit would restrain the State ability to fund such other programs by raising taxes.

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. One major reason is that Proposition 98 minimums under the first test and the second test described above are dependent on State General Fund revenues. In several recent fiscal years, the State made actual allocations to K-14 districts based on an assumption of State General Fund revenues at a level above that which was ultimately realized. In such years, the State has considered the amounts appropriated above the minimum as a loan to K-14 districts, and has deducted the value of these loans from future years' estimated Proposition 98 minimums.

Proposition 39

On November 7, 2000, California voters approved Proposition 39, called the "Smaller Classes, Safer Schools and Financial Accountability Act" (the "Smaller Classes Act") which amends Section 1 of Article XIII A, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code and allows an alternative means of seeking voter approval for bonded indebtedness by 55 percent of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The 55 percent voter requirement applies only if the bond measure submitted to the voters includes, among other items: (1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," (2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list" and (3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIII A has been added to exempt from the one percent *ad valorem* tax limitation under Section 1(a) of Article XIII A of the Constitution levies to pay bonds approved by the 55 percent of the voters, subject to the restrictions explained above.

The Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39 and amends various sections of the Education Code. Under amendments to Section 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply in any single election: (1) for a school district, indebtedness shall not exceed \$30 per \$100,000 of taxable property, (2) for a unified school district, indebtedness shall not exceed \$60 per \$100,000 of taxable property, and (3) for a community college district, indebtedness shall not exceed \$25 per \$100,000 of taxable property. Finally, AB 1908 requires that a citizens' oversight committee must be appointed to review the use of the bond funds and inform the public about their proper usage.

On November 4, 2008, the District voters approved the issuance of \$125,000,000 of general obligation bonds pursuant to Proposition 39. The District will be issuing the Bonds pursuant to Proposition 39.

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 extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a

federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A

On November 2, 2004, California voters approved Proposition 1A, which amended the State Constitution to reduce significantly the State's authority over major local government revenue sources. Under Proposition 1A, the State may not (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 in 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 Fees revenues without providing local governments with equal replacement funding. Beginning in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including (a) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (b) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools of community colleges or to those mandates relating to employee rights.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D, and Propositions 26, 39, 98, 111 and 1A were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting school districts' revenues or such districts' ability to expend revenues.

There can be no assurance that the California electorate will not at some future time adopt other initiatives or that the Legislature will not enact legislation that will amend the laws or the Constitution of the State of California resulting in a reduction of amounts legally available to the District.

STATE OF CALIFORNIA FISCAL ISSUES

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guaranty the accuracy or completeness of this information and has not independently verified such information. The following information has been adapted from information recently provided by the State in connection with its issuance of certain of its bonds and the release of Governor's Proposed Budget for Fiscal Year 2011-12 and by the Legislative Analyst's Office (the "LAO") in reports dated October 12, 2010, November 10, 2010 and January 12, 2011 regarding the State's budget and fiscal outlook for the next several years.

As a result of State budget shortfalls in recent years, the District has received significantly less revenue from the State and has had to reduce expenditures. See "DISTRICT FINANCIAL MATTERS—Comparative Financial Statements and 2010-11 Adopted Budget" and "—Current Financial Condition" herein.

General Overview

Current Financial Stress on State Budget. Since the start of 2008, the State has been experiencing the most significant economic downturn and financial pressure since the Great Depression of the 1930s. As a result of continuing weakness in the state economy, state tax revenues have declined precipitously, resulting in large budget gaps and cash shortfalls. In response to the severe economic downturn, the State implemented substantial spending reductions, program eliminations, revenue increases, and other solutions in order to close an estimated \$60 billion budget gap over the combined 2008-09 and 2009-10 fiscal years. On October 8, 2010, the State adopted a budget for fiscal year 2010-11 (the “2010-11 State Budget”) to close an estimated budget gap of \$17.9 billion for the current fiscal year. Since the adoption of the fiscal year 2010-11 budget, many of the budget assumptions have not materialized and the State is now projecting a budget gap of \$8.2 billion in the current fiscal year and an additional \$17.2 billion in fiscal year 2011-12. On January 10, 2011, the Governor released his proposed budget for fiscal year 2011-12 to address the projected shortfall. See “STATE OF CALIFORNIA FISCAL ISSUES—Governor’s Proposed Budget for Fiscal Year 2011-12.”

Fiscal Outlook Report. The State is projecting that absent corrective actions, it will face substantial budget deficits for the next several fiscal years. On November 10, 2010, the LAO released a report entitled “The 2011-12 Budget: California’s Fiscal Outlook” (the “Fiscal Outlook Report”), which updates expenditure and revenue projections for fiscal year 2010-11 and projects budget shortfalls through fiscal year 2015-16. The following information has been adapted from the Fiscal Outlook Report.

The Fiscal Outlook Report provides the LAO’s projections of the State’s General Fund revenues and expenditures for fiscal years 2010-11 through 2015-16 under current law, absent any actions to close the State’s budget gap. Such projections primarily reflect current-law spending requirements and tax provisions, while relying on the LAO’s independent assessment of the outlook for the State’s economy, demographics, revenues, and expenditures.

The Fiscal Outlook Report concludes that although the 2010-11 Budget had projected the State would end fiscal year 2010-11 with a \$1.3 billion General Fund reserve, the LAO now projects, if no actions are taken, the State faces a 2010-11 year-end General Fund deficit of \$6.1 billion. The Fiscal Outlook Report attributes this projected budget deficit to (i) an expected failure to receive approximately \$3.5 billion in federal funding (or flexibility in operating state-federal programs like Medi-Cal), (ii) reductions in projected revenues and (iii) increases in projected expenditures. The Fiscal Outlook Report assumes the State will be unable to achieve fiscal year 2009-10 and/or fiscal year 2010-11 budget solutions totaling approximately \$3 billion. In addition, the Fiscal Outlook Report forecasts revenue for fiscal years 2009-10 and 2010-11 approximately \$447 million below the 2010-11 Budget assumptions, and projects that the State will be unable to achieve an additional \$800 million in budgeted solutions for fiscal year 2010-11 due to recent statutory changes. See, e.g., “STATE CONSTITUTIONAL LIMITATIONS ON DISTRICT SOURCES AND EXPENDITURES—Proposition 26.”

The Fiscal Outlook Report projects that, absent further budgetary adjustments, there will be a \$19 billion gap in fiscal year 2011-12 and annual budget gaps of about \$20 billion each year through fiscal year 2015-16. The LAO notes in the Fiscal Outlook Report that, because the methodology used generally assumes no cost of living adjustments, the projections probably understate the magnitude of the State’s fiscal problems during the forecast period.

Additional information regarding the Fiscal Outlook Report may be obtained from the LAO at www.lao.ca.gov. None of the information on the website is incorporated by reference herein.

Cash Management by State and Impact on Schools. The sharp drop in revenues over the last two fiscal years has also resulted in a significant depletion of cash resources to pay the State’s obligations. In July 2009, the State’s cash resources had dwindled so far that, commencing July 2, 2009, the State Controller began to issue registered warrants (or “IOUs”) for certain lower priority obligations in lieu of warrants (checks)

which could be immediately cashed. The registered warrants, the issuance of which did not require the consent of the recipients thereof, bore interest. With enactment of an amended budget in late July 2009, the State was able to call all its outstanding registered warrants for redemption on September 4, 2009. The issuance of state registered warrants in 2009 was only the second time the State has issued state registered warrants to such types of state creditors since the 1930s.

To better manage its cash flow in light of declining revenues, the State has enacted several statutes deferring the amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year, in order to more closely align the State's revenues with its expenditures. This technique has been used several times through the enactment of budget bills in fiscal years 2008-2009, 2009-2010 and 2010-11. Some of these statutory deferrals were made permanent, and others were implemented only for one fiscal year.

There can be no assurances that the fiscal stress and cash pressures currently facing the State will not continue or become more difficult, or that continuing declines in State tax receipts or other impacts of the current economic recession will not further materially adversely affect the financial condition of the State. The Department of Finance has projected that multi-billion dollar budget gaps will occur annually for several years in the future.

2010-11 State Budget

The 2010-11 State Budget was signed into law by the Governor on October 8, 2010. On October 12, 2010, the LAO released its summary of the major features of the 2010-11 State Budget (the "LAO Budget Summary"). The following information is adapted from LAO Budget Summary. The District has not independently verified the information in the LAO Budget Summary.

At the time of adoption of the 2010-11 State Budget, the State was projecting a fiscal year 2010-11 ending deficit of approximately \$17.9 billion, absent corrective measures. To address this gap, the 2010-11 State Budget relies on \$7.8 billion of expenditure and cost reductions, \$5.4 billion of federal funding measures, \$3.3 of revenue measures, and \$2.7 billion of loans, transfers and one-time fund shifts.

With the implementation of these measures, the 2010-11 State Budget assumes, for fiscal year 2009-10, year-end revenues of \$81.6 billion and expenditures of \$86.3 billion. The 2010-11 State Budget also assumes the State ended fiscal year 2009-10 with a budget deficit of \$6.3 billion. For fiscal year 2010-11, the 2010-11 State Budget projects total revenues of \$89.4 billion (an increase of 8.4% from the prior year) and authorizes total expenditures of \$86.5 billion (an increase of 0.2% from the prior year). Based on these revenue and expenditure assumptions, the 2010-11 State Budget projected to end fiscal year 2010-11 with a \$1.3 million surplus. The LAO notes that well over two-thirds of the measures included in the 2010-11 State Budget are of a one-time nature. As a result, the State is expected to continue facing structural deficit problems in future fiscal years.

Total Proposition 98 funding in the 2010-11 State Budget is increased in fiscal year 2010-11 to \$49.7 billion, including \$36.2 billion from the State general fund. This represents an increase of \$115 million, or 0.2%, from the prior year. To fund at this level, the 2010-11 State Budget authorizes the suspension of the Proposition 98 minimum funding requirement. Absent this suspension, the LAO estimates that Proposition 98 funding would need to increase by approximately \$4.1 billion in fiscal year 2010-11. The 2010-11 State Budget also projects a "settle up obligation" of approximately \$1.8 billion resulting from the State appropriating less funding in fiscal year 2009-10 than required by the Proposition 98 minimum funding guarantee. The 2010-11 State Budget provides for \$300 million to begin funding this settle-up obligation.

Although Proposition 98 funding increases slightly in fiscal year 2010-11, expenditure reductions are necessary because of the number of one-time solutions built into the fiscal year 2009-10 budget. To that end, the 2010-11 State Budget reduces total Proposition 98 expenditures by approximately \$3.4 billion. The bulk of this reduction is treated as payment deferral rather than a spending cut. Specifically, the 2010-11 State Budget

provides for the deferral of \$1.9 billion in State apportionments due in the spring of 2011, including \$1.7 billion for school districts and county offices of education. The 2010-11 State Budget projects significant savings in child care funding by requiring contractors to utilize accumulated reserves to offset contract amounts (\$83.1 million), reducing reimbursement rates for certain providers (\$18.7 million) and reducing administrative allowances for certain contractors (\$17.1 million). Other significant measures include a decrease of \$700 million in unallocated funds for a variety of K-12 categorical programs, and \$550 million in projected savings in the K-3 Class Size Reduction Program.

Other significant features of the 2010-11 State Budget includes the following:

- *Higher Education.* \$250 million of increased funding to the University of California system and \$260 million of increased funding to the California State University system. These augmentations are each \$106 million lower than the amounts included in the May Revision, reflecting the receipt of federal stimulus funding. The 2010-11 State Budget also includes a \$100 million reduction to the Cal Grant financial aid program, and instead backfills this reduction with excess revenue from the Student Loan Operating Fund.
- *State Employee Compensation.* The 2010-11 State Budget implements \$1.6 billion in reductions to State personnel costs, including \$896 million in anticipated savings from recent agreements with State employee unions and \$580 million in anticipated savings from a 5% reduction in the State workforce.
- *Social Services.* \$300 million in anticipated savings in the IHSS program, including \$190 million from the application of the State sales tax to IHSS providers, \$35 million from a 3.6% reduction to authorized service hours for IHSS recipients, and a \$75 million adjustment to reflect a lower than anticipated caseload.
- *Medi-Cal.* \$187 million in anticipated savings by requiring managed care enrollment of certain Medi-Cal recipients, \$100 million in anticipated savings from rate freezes and reductions to certain Medi-Cal providers, and \$26 million in assumed savings from antifraud efforts.
- *CalWORKs.* The 2010-11 State Budget does not include the proposed elimination of the CalWORKs program included in the May Revision. However, CalWORKs funding was subject to various Gubernatorial vetoes, as discussed below.
- *Corrections/Rehabilitation.* \$820 million in unallocated reductions to inmate medical services achieved primarily by paroling certain sick inmates. The 2010-11 State Budget also assumes \$219 million in savings from unspecified adult correctional population changes.
- *State Courts.* \$405 million reduction to State general fund support for trial courts. This reduction would be largely offset by a one-time shift of \$350 million in redevelopment funding.
- *Local Mandate Securitization.* The 2010-11 State Budget authorizes joint powers authorities to issue up to \$1 billion of ten-year "local mandate claim receivables" backed by the State's repayment obligation to cities, counties and special districts. Under the plan, the State would pay interest on the receivables at a rate of 2% per year, with local agencies bearing all other additional interest or issuance costs.
- *Federal Funding.* As mentioned above, the 2010-11 State Budget assumes \$5.4 billion in federal funding measures, allowing for a like reduction of State general fund costs. This additional funding is to be achieved primarily through federal approval for reductions in state costs or service levels, and the receipt of additional federal stimulus funding. The LAO notes that most of these measures have not been approved by Congress.

- *Revenue Measures.* The 2010-11 State Budget includes \$3.3 billion of revenue measures, including (i) \$1.4 billion in additional revenues by adopting the LAO's May 2010 revenue forecast, (ii) \$1.2 billion of additional revenues by extending the current ban on Net Operating Loss tax deductions, and (iii) \$1.2 billion in one-time revenue from the sale of 11 state office properties.
- *Gubernatorial Vetoes.* In signing the budget, the Governor vetoed \$963 million in State general fund expenditures, including (i) \$256 million by eliminating CalWORKs Stage 3 child care, (ii) \$80 million for child welfare services, (iii) \$12 million for HIV/AIDS health programs, (iv) \$10 million for health clinics, (v) \$6 million for community based programs run by the Department of Aging, and (vi) \$133 million of funding for student mental health services.

Additional information regarding the 2010-11 State Budget is available from the LAO's website: www.lao.ca.gov. None of the information on the website is incorporated by reference herein.

Governor's Proposed 2011-12 State Budget

Overview. Governor's 2011-12 Proposed Budget. On January 10, 2011 the Governor released his proposed budget for fiscal year 2011-12 (the "Proposed Budget"). On January 12, 2011 the LAO released its Overview of the Governor's Budget (the "LAO Overview"). The following information has been adapted from excerpted portions of the LAO Overview.

The Proposed Budget estimates that, without corrective action by the Legislature and the Governor, the State would end 2011-12 with a \$25.4 billion deficit. Specifically, the administration estimates that the General Fund will end 2010-11 with a deficit of \$8.2 billion (as opposed to the \$1.5 billion reserve balance assumed when the 2010-11 State Budget was adopted). For 2011-12, the Governor estimates that the gap between expenditures and revenues will be \$17.2 billion.

In total, the Governor proposes \$26.4 billion in budget solutions. If adopted and achieved in full, the Governor's budget plan would leave the State with a reserve of around \$1 billion at the end of 2011-12. The Governor proposes to reduce current-law General Fund state expenditures by \$12.5 billion. These expenditure-related solutions include both reductions in services and benefits and use of other funding sources in lieu of the General Fund. The Governor proposes a total of \$14 billion in new revenues, of which \$3 billion is attributed to 2010-11. The additional revenues to be deposited in the General Fund would result in a \$2 billion increase in the Proposition 98 minimum funding guarantee for schools and community colleges (reducing the net effect of these new revenues to \$12 billion). The remaining \$1.9 billion in solutions comes from borrowing from special funds and other sources.

The LAO reports that two significant and interrelated themes run through the Governor's budget package: (1) his plan to submit a proposed extension of the four temporary tax increases adopted in February 2009 to voters in a June 2011 special election and (2) his plan to restructure the state-local relationship in the delivery of services by shifting funding and responsibility to local governments for those services (referred to herein as "realignment"). In addition, the Governor proposes dramatic changes in the area of local economic development by proposing the elimination of redevelopment agencies.

The LAO notes that the Governor proposes to put two ballot measures before the voters in a June special election: (1) a constitutional measure to extend the temporary tax increases by another five years and to dedicate two of these revenues to realignment and (2) a measure to change state law provisions regarding certain tobacco product excise taxes to allow the funds to be used in the Medi-Cal Program. The LAO expects that the Governor will ask that a separate measure be placed on a future election ballot to allow new mechanisms for funding redevelopment at the local level.

The administration has proposed an accelerated budget process with a target date of March 1 to have all of the enabling legislation necessary to implement the budget solutions in place. This approach would allow the Legislature and the administration to put in place the budget solutions required to address the budget deficit in March and then finalize action on the budget bill—presumably in June—prior to the state legislature's June 15 constitutional deadline for adopting a balanced budget. In the view of the administration, this would allow for the incorporation of any updated forecasts included in the Governor's May Revision of the Proposed Budget, as well as the results of the special election.

While the Governor's revenue proposals result in a \$2 billion increase in the Proposition 98 minimum funding guarantee for schools above its current-law level, the Proposed Budget would result in a small programmatic funding decline for K-12 education and more significant reductions for community colleges and child care programs. The Proposed Budget reduces total Proposition 98 spending by less than 1% from the current year to the budget year. Under the Governor's plan, K-12 funding would change negligibly from 2010-11 to 2011-12. By comparison, community college district funding would be reduced \$361 million or 6.3%. The Governor's Proposition 98 plan includes no cost-of-living-adjustments but funds enrollment growth for K-12 education (0.22%) and community college districts (1.9%).

Under the Governor's plan, K-12 programmatic funding per student decreases by about \$100 or 1.4% from 2010-11 to 2011-12. Most of the decline in K-12 per student funding is attributable to the loss of federal stimulus funding. Under the Proposed Budget, K-12 per student programmatic funding in 2011-12 would be 6.4% lower than the fiscal year 2007-08 level.

The most substantial component of the Governor's Proposition 98 plan consists of \$2.2 billion in new inter-year deferrals from 2011-12 to 2012-13—\$2.1 billion from K-12 revenue limit payments and \$129 million from community college district apportionment payments. In addition to the inter-year deferrals, the Governor proposes to continue intra-year deferrals to help with the State's cash flow problems. The Governor's intra-year deferral plan would delay \$2.5 billion in K-12 payments and \$200 million in community college district apportionments beginning in July 2011, reflecting the same magnitude as the 2010-11 intra-year deferrals. The LAO notes that the State's reliance on deferrals over the last several years has placed a large cash flow burden on school districts and community college districts. At existing levels, 16 percent of 2010-11 Proposition 98 apportionments will be paid in 2010-12. Under the Governor's proposal, 20 percent of 2011-12 Proposition 98 apportionments would be paid in 2012-13. The LAO concludes that on a combined basis, the inter-year and intra-year deferrals could result in school districts and community college districts facing significant cash flow difficulties in the summer and fall of 2012.

The Governor proposes to achieve \$750 million in Proposition 98 child care savings by making four major policy changes: (1) reducing child care subsidies by about 35%; (2) reducing income eligibility for subsidized child care from 75% to 60% of state median income, (3) eliminating subsidized child care for 11- and 12-year olds, and (4) reducing a portion of CalWORKs caseload based on reform proposals. After accounting for various other federal and state adjustments, the Governor's proposal would reduce total 2011-12 funding for Proposition 98-supported child care programs by about \$652 million (29%) and child care slots by about 9,900 (3%) compared to 2010-11.

The Governor proposes a \$400 million reduction to community college apportionments. In addition, the Governor reduces Proposition 98 funding for the Division of Juvenile Facilities by \$8.7 million to reflect a three-year phase-out linked with his realignment proposal and provides no funding authority for the State's student and teacher data systems pending a comprehensive review of the two projects. In contrast to the proposed reductions, the Governor proposes two notable K-12 augmentations. First, the Governor provides \$90 million to cover the ongoing cost of about 35 K-14 mandates. Though this is the same level of support as provided in the current year, the State used one-time funds in 2010-11. Second, the Governor provides \$43 million in ongoing funding (and \$11 million in one-time funding) for the Emergency Repair Program, which provides grants to low-performing schools to pay for school facility repairs needed for public health or safety reasons.

The Governor's plan also includes a two-year extension of existing K-14 fiscal relief options. For both school districts and community colleges, the Governor proposes to extend "categorical flexibility" from 2012-13 through 2014-15, reducing restrictions on funding associated with certain categorical programs. For school districts, the plan also would extend the existing K-3 Class Size Reduction Program from 2011-12 through 2013-14. Additionally, for school districts, the Governor proposes extending for two years the existing statutory provisions that reduce routine maintenance requirements, suspend deferred maintenance requirements, postpone instructional materials purchases, and lower unrestricted budget reserve requirements.

The Proposed Budget would also eliminate the Office of the Secretary of Education, resulting in estimated non-Proposition 98 General Fund net savings of roughly \$400,000 in the current year and \$1.6 million in the budget year.

Although the LAO concludes that the Proposed Budget's estimate of the size of the budget problem and its assumptions of the effectiveness of the proposed solutions are generally reasonable, it finds that significant political and practical obstacles to the proposed solutions may exist and notes that, in total, around \$12 billion of the Governor's proposed budget solutions are dependent upon voter approval in June. The LAO credits the Governor's efforts to craft a budget plan that is heavily focused on multiyear and ongoing solutions. The LAO's early assessment of the effects of the Proposed Budget in fiscal year 2012-13 and beyond is somewhat less favorable than the administration's, but the LAO concludes that the Proposed Budget would go a long way toward eliminating the State's persistent budget gap.

Additional information regarding the Proposed Budget for fiscal year 2011-12 may be obtained from the LAO at www.lao.ca.gov and from the Department of Finance at www.dof.ca.gov/budget/. None of the information on these websites is incorporated by reference herein.

Future Budgets and Actions

The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address the current State budget deficit, changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools. Continued State budget shortfalls in future fiscal years could have an adverse financial impact on the State General Fund budget.

Litigation Challenging Method of School Financing

In *Robles-Wong, et al. v. State of California* (Alameda County Superior Court, Case No. RG-10-515768), plaintiffs challenge the state's "education finance system" as unconstitutional. Plaintiffs, consisting of 62 minor school children, various school districts, the California Association of School Administrators and the California School Boards Association, allege the state has not adequately fulfilled its constitutional obligation to support its public schools, and seek an order enjoining the state from continuing to operate and rely on the current financing system and to develop a new education system that meets constitutional standards as declared by the court.

The District cannot predict the outcome of this litigation or its possible impact on the District's financial condition.

LEGAL MATTERS

Tax Matters

Bonds. In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. Bond Counsel notes that, with respect to corporations, interest (and original issue discount) on the Bonds may be included in adjusted current earnings when calculating the alternative minimum taxable income of corporations.

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond. The amount of original issue discount that accrues to the owner of the Bond is excluded from gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest on the Bonds (and original issue discount) is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Bond Counsel's engagement with respect to the Bonds terminates upon their issuance and Bond Counsel disclaims any obligation to update the matters set forth in its opinion. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on exclusion from gross income for federal income tax purposes of interest (and original issue discount) on any Bond as to which any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinion of Bond Counsel with respect to the Bonds is set forth in Appendix A hereto.

Legal Opinion

The legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, approving the validity of the Bonds, substantially in the form of Appendix A hereto, will be made available to purchasers at the time of original delivery of the Bonds and a copy of the opinion will be delivered with each Bond. Bond Counsel expresses no opinion to the Owners of the Bonds as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds and expressly disclaims any duty to advise the Owners of the Bonds as to matters related to the Official Statement.

Legality for Investment in California

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the California Government Code, are eligible for security for deposits of public moneys in the State.

No Litigation

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

CONTINUING DISCLOSURE

In connection with the issuance of the Bonds, the District has covenanted for the benefit of bondholders (including beneficial owners of the Bonds) to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than February 1 following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2010-11 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. The Annual Reports and notices of material events will be filed by the District in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be contained in the Annual Reports or the notices of events is included in APPENDIX C—"FORM OF CONTINUING DISCLOSURE AGREEMENT" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

During the past five years, the District has not failed to comply in all material respects with its previous undertakings with regard to the Rule to provide annual reports or notices of material events, except that, during 2008 and 2009, the District did not file all notices of rating changes resulting from downgrades to various municipal bond insurers insuring certain of its obligations. On December 7, 2009, the required notice was filed and the District is now current in its reporting requirements.

MISCELLANEOUS

Ratings

[Moody's Investors Service ("Moody's") and Standard & Poor's Rating Service ("S&P"), are expected to assign the Bonds the long term ratings of "____" and "____," respectively, based on the issuance of the Policy of the Insurer insuring the payment when due of the principal of and interest on the Bonds upon their delivery.] S&P and Moody's have also assigned the Bonds the unenhanced long term ratings of "____" and "____," respectively.

Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Standard & Poor's Corporation, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

Underwriting

The Bonds are being purchased for reoffering by Piper Jaffray & Co. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds pursuant to a Contract of Purchase with the District (the "Contract of Purchase") at the initial purchase price of \$_____ (which represents the aggregate principal amount of the Bonds, plus original issue premium of \$_____, less Underwriter's discount of \$_____, less costs of issuance of \$_____). The Contract of Purchase provides that the Underwriter will purchase all of the Bonds. The obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase.

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

Piper Jaffray & Co., ("Piper") has entered into an agreement (the "Distribution Agreement") with Advisors Asset Management, Inc. ("AAM") for the distribution of certain municipal securities offerings allocated to Piper at the original offering prices. Under the Distribution Agreement, if applicable to the Bonds, Piper will share with AAM a portion of the fee or commission, exclusive of management fees, paid to Piper.

Audited Financial Statements

The District's audited financial statements for fiscal year 2009-10 included in this Official Statement have been audited by Nigro, Nigro & White, PC, independent auditors. Attention is called to the scope limitation described in the auditor's report accompanying the financial statements. Nigro, Nigro & White, PC has not been requested to consent to the inclusion of its report in this Official Statement. Nigro, Nigro & White, PC has not undertaken to update the audited financial statements for fiscal year 2009-10 or its report, and no opinion is expressed by Nigro, Nigro & White, PC with respect to any event subsequent to its report dated October 26, 2010. See APPENDIX B—"DISTRICT'S 2009-10 AUDITED FINANCIAL STATEMENT" herein.

Financial Interests

The fees being paid to the Underwriter and Bond Counsel are contingent upon the issuance and delivery of the Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds.

Participants in this bond issue may have made voluntary contribution(s) to support the election authorizing the Bonds. These contributions are reported to the California Secretary of State by the filing of a Major Donor and Independent Expenditure Committee Campaign Statement (California Fair Political Practices Commission Form 461).

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the Bonds. Quotations from and summaries and explanations of the Bonds, and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

Piper Jaffray & Co. is acting as the Underwriter of the Bonds and has received a variety of District reports. These reports include audits and budgets. Any Bond Owner may obtain copies of such reports, as available, from the District at 500 Grace Avenue, Beaumont, California 92223. The District may impose a charge for copying, mailing and handling.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

The delivery of this Official Statement has been duly authorized by the District.

BEAUMONT UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

FORM OF OPINIONS OF BOND COUNSEL

On the date of issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to issue its approving opinion relating to the Bonds in substantially the following forms:

[Closing Date]

Honorable Members of the Board of Trustees
Beaumont Unified School District
Beaumont, California

Re: \$ _____ *Beaumont Unified School District Election of 2008 General Obligation Bonds Series C*

Dear Honorable Members of the Board of Trustees:

We have examined the Constitution and the laws of the State of California, a certified record of the proceedings of the County of Riverside (the "County") and the Beaumont Unified School District (the "District") taken in connection with the authorization and issuance of the District's Election of 2008 General Obligation Bonds Series C in the aggregate principal amount of \$ _____ (the "Bonds") and such other information and documents as we consider necessary to render this opinion. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the County, the District, the initial purchaser of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The Bonds have been issued by the County on behalf of the District pursuant to Article 4.5, Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution, a resolution adopted by the Board of Trustees of the District on _____, 2011 (the "District Resolution") and a resolution adopted by the Board of Supervisors of the County on _____, 2011 (the "County Resolution"). Capitalized terms not otherwise defined herein shall have the meaning set forth in the County Resolution.

The Bonds mature on the dates and in the amounts referenced in the County Resolution. The Current Interest Bonds are dated their date of delivery and bear interest payable semiannually on each February 1 and August 1, commencing August 1, 2011, at the rates per annum described in the County Resolution. The Capital Appreciation Bonds are dated their date of delivery and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2011, which accreted interest is payable only at maturity. The Convertible Capital Appreciation Bonds are dated their date of delivery and accrete interest from such date compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2011, to the Conversion Date and thereafter bear interest payable semiannually on each February 1 and August 1 at the rate per annum referenced in the County Resolution. The Bonds are registered bonds substantially in the forms set forth in the County Resolution.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

(1) The Bonds have been duly and validly authorized and constitute legal, valid and binding obligations of the District enforceable in accordance with their terms and the terms of the District Resolution

and County Resolution, except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion in appropriate cases and by limitations on legal remedies against public agencies in the State of California. The Bonds are obligations of the District but are not a debt of the County, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and neither the faith and credit nor the taxing power of the County, the State of California, or any such political subdivisions is pledged for the payment thereof.

(2) The County Resolution has been duly adopted by the Board of Supervisors of the County and constitutes a legal, valid and binding obligation of the County. The District Resolution has been duly adopted by the Board of Trustees of the District and constitutes a legal, valid and binding obligation of the District. The County Resolution and the District Resolution are enforceable in accordance with their terms except as the same may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion in appropriate cases and by limitations on legal remedies against public agencies in the State of California, provided, however, we express no opinion as to the enforceability of provisions of the District Resolution and the County Resolution as to indemnification, penalty, contribution, choice of law, choice of forum or waiver contained therein.

(3) The Bonds are secured by the proceeds of *ad valorem* taxes levied upon taxable property in the District which the County and the County of San Bernardino have the power to levy and are obliged by statute to levy without limit as to rate or amount (except as to certain personal property which is taxable at limited rates) for payment of the Bonds and the interest thereon.

(4) Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; provided that such interest may be included as an adjustment in the calculation of alternative minimum taxable income of corporations.

(5) Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

(6) The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity are to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond owner will increase such Bond owner's basis in the applicable Bond. Original issue discount that accrues for a Bond owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals or corporations (as described in paragraph 4 above) and is exempt from State of California personal income tax.

(7) The amount by which a Bond owner's original basis for determining loss on sale or exchange in the applicable Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond owner realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner.

The opinions expressed in paragraphs (4) and (6) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements. Except as set forth in paragraphs (4), (5), (6) and (7) above, we express no opinion as to any tax consequences related to the Bonds.

Certain agreements, requirements and procedures contained or referred to in the County Resolution, the District Resolution and the Tax Certificate executed by the District with respect to the Bonds may be changed and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax exempt obligations. We express no opinion as to the effect on the exclusion from gross income for federal income tax purposes of the interest (and original issue discount) on any Bonds if any such change occurs or action is taken or omitted upon advice or approval of bond counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

We are admitted to the practice of law only in the State of California and our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions expressed herein and the exclusion of interest on the Bonds from gross income for federal income tax purposes may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement as Bond Counsel terminates upon the issuance of the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

APPENDIX B

DISTRICT'S 2009-10 AUDITED FINANCIAL STATEMENT

APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the "Disclosure Agreement") dated as of _____, 2011 is executed and delivered by the Beaumont Unified School District (the "Issuer") and U.S. Bank National Association, as dissemination agent (the "Dissemination Agent") in connection with the issuance and delivery of \$_____ Election of 2008 General Obligation Bonds Series C (the "Bonds"). The Bonds are being issued pursuant to resolution of the Issuer, adopted on _____, 2011 (the "District Resolution"), and resolution of the Board of Supervisors of the County of Riverside adopted on October 27, 2009 (the "County Resolution" and, together with the District Resolution, the "Resolution"). The Issuer and the Dissemination Agent, as dissemination agent covenant as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

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

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

"Disclosure Representative" shall mean the Superintendent of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean, initially, U.S. Bank National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designed in writing by the Issuer and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB.

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

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

"Participating Underwriter" shall mean Piper Jaffray & Co. as the original underwriter of the Bonds.

"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.

"Tax-exempt" shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preferences or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent upon written direction to, not later than the February 1 following the end of the Issuer's fiscal year, commencing with the report for the fiscal year ending June 30, 2011, provide to the MSRB the first Annual Report due by February 1, 2011 and each Annual Report due thereafter, which Annual Report shall be consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report shall be provided to the MSRB in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

The Annual Report shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. The Issuer's fiscal year is currently effective from July 1 to the immediately succeeding June 30 of the following year. The Issuer will promptly notify the MSRB and the Dissemination Agent of a change in the fiscal year dates. The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to such date the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the MSRB by the date required in subsection (a), the Dissemination Agent shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) confirm the electronic filing requirements of the MSRB for the Annual Reports; and

(ii) promptly after receipt of the Annual Report, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided to the MSRB. The Dissemination Agent's duties under this clause (ii) shall exist only if the Issuer provides the Annual Report to the Dissemination Agent for filing.

(e) Notwithstanding any other provision of this Disclosure Agreement, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

SECTION 4. Content of Annual Reports. The Annual Report shall contain or include by reference the following:

(a) (i) The audited financial statements of the Issuer for the most recent fiscal year of the Issuer then ended; (ii) the most recently adopted budget of the Issuer and, if required to be prepared and filed, the First Interim Report for the current fiscal year; and (iii) an update of the information contained in Tables 1 through 3 and 7 contained under the headings "TAX BASE FOR REPAYMENT OF THE BONDS" and "THE DISTRICT" in the Official Statement for the Bonds. If the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial

statements of the Issuer in a format similar to the financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements, if any, of the Issuer shall be audited by such auditor as shall then be required or permitted by State law. Audited financial statements shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the Issuer may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Issuer shall modify the basis upon which its financial statements are prepared, the Issuer shall provide a notice of such modification to the MSRB, including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the change in accounting basis.

(b) 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 Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer 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 more than ten (10) business days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
6. tender offers;
7. defeasances;
8. ratings changes; and
9. bankruptcy, insolvency, receivership or similar proceedings.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

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

1. unless described in paragraph 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
3. appointment of a successor or additional trustee or the change of the name of a trustee;
4. nonpayment related defaults;
5. modifications to the rights of Owners of the Bonds;
6. notices of redemption; and
7. release, substitution or sale of property securing repayment of the Bonds.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event described in subsection (b), the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) business days after the event.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Certificate is the responsibility of the Issuer and that the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

(g) Any of the filings required to be made under this Section 5 shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

SECTION 6. Termination of Reporting Obligation. The obligation of the Issuer and the Dissemination Agent under this Disclosure Agreement 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 Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under the Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank National Association. The Dissemination Agent may resign by providing thirty days written notice to the Issuer. The Dissemination Agent shall not be responsible for the content of any report or notice prepared by the Issuer. The Dissemination Agent shall have no duty to prepare

any information report nor shall the Dissemination Agent be responsible for filing any report not provided to it by the Issuer in a timely manner and in a form suitable for filing.

SECTION 8. Amendment. (a) This Disclosure Agreement may be amended, by written agreement of the parties, without the consent of the Owners, if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Disclosure Agreement as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) there shall have been delivered to the Issuer an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer, to the same effect as set forth in clause (2) above, (4) the Issuer shall have received and delivered to the Dissemination Agent, if other than the Issuer, an opinion of nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the Issuer, to the effect that the amendment does not materially impair the interests of the Owners, and (5) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

(b) This Disclosure Agreement may be amended, by written agreement of the parties, upon obtaining consent of Owners at least 25% of the outstanding Bonds; provided that the conditions set forth in Section 8(a)(1), (2) and (3) have been satisfied; and provided, further, that the Dissemination Agent shall be obligated to enter into any such amendment that modifies or increases its duties or obligations hereunder.

(c) To the extent any amendment to this Disclosure Agreement results in a change in the type of financial information or operating data provided pursuant to this Disclosure Agreement, the first Annual Report provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change.

(d) If an amendment is made to the basis on which financial statements are prepared, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

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

The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer, and that under some circumstances compliance with this Disclosure Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

SECTION 10. Default. In the event the Issuer fails to comply with any provision in this Disclosure Agreement, the Dissemination Agent may (or shall upon direction of the Owners of 25% in aggregate principal amount of the Bonds then outstanding or the Participating Underwriter) take all action necessary to cause the Issuer to comply with this Disclosure Agreement. In the event of a failure of the Issuer to comply with any

SECTION 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

BEAUMONT UNIFIED SCHOOL DISTRICT

By: _____
Its: Superintendent

U.S. BANK NATIONAL ASSOCIATION, as
Dissemination Agent

By: _____
Its: Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Beaumont Unified School District
Name of Bond Issue: Beaumont Unified School District
Riverside County, California
Election of 2008 General Obligation Bonds Series C
Date of Issuance: _____, 2011

NOTICE IS HEREBY GIVEN that the Beaumont Unified School District (the "School District") has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Agreement, dated as of _____, 2011, by and between the School District and U.S. Bank National Association, as dissemination agent. [The School District anticipates that the Annual Report will be filed by _____.]

Dated: _____, 20__

U.S. BANK NATIONAL ASSOCIATION, Dissemination Agent

cc: School District

APPENDIX D

**COUNTY OF RIVERSIDE OFFICE OF THE TREASURER-TAX COLLECTOR
2009 STATEMENT OF INVESTMENT POLICY**

APPENDIX E

INFORMATION CONCERNING THE CITY OF BEAUMONT AND COUNTY OF RIVERSIDE

The following information concerning the City of Beaumont and the County of Riverside is presented as general background data. The City of Beaumont comprises approximately one-third of the District's territory. The Bonds are not an obligation of the City of Beaumont, the County of Riverside, the State of California or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.

History

The word Beaumont, means "beautiful mountain" which aptly describes the locality of the City of Beaumont and its surrounding area. The origins of Beaumont can be traced back to the 1840s when the first business was established. By 1860, Beaumont had become a stop for the stage coaches in route to the gold fields of Yuma, Arizona. By January 26, 1876, the Southern Pacific had begun rail service through the Beaumont area, and by 1892, there were four passenger trains running from Colton to Banning. During this time, the train depot was constructed in Beaumont.

By the 1880s, George Egan had purchased ranch land in which he laid out the townsite of Beaumont, developed water resources and established the town's first hotel, the Summit House. The townsite was purchased in 1886 by Dr. H.C. Sigler and Associates, and by the following year, the town had planted trees, laid out streets and changed its name to Beaumont.

The community had experienced steady growth into the 20th Century; however, by the 1950s, the Southern Pacific had ceased its passenger train operations in the community. Beaumont's present day economic basis is structured on light manufacturing, agriculture and tourism. One of the key attractions of Beaumont is its Cherry Festival which dates back to 1919.

Population

The following table offers population figures for Beaumont, the County and the State as of January 1, 2006 through January 1, 2010.

<i>Area</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
City of Beaumont	23,249	28,216	31,308	32,448	34,217
County of Riverside	1,962,198	2,030,054	2,077,183	2,127,529	2,139,535
State of California	37,087,005	37,463,609	37,871,509	38,255,508	38,648,090

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2001-2010, with 2000 Benchmark, Sacramento, California, May 2010.

Employment

The following table sets forth the major employers located in the County during 2009.

**COUNTY OF RIVERSIDE
Major Employers⁽¹⁾**

<i>Name</i>	<i>Employees</i>	<i>Type of business or entity</i>
County of Riverside	21,425	County government
March Air Reserve Base	8,400	Government/military
University of California, Riverside	7,147	Educational Institution
Wal-Mart	6,550	Retail store
Stater Brothers Markets	6,500	Grocery retailer
Riverside Unified School District	5,099	Education
Pechanga Resort & Casino	5,000	Casino/resort
Abbott Vascular	4,500	Medical & biotech manufacturer
Riverside Community College District	3,765	Higher education
Kaiser Permanente Riverside Medical Center	3,200	Healthcare
City of Riverside	3,000	City government
Temecula Valley Unified School District	2,752	Education
Hemet Unified School District	2,590	Education
Morongo Casino, Resort & Spa	2,402	Casino/resort
Eisenhower Medical Center	2,223	Healthcare

⁽¹⁾ The County itself does not directly maintain employment records, but relies upon a variety of independent surveys, as well as upon its own surveys to identify major employers.

Source: *The Business Press, The 2009 Book of Lists.*

The table below lists the ten largest employers located in the area of the District.

**BEAUMONT UNIFIED SCHOOL DISTRICT
Largest Employers**

<i>Name</i>	<i>Employment</i>
Morongo Casino	1,900
Desert Hills Premium Outlets	1,700
Beaumont Unified School District	679
Morongo Resort & Spa	563
Banning Unified School District	479
Deutsch Manufacturing	464
San Geronio Memorial Hospital	250
Lowe's Distribution Center	250
City of Banning	200
Priority Pallet	150

Source: County of Riverside, Economic Development Department, 2007.

Employment and Industry

Employment data by industry is not separately reported on an annual basis for Beaumont but is compiled for the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the "MSA"), which includes all of Riverside and San Bernardino Counties. In addition to varied manufacturing employment, the MSA has large and growing commercial and service sector employment, as reflected in the table below. The following table represents the Annual Average Labor Force and Industry Employment for the MSA for the period from 2004 through 2008.

RIVERSIDE-SAN BERNARDINO-ONTARIO MSA Riverside, San Bernardino Counties Industry Employment & Labor Force - by Annual Average March 2009 Benchmark

	2005	2006	2007	2008	2009
Civilian Labor Force	1,707,400	1,751,300	1,774,800	1,783,800	1,778,200
Civilian Employment	1,616,600	1,665,100	1,671,900	1,636,900	1,541,600
Civilian Unemployment	90,800	86,700	102,900	146,900	236,500
Civilian Unemployment Rate	5.3%	4.9%	5.8%	8.2%	13.3%
Total Farm	18,300	17,300	16,400	15,900	15,200
Total Nonfarm	1,222,000	1,267,700	1,270,900	1,223,800	1,131,900
Total Private	1,001,600	1,045,200	1,045,600	994,000	904,600
Goods Producing	245,700	252,300	232,400	198,800	157,100
Natural Resources and Mining	1,400	1,400	1,300	1,200	1,200
Construction	123,300	127,500	112,500	90,700	67,400
Manufacturing	121,000	123,400	118,500	106,900	88,500
Durable Goods	86,100	86,900	82,100	72,500	58,100
Nondurable Goods	35,000	36,500	36,500	34,300	30,400
Service Providing	976,300	1,015,400	1,038,600	1,025,000	974,800
Private Service Providing	755,900	793,000	813,200	795,200	747,500
Trade, Transportation and Utilities	275,900	291,100	301,900	292,900	269,700
Wholesale Trade	49,900	54,200	56,800	54,100	48,300
Retail Trade	165,700	173,200	175,600	168,600	154,900
Transportation, Warehousing and Utilities	60,200	63,800	69,500	70,200	66,500
Information	14,500	15,300	15,400	14,900	14,800
Financial Activities	49,000	51,600	50,200	46,700	43,600
Professional and Business Services	133,200	142,300	145,000	137,400	127,300
Educational and Health Services	119,900	122,100	127,000	131,500	132,600
Leisure and Hospitality	122,600	128,100	132,600	131,000	123,000
Other Services	40,800	42,500	41,200	40,800	36,700
Government	220,400	222,500	225,300	229,900	227,300
Total, All Industries	<u>1,240,300</u>	<u>1,285,000</u>	<u>1,287,300</u>	<u>1,239,700</u>	<u>1,147,100</u>

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.

Source: State of California, Employment Development Department, Labor Market Information Division, Riverside-San Bernardino-Ontario MSA Annual Average Labor Force and Industry Employment, March 2009 Benchmark

The following table summarizes the labor force, employment and unemployment figures for the years 2005 through 2009 for Beaumont, the County, the State and the nation as a whole.

**CITY OF BEAUMONT, COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA AND UNITED STATES
Average Annual Civilian Labor Force, Employment and Unemployment**

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment⁽¹⁾</i>	<i>Unemployment⁽²⁾</i>	<i>Unemployment Rate (%)⁽³⁾</i>
2005				
Beaumont	6,300	5,900	400	6.2%
Riverside County	854,300	808,100	46,100	5.4
California	17,544,800	16,592,200	952,600	5.4
United States ⁽⁴⁾	149,320,000	141,730,000	7,591,000	5.1
2006				
Beaumont	6,500	6,100	400	5.8%
Riverside County	886,300	841,700	44,600	5.0
California	17,718,500	16,851,600	866,900	4.9
United States ⁽⁴⁾	151,428,000	144,427,000	7,001,000	4.6
2007				
Beaumont	6,700	6,200	500	6.9%
Riverside County	907,400	852,900	54,500	6.0
California	17,970,800	17,011,000	959,800	5.3
United States ⁽⁴⁾	153,124,000	146,047,000	7,078,000	4.6
2008				
Beaumont	6,800	6,100	700	9.7%
Riverside County	916,700	838,800	77,900	8.5
California	18,251,600	16,938,300	1,313,200	7.2
United States ⁽⁴⁾	154,287,000	145,362,000	8,924,000	5.8
2009				
Beaumont	6,800	5,800	1,000	15.4%
Riverside County	913,900	790,000	123,900	13.6
California	18,250,200	16,163,900	2,086,200	11.4
United States ⁽⁴⁾	154,142,000	139,877,000	14,265,000	9.3

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

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

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

(4) Not strictly comparable with data for prior years.

Source: State of California Employment Development Department, based on 2006, 2007, 2008 and 2009 Benchmark and U.S. Department of Labor, Bureau of Labor Statistics.

Retail Sales

The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions is presented in the following table.

CITY OF BEAUMONT
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Taxable Transactions in Thousand of Dollars)

<i>Year</i>	<i>Retail Stores</i>		<i>Total All Outlets</i>	
	<i>No. of Permits</i>	<i>Taxable Transactions</i>	<i>No. of Permits</i>	<i>Taxable Transactions</i>
2004	291	\$112,214	630	\$131,783
2005	360	137,595	699	164,513
2006	354	205,062	640	235,969
2007	364	237,265	709	262,964
2008	381	247,851	700	270,480
2009	531	240,971	660	268,725

Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Construction Activity

The following table shows building permit valuations and new housing units in Beaumont for 2006 through 2010.

CITY OF BEAUMONT
Building Permit Valuation and New Housing Units

<i>Residential</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
New Single – Dwelling	\$ 292,536,060	\$ 188,667,387	\$ 55,890,384	\$ 57,558,300	\$ 54,103,986
Multifamily – Dwelling	5,258,384	--	--	--	--
Additions, Alterations	<u>1,585,388</u>	<u>1,215,511</u>	<u>259,642</u>	<u>1,428,827</u>	<u>515,946</u>
Total Residential	\$ 299,379,832	\$ 189,882,898	\$ 56,150,026	\$ 58,987,127	\$ 54,619,932
No. of New Dwelling Units	1,498	1,036	300	350	333

Source: Construction Industry Research Board.

Community Services and Facilities

Police protection is provided by the Beaumont Police Department with assistance from the Riverside County Sheriff. Fire protection is contracted with the Riverside County Fire Department located in the City. Water and sewer services are provided by the Beaumont-Cherry Valley Water District. Natural gas is provided by Southern California Gas Company, electric power by Southern California Edison Company, telephone services by Verizon and waste disposal by the City of Beaumont of which it has contracts with Waste Management of Inland Valleys.

Beaumont is serviced by San Gorgonio Memorial Hospital located in the City of Banning bordering the City. There are 2 medical centers in the community, with 2 urgent care centers. Numerous doctors, dentists, optometrists and other medical professionals are located in the area. The California Department of Forestry provides paramedic services to the community. Educational services are provided by the Beaumont Unified School District. There is also a Christian private school. Nearby are Mt. San Jacinto Community

College; Crafton Hills College; College of the Desert; University of Redlands; California State University, San Bernardino and University of California, Riverside.

Cultural and recreational facilities include 17 churches, a library, a museum, a weekly newspaper and 3 parks, including a municipal pool. The local area also provides local and regional parks, museums and 30 minute access to the Oak Glen Orchard attractions, a local apple growing tourist area which attracts more than one million visitors each year. One of the nation's largest Factory Outlet Malls is within 10 minutes of the City and a one hour driving distance includes the San Bernardino Mountain resorts, Palm Springs with numerous resort areas, Lake Perris State Recreational area, the Beach Cities and numerous Southern California attractions.

Transportation

Several main highways serve Beaumont. These include U.S. Interstate 10 and State Highways 60 and 79.

Air transportation is currently available from Ontario International Airport, 45 miles to the west, the Palm Springs Airport, 35 miles to the east, and will soon be available from San Bernardino International Airport. Redlands Airport provides additional air transportation facilities.

Local and interurban bus transportation is provided through Omnitrans Bus Service which is linked to the Southern California Rapid Transit District. Connections are available to Greyhound and Trailways Bus Lines which provide service to other local areas and additional transcontinental service. Dial-a-Ride also provides local bus service.

Climate

The climate of Beaumont is characterized as Mediterranean. Summers are hot and dry with an average high of 95°F to a low of 57°F. Winters are cool and moist with an average temperature high of 47°F to a low of 36°F. The average yearly rainfall is approximately 17 inches per year.

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

6. Redemption notices shall be sent to DTC. If less than all of the Securities within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

8. Principal, redemption price and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. If applicable, a Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to tender/remarketing agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to tender/remarketing agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to tender/remarketing agent's DTC account.

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

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

APPENDIX G

TABLE OF ACCRETED VALUES

APPENDIX H

[SPECIMEN MUNICIPAL BOND INSURANCE POLICY]