

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

145
A



FROM: Don Kent, Treasurer/Tax Collector

SUBMITTAL DATE:
May 23, 2012

SUBJECT: Resolution No. 2012-134 – Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series D (Vote on Separately)

RECOMMENDED MOTION: That your Honorable Board approve and adopt Resolution No. 2012-134 providing for the issuance and sale of General Obligation Bonds of the Coachella Valley Unified School District (the "District") in a aggregate principal amount not to exceed \$55,000,000.

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

(Continued on page two)

Don Kent, Treasurer-Tax Collector

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

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

C.E.O. RECOMMENDATION:

APPROVE

BY:
Karen L. Johnson

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: June 12, 2012
xc: Treasurer

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

3.35

Prev. Agn. Ref.:

District: 4/4

Agenda Number:

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 5/21/12
DALE A. GARDNER
Departmental Concurrence

Dept' Recomm.: Consent Policy
Per Exec. Ofc.: Consent Policy

Date: May 23, 2012
From: Treasurer-Tax Collector
Subject: Resolution No. 2012-134
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The Riverside County Superintendent of Schools has jurisdiction over the Coachella Valley Unified School District even though the district serves portions of Imperial County as well as portions of Riverside County. Therefore the Education Code requires that the Riverside County Board of Supervisors authorize the issuance and sale of these bonds, which are to be offered via a negotiated sale.

The bonds are being issued pursuant to the laws of the State of California, including Section 1 of Article XIII A of the State Constitution, Section 53506 of the Government Code, and Section 15100 *et seq.* of the Education Code. At a duly held election on June 7, 2005, the District received approval from at least two-thirds of the voters within the boundaries of the School District. The voter-approved measure authorized the incurrence of general obligation bonded indebtedness in an aggregate principal amount not to exceed \$250,000,000.

On August 9, 2005, your Honorable Board adopted Resolution No. 2005-365 authorizing the issuance of the first series of general obligation bonds on behalf of the District in an aggregate principal amount not to exceed \$50,000,000. Based on that authorization, "Coachella Valley Unified School District General Obligation Bonds, Election 2005, Series A" were issued in the initial par amount of \$49,998,180.

On January 23, 2007, your Honorable Board adopted Resolution No. 2007-037 authorizing the issuance of the second series of general obligation bonds on behalf of the District in an aggregate principal amount not to exceed \$30,000,000. Based on that authorization "Coachella Valley Unified School District General Obligation Bonds, Election 2005, Series B" were issued in the initial par amount of \$30,000,000.

On June 9, 2009, your Honorable Board adopted Resolution No. 2009-195 authorizing the issuance of the third series of general obligation bonds on behalf of the District in an aggregate principal amount not to exceed \$35,000,000. Based on that authorization "Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series C" were issued in the initial par amount of \$24,990,463.

This resolution, 2012-134, authorizes and provides for the issuance of "Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series D" in an aggregate principal amount not to exceed \$55,000,000. The bond proceeds will be used to finance the acquisition and construction of additional school facilities and the permanent improvement or renovation of existing school facilities by the District.

The bonds represent a general obligation of the District and do not constitute a debt, liability, or obligation of Riverside County.

County Counsel has reviewed Resolution No. 2012-134 and has approved it as to form.

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RESOLUTION NO. 2012-134

RESOLUTION OF THE BOARD OF SUPERVISORS OF RIVERSIDE COUNTY, STATE OF CALIFORNIA, PROVIDING FOR THE ISSUANCE AND SALE OF COACHELLA VALLEY UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2005 ELECTION, SERIES D, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED FIFTY-FIVE MILLION DOLLARS (\$55,000,000); PRESCRIBING THE TERMS OF THE BONDS AND THEIR SALE; APPROVING FORM AND AUTHORIZING EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT; AUTHORIZING EXECUTION OF NECESSARY DOCUMENTS; MAKING RELATED FINDINGS AND DETERMINATIONS AND TAKING RELATED ACTIONS

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RESOLUTION NO. 2012-134

RESOLUTION OF THE BOARD OF SUPERVISORS OF RIVERSIDE COUNTY, STATE OF CALIFORNIA, PROVIDING FOR THE ISSUANCE AND SALE OF COACHELLA VALLEY UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2005 ELECTION, SERIES D, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED FIFTY-FIVE MILLION DOLLARS (\$55,000,000); PRESCRIBING THE TERMS OF THE BONDS AND THEIR SALE; APPROVING FORM AND AUTHORIZING EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT; AUTHORIZING EXECUTION OF NECESSARY DOCUMENTS; MAKING RELATED FINDINGS AND DETERMINATIONS AND TAKING RELATED ACTIONS

WHEREAS, the Coachella Valley Unified School District ("District") is a public school district duly organized and operating pursuant to the Constitution and the laws of the State of California; and

WHEREAS, an election was duly called and regularly held in the District, County of Riverside ("County") and the County of Imperial ("Imperial County"), State of California ("State"), on June 7, 2005 ("Election"), and thereafter canvassed pursuant to law; and

WHEREAS, at such Election there was submitted to, and approved by the requisite two-thirds (2/3) favorable vote of the qualified electors of the District, as certified by the Riverside County Register of Voters and Imperial County Registrar of Voters in the official canvassing of the voters, a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot measure submitted to the voters, in the maximum principal amount of \$250,000,000, payable from the levy of an *ad valorem* tax against the taxable property in the District ("Authorization"); and

FORM APPROVED COUNTY COUNSEL
BY: *Dale A. Gardner* 5/11/12
DALE A. GARDNER DATE

1 **WHEREAS**, pursuant to District Resolution No. 2006-4 adopted on July 14, 2005, and a
2 Resolution (Riverside County Resolution No. 2005-365) of the Riverside County Board of
3 Supervisors (“County Board”) adopted on August 9, 2005, the Coachella Valley Unified School
4 District General Obligation Bonds, 2005 Election, Series A (“Series A Bonds”), in the initial par
5 amount of \$49,998,180 were issued dated September 7, 2005, leaving \$200,001,820 of bonds of
6 the Authorization authorized and unissued; and

7
8 **WHEREAS**, pursuant to District Resolution No. 2007-69 adopted on January 11, 2007,
9 and a Resolution (Riverside County Resolution No. 2007-037) of the County Board adopted on
10 January 23, 2007, the Coachella Valley Unified School District General Obligation Bonds, 2005
11 Election, Series B (“Series B Bonds,”), in the initial par amount of \$30,000,000 were issued
12 dated February 22, 2007, leaving \$170,001,820 of bonds of the Authorization authorized and
13 unissued; and

14
15 **WHEREAS**, pursuant to District Resolution No. 2009-154 adopted on May 28, 2009, as
16 supplemented by Resolution No. 2010-125 adopted on April 15, 2010, and a Resolution
17 (Riverside County Resolution No. 2009-195) of the County Board adopted on April 15, 2010,
18 the Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series C
19 (“Series C Bonds,” and collectively with the Series A Bonds and the Series B Bonds, the “Prior
20 Bonds”) in the initial par amount of \$24,990,463 were issued dated May 26, 2010, leaving
21 \$145,011,357 of bonds of the Authorization authorized and unissued; and

22
23 **WHEREAS**, pursuant to the provisions of the California Constitution and the
24 Authorization, the District may, pursuant to certain of the provisions and limitations of Article 1
25 of Chapter 1.5 of Part 10 of Division 1 of Title 1 of the California Education Code (“Education
26 Code”), proceed to borrow funds pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1
27 of Division 2 of Title 5 of the California Government Code (“Government Code”) of the State of
28 California, being Section 53506 *et seq.*, and, as applicable, Education Code Sections 15140 *et*

1 *seq.*, which authorizes the Board of Trustees of the District (“District Board”) to issue general
2 obligation bonds through the County by way of a resolution and compliance with certain
3 statutory requirements; and
4

5 **WHEREAS**, pursuant to the Authorization and Government Code Sections 53506 *et*
6 *seq.*, including, but not limited to Government Code Section 53508.7(c) and, as applicable,
7 Education Code Sections 15100 *et seq.*, 15140 *et seq.*, the District Board, adopted its Resolution
8 No. 2012-73 on May 15, 2012 (“District Resolution”), an executed electronic copy of which has
9 been received by the County Board, requesting the County Board to issue a series of such
10 authorized school district general obligation bonds, designated the “Coachella Valley Unified
11 School District General Obligation Bonds, 2005 Election, Series D” in an aggregate principal
12 amount not to exceed \$55,000,000 (“Series D Bonds” or “Bonds”); and
13

14 **WHEREAS**, the District Board has authorized the issuance of the Series D Bonds in any
15 combination of Current Interest Bonds, Capital Appreciation Bonds and/or Convertible Capital
16 Appreciation Bonds, all as defined herein; and
17

18 **WHEREAS**, the Series D Bonds are authorized to be issued by the County, on behalf of
19 the District, pursuant to provisions of the California Constitution, the Authorization, the
20 provisions of the Government Code, specifically Government Code Sections 53506 *et seq.*, and,
21 as applicable, the provisions of the Education Code, specifically Education Code Sections 15100
22 *et seq.*, and 15140 *et seq.*; and
23

24 **WHEREAS**, in the District Resolution, the District Board found and informed this
25 County Board that all acts and conditions necessary to be performed by the District or to have
26 been met precedent to and in the issuance and sale of the Series D Bonds in order to make them
27 legal, valid and binding general obligations of the District have been performed and have been
28 met, or will at the time of delivery of the Series D Bonds have been performed and met, in

1 regular and due form as required by law; and

2
3 **WHEREAS**, the District Board has further requested this County Board to sell the Series
4 D Bonds to George K. Baum & Company (“Underwriter”), pursuant to the terms of the proposed
5 form of Bond Purchase Agreement (“Purchase Agreement”) to be entered into by and among the
6 County, the District and the Underwriter, subject to the limitations set forth in the District
7 Resolution; and

8
9 **WHEREAS**, this County Board desires to make certain determinations and to authorize
10 the issuance and sale of the Series D Bonds.

11
12 **NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF**
13 **THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS FOLLOWS:**

14
15 **Section 1. Recitals; Incorporation of District Resolution.** The foregoing recitals are
16 true and correct and are incorporated herein by this reference. The District Resolution, together
17 with the exhibits thereto, is on file with this County Board and is incorporated herein by
18 reference and all of the provisions thereof are made a part hereof and shall be applicable to the
19 issuance and delivery of the Series D Bonds, except as otherwise specified herein.
20 Notwithstanding the foregoing, the County assumes no liability or responsibility for
21 representations or warranties of the District as set forth in the District Resolution.

22
23 **Section 2. Purpose and Designation of the Bonds.** Bonds of the District shall be
24 issued in the name and on behalf of the District in the aggregate principal or issue amount of not
25 to exceed \$55,000,000 for the purposes of: (a) raising money for acquiring and constructing the
26 projects set forth in the Authorization approved by the voters at the Election, as further described
27 herein; (b) funding interest on the Series D Bonds for a period of time, to be specified, as
28 authorized by California law; and (c) to pay all necessary legal, financial, printing, insurance and

1 other contingent costs in connection with the issuance and delivery of the Series D Bonds, as
2 further set forth herein and subject to the applicable provisions of the California Constitution and
3 California law including, but not limited to, the Government Code and the Education Code. The
4 Series D Bonds shall be officially designated as the “**Coachella Valley Unified School District**
5 **General Obligation Bonds, 2005 Election, Series D.**”

6
7 **Section 3. Statutory Authorization.** The Series D Bonds are authorized to be issued
8 and sold by the County in the name of the District pursuant to the California Constitution, the
9 Election, the Authorization, the District Resolution, this Resolution, the provisions of
10 Government Code Sections 53506 *et seq.*, and to the extent applicable, Education Code Sections
11 15100 *et seq.* and 15140 *et seq.*

12
13 **Section 4. Negotiated Sale.** The Series D Bonds shall be sold at a negotiated sale upon
14 the direction of the District’s Superintendent, Interim Executive Director of Business & Finance,
15 or their designee(s), on behalf of the District, acting together with an authorized representative of
16 the Office of the County Treasurer and Tax Collector (“Treasurer”) of Riverside County. The
17 Series D Bonds shall be sold pursuant to the applicable provisions of the Government Code, and,
18 as applicable, the Education Code, the provisions and requirements of the District Resolution and
19 this Resolution, and the terms and conditions set forth in the Purchase Agreement, as described
20 herein.

21
22 **Section 5. Approval of Purchase Agreement.** The Series D Bonds will be sold at
23 negotiated sale by the Treasurer pursuant to the terms and conditions set forth in the Purchase
24 Agreement, substantially in the form appended hereto as Exhibit “A” and incorporated by
25 reference herein. The form of the Purchase Agreement is hereby approved and the Treasurer, or
26 any designated deputy thereof, is hereby authorized to execute and deliver the Purchase
27 Agreement and the Superintendent, or other Designated Officer (as defined herein) of the
28 District, is hereby requested to execute the Purchase Agreement, with such changes therein,

1 deletions therefrom and modifications thereto as the Treasurer, or designated deputy thereof, and
2 the District may approve, such approval to be conclusively evidenced by his or her execution and
3 delivery thereof; provided, however, that the principal amount of the Series D Bonds shall be
4 determined by the District (but in no event to exceed \$55,000,000), the term of the Series D
5 Bonds shall not exceed 40 years, the interest rates on the Series D Bonds shall not exceed the
6 legal maximum and the Underwriter's discount shall not exceed one and one-tenth percent
7 (1.10%) of the principal amount of the Series D Bonds (exclusive of any premium or original
8 issue discount on the Series D Bonds, and any such original issue discount shall not exceed five
9 percent (5.00%)) (and further excluding any amount(s) which may be held by the Underwriter to
10 pay designated costs of issuance under the terms of the Purchase Agreement). The Treasurer, or
11 designated deputy thereof, is further authorized to determine the Principal Amount or issue
12 amount of the Series D Bonds of each maturity (including any Capital Appreciation Bonds or
13 Convertible Capital Appreciation Bonds) to be specified in the Purchase Agreement for sale by
14 the County, up to an aggregate Principal Amount or issue amount of \$55,000,000, to determine,
15 upon consultation with the District, to set or modify redemption terms for the Series D Bonds
16 and to enter into, execute and deliver the Purchase Agreement, if the conditions set forth in this
17 Resolution are met.

18
19 If, upon consultation with the Designated Officer (as defined herein) of the District, the
20 District determines to acquire municipal bond insurance to secure all or a portion of the Series D
21 Bonds, the Treasurer may so provide in the Purchase Agreement.

22
23 **Section 6. Certain Definitions.** As used in this Resolution, the terms set forth below
24 shall have the following meanings ascribed to them:

25
26 (a) **"Accreted Interest"** means, with respect to the Capital Appreciation Bonds and
27 Convertible Capital Appreciation Bonds, the Accreted Value thereof minus the Principal Amount
28 thereof as of the date of calculation.

1
2 (b) **“Accreted Value”** means, as of the date of calculation, with respect to the Capital
3 Appreciation Bonds and Convertible Capital Appreciation Bonds prior to the Conversion Date,
4 the Denominational Amount thereof, plus Accreted Interest thereon to such date of calculation,
5 compounded semiannually on each February 1 and August 1 (commencing on the date stated in
6 the Purchase Agreement), or such other dates or maturity date(s) as shall be specified in the
7 Purchase Agreement, with respect to the Capital Appreciation Bonds and Convertible Capital
8 Appreciation Bonds prior to the Conversion Date maturing on those dates specified in the
9 Purchase Agreement, and at the stated yield to maturity thereof, assuming in any such
10 semiannual period that such Accreted Value increases in equal daily amounts on the basis of a
11 360-day year of twelve 30-day months.

12
13 (c) **“Accretion Rate”** means, unless otherwise provided by the Purchase Agreement,
14 that rate which, when applied to the Principal Amount of a Capital Appreciation Bond or a
15 Convertible Capital Appreciation Bond, and compounded semiannually on each February 1 and
16 August 1 (commencing on the date set forth in the Purchase Agreement), produces the Maturity
17 Value on the maturity date (with respect to Capital Appreciation Bonds) and the Conversion
18 Value on the Conversion Date (with respect to Convertible Capital Appreciation Bonds).

19
20 (d) **“Authorized Investments”** means the Riverside County Investment Pool (or
21 other investment pools of the County into which the District may lawfully invest its funds), the
22 Local Agency Investment Fund, any investment authorized pursuant to Sections 16429.1 and
23 53601 of the Government Code, or in shares in a California common law trust established
24 pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in
25 investments permitted by Section 53635 of the Government Code, or in guaranteed investment
26 contracts in direct general obligations of the United States of America (including State and Local
27 Government Securities) (provided that such investments comply with the requirements of
28

1 applicable State law and with Section 148 of the Code, and with the requirements of the Bond
2 Insurer, if any, and as shall be applicable).

3
4 (e) **“Authorized Newspaper”** means a newspaper selected by the District which is
5 customarily published at least once a day for at least five days (other than legal holidays) in each
6 calendar week, published in the English language, of general circulation in the County of
7 Riverside and which has been adjudicated or designated as a “newspaper of general circulation”
8 pursuant to California law.

9
10 (f) **“Bond Counsel”** means a firm of nationally recognized bond counsel, initially
11 Bowie, Arneson, Wiles & Giannone.

12
13 (g) **“Bond Insurer”** means any insurance company which issues a municipal bond
14 insurance policy insuring the payment of Principal and Accreted Value of, and interest on, all or
15 a portion of the Series D Bonds, as applicable.

16
17 (h) **“Bond Payment Date” or “Interest Payment Date”** means, unless otherwise
18 provided in the Purchase Agreement as executed and delivered, with respect to the interest on the
19 Current Interest Bonds, and interest on the Convertible Capital Appreciation Bonds after the
20 Conversion Date, February 1 and August 1, commencing on the date(s) set forth in the Purchase
21 Agreement, and commencing on the date set forth in the Purchase Agreement, with respect to the
22 principal payments on the Current Interest Bonds. With respect to the Capital Appreciation
23 Bonds and Convertible Capital Appreciation Bonds, “Bond Payment Date” means the stated
24 maturity dates thereof, as applicable, as stated in the Purchase Agreement and may be different
25 than the Bond Payment Dates specified for the Current Interest Bonds.

26
27 (i) **“Bond Register” or “Registration Books”** means the listing of names and
28 addresses of the then-current registered owners of the Bonds, as maintained by the Paying Agent

1 in accordance with Section 12 hereof.

2
3 (j) **“Bonds”** or **“Series D Bonds”** means the Coachella Valley Unified School
4 District General Obligation Bonds, 2005 Election, Series D.

5
6 (k) **“Building Fund”** shall have the meaning set forth in Section 19 hereof.

7
8 (l) **“Business Day”** means a day which is not a Saturday or Sunday or a day on
9 which banking institutions are authorized or required by law or executive order to be closed in
10 California and New York for commercial banking purposes and on which the Federal Reserve
11 system is not closed.

12
13 (m) **“Capital Appreciation Bonds”** means those Series D Bonds, if any, designated
14 as Capital Appreciation Bonds pursuant to Section 7, the interest component of which is
15 compounded semiannually on each Bond Payment Date to maturity as shown in the table of
16 Accreted Values for such Series D Bonds as set out in the Purchase Agreement.

17
18 (n) **“Capital Appreciation Term Bonds”** means those Capital Appreciation Bonds,
19 if any, for which mandatory sinking fund redemption dates have been established in the Purchase
20 Agreement.

21
22 (o) **“Code”** means the Internal Revenue Code of 1986 as in effect on the date of
23 issuance of the Series D Bonds or (except as otherwise referenced herein) as it may be amended
24 to apply to obligations issued on the date of issuance of the Series D Bonds, together with
25 applicable proposed, temporary and final regulations promulgated, and applicable official public
26 guidance published, under the Code.

1 (p) **“Conversion Date”** means, with respect to Convertible Capital Appreciation
2 Bonds, the date stated in the Purchase Agreement as the date on which such Series D Bonds,
3 originally issued as Capital Appreciation Bonds, convert to Current Interest Bonds.

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

6
7 (r) **“Convertible Capital Appreciation Bonds”** means those Series D Bonds, if any,
8 designated as Convertible Capital Appreciation Bonds pursuant to Section 8, which are
9 originally issued as Capital Appreciation Bonds, but which convert to Current Interest Bonds on
10 the Conversion Date.

11 (s) **“County”** means the County of Riverside, California, a political subdivision of
12 the State of California organized and existing under the Constitution and laws of the State.

13
14 (t) **“County Board”** means the Board of Supervisors of the County.

15
16 (u) **“Current Interest Bonds”** means the Series D Bonds, if any, designated as, or
17 converted to, Current Interest Bonds pursuant to the terms hereof, the interest on which is
18 payable on each Bond Payment Date specified for each such Series D Bond as designated and
19 maturing in the years and in the amounts set forth in the Purchase Agreement.

20
21 (v) **“Current Interest Term Bonds”** means those Current Interest Bonds for which
22 mandatory sinking fund redemption dates have been established in the Purchase Agreement.

23
24 (w) **“Date of Issuance”** or **“Closing Date”** means the delivery date with respect to
25 the Series D Bonds, or such other date(s) for the issuance of the Series D Bonds as may be
26 designated by the Purchase Agreement.

1 (x) **“Debt Service Fund”** shall have the meaning set forth in Section 19 hereof.

2
3 (y) **“Denominational Amount”** means, with respect to the Capital Appreciation
4 Bonds and Convertible Capital Appreciation Bonds, the initial offering price thereof, which
5 represents the initial Principal Amount thereof (exclusive of any initial premium thereon), and,
6 with respect to the Current Interest Bonds, the Principal Amount thereof.

7
8 (z) **“Designated Officer(s)”** means the District’s Superintendent, Interim Executive
9 Director of Business & Finance, or other persons designated in writing by the District’s
10 Superintendent as a Designated Officer of the District.

11
12 (aa) **“District”** or **“School District”** means the Coachella Valley Unified School
13 District, a public school district organized and operating under the Constitution and the laws of
14 the State of California, and any lawful successor thereto.

15
16 (bb) **“District Board”** means the Board of Trustees of the District.

17
18 (cc) **“DTC”** or **“Depository”** means The Depository Trust Company, New York, New
19 York, a limited purpose trust company organized under the laws of the State of New York in its
20 capacity as securities depository for the Series D Bonds.

21
22 (dd) **“Imperial County”** means the County of Imperial, a political subdivision of the
23 State of California organized and existing under the Constitution and laws of the State.

24
25 (ee) **“Informational Services”** means the Municipal Securities Rulemaking Board,
26 through its Electronic Municipal Market Access (EMMA) system, and, in accordance with then
27 current guidelines of the Securities and Exchange Commission, such other addresses and/or such
28

1 other services providing information with respect to called bonds as the District may designate in
2 a written request of the District delivered to the Paying Agent.

3
4 (ff) **“Letter of Representations”** or **“Representation Letter”** shall have the
5 meaning set forth in Section 13 hereof.

6
7 (gg) **“Maturity Value”** means the Accreted Value of any Capital Appreciation Bond
8 on its maturity date.

9
10 (hh) **“Moody’s”** means Moody’s Investors Service, Inc., a corporation duly organized
11 and existing under the laws of the State of Delaware and its successors and assigns, except that if
12 such entity shall be dissolved or liquidated or shall no longer perform the functions of a
13 securities rating agency, then the term **“Moody’s”** shall be deemed to refer to any other
14 nationally recognized securities rating agency selected by the District.

15
16 (ii) **“Nominee”** means the nominee of the Depository, which may be the Depository,
17 as determined from time to time pursuant to Section 13 hereof.

18
19 (jj) **“Office of the Paying Agent”** means the principal office of the Paying Agent in
20 Los Angeles, California, or such other office as may be specified by the Paying Agent in writing.

21
22 (kk) **“Official Statement”** shall have the meaning set forth in Section 21 hereof.

23
24 (ll) **“Outstanding”** means all Series D Bonds theretofore issued by or on behalf of
25 the District, except:

- 26
27 (1) Series D Bonds theretofore canceled by the District or surrendered to the
28 District for cancellation;

1
2 (2) Series D Bonds for the transfer or exchange of or in lieu of or in
3 substitution for which other Series D Bonds shall have been authenticated
4 and delivered by the District pursuant to the terms hereof; and
5

6 (3) Series D Bonds paid and discharged pursuant to Sections 17 or 18 hereof.
7

8 (mm) **“Owner”** or **“Bond Owner”** means the current registered owner of a Series D
9 Bond or Series D Bonds to whom payments of principal and interest are made.
10

11 (nn) **“Participants”** means those broker-dealers, banks and other financial institutions
12 from time to time for which DTC holds book-entry certificates as securities depository.
13

14 (oo) **“Paying Agent”** means U.S. Bank National Association, or such other party as
15 selected by the Designated Officer of the District, or any successor thereto, acting as the
16 authenticating agent, bond registrar, transfer agent and paying agent.
17

18 (pp) **“Principal”** or **“Principal Amount”** means, with respect to any Current Interest
19 Bond, the principal amount stated thereon, and, with respect to any Capital Appreciation Bond
20 and Convertible Capital Appreciation Bond, the Denominational Amount.
21

22 (qq) **“Purchase Agreement”** or **“Bond Purchase Agreement”** means that certain
23 Bond Purchase Agreement for the purchase and sale of the Series D Bonds by and among the
24 County, the District and the Underwriter, as such Purchase Agreement shall be executed and
25 delivered.
26

27 (rr) **“Rebate Fund”** shall have the meaning set forth in Section 19 hereof.
28

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

3
4 (tt) **“Redemption Notice”** shall have the meaning set forth in Section 8 hereof.

5
6 (uu) **“Resolution”** or **“Bond Resolution”** means this Resolution, including the
7 Exhibits hereto, as adopted by the County Board and as such may be amended pursuant to
8 Section 28.

9
10 (vv) **“Securities Depositories”** means the following: The Depository Trust Company,
11 with Cede & Co. as its nominee, 55 Water Street, 25th Floor, New York, New York, 10041-
12 0099, Attn: Call Notification Department, Fax (212) 855-5004, and in accordance with then
13 current guidelines of the Securities and Exchange Commission, such other addresses and/or such
14 other securities depositories as the District may designate in a Written Request of the District
15 delivered to the Paying Agent.

16
17 (ww) **“S&P”** means Standard & Poor’s Ratings Services, a division of The McGraw-
18 Hill Companies, Inc., a corporation duly organized and existing under the laws of the State of
19 New York, and its successors and assigns, except that if such entity shall be dissolved or
20 liquidated or shall no longer perform the functions of a securities rating agency, then the term
21 “S&P” shall be deemed to refer to any other nationally recognized securities rating agency
22 selected by the District.

23
24 (xx) **“State”** means the State of California.

25
26 (yy) **“Tax Certificate”** means the Tax Certificate executed by the District at the time
27 of issuance of the Series D Bonds relating to the requirements of Section 148 of the Code, as
28 originally executed and as such may be amended from time to time.

1
2 (zz) **“Term Bonds”** means, if issued, collectively, the Current Interest Term Bonds,
3 the Capital Appreciation Term Bonds and the Convertible Capital Appreciation Term Bonds.
4

5 (aaa) **“Transfer Amount”** means, (i) with respect to any Outstanding Current Interest
6 Bond, the Principal Amount, (ii) with respect to any Outstanding Capital Appreciation Bond, the
7 Maturity Value, and (iii) with respect to any Outstanding Convertible Capital Appreciation
8 Bond, the Conversion Value.
9

10 (bbb) **“Treasurer”** or **“County Treasurer”** means the Treasurer and Tax Collector of
11 the County of Riverside, California, or any authorized deputy thereof.
12

13 (ccc) **“Underwriter”** or **“Purchaser”** means the initial purchaser of the Series D
14 Bonds as identified in the Purchase Agreement.
15

16 (ddd) **“Written Request”** means a written request or directive of the District provided
17 by a Designated Officer.
18

19
20 Unless the context otherwise indicates, words expressed in the singular shall include the
21 plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience
22 only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.
23 Headings of sections herein and the table of contents hereof are solely for convenience of
24 reference, do not constitute a part hereof and shall not affect the meaning, construction or effect
25 hereof.
26

27 All references herein to “Sections” and other subdivisions are to the corresponding
28 Sections or subdivisions of this Resolution; the words “herein,” “hereof,” “hereby,” “hereunder”

1 and other words of similar import refer to this Resolution as a whole and not to any particular
2 Section or subdivision hereof.

3
4 **Section 7. Terms of Bonds.** The Series D Bonds shall be issued in one series. The
5 Series D Bonds may consist of Current Interest Bonds, Capital Appreciation Bonds and/or
6 Convertible Capital Appreciation Bonds as set forth in the Purchase Agreement.

7
8 The Series D Bonds shall be issued as fully-registered bonds, without coupons, in the
9 following denominations: (i) with respect to the Current Interest Bonds, \$5,000 Principal
10 Amount or any integral multiple thereof, (ii) with respect to the Capital Appreciation Bonds,
11 \$5,000 Maturity Value, or any integral multiple thereof, and (iii) with respect to Convertible
12 Capital Appreciation Bonds, \$5,000 Conversion Value or any integral multiple thereof; provided
13 that one Capital Appreciation Bond may be issued in an odd Maturity Value.

14
15 The Current Interest Bonds, if issued, shall be dated the Date of Issuance, and shall bear
16 interest at the rate or rates consistent with the interest cost limitations set forth in Section 5,
17 payable on February 1 and August 1 of each year, commencing on the date specified in the
18 Purchase Agreement (subject to the terms of the Purchase Agreement, as executed and
19 delivered), as may be specified in the Purchase Agreement as executed and delivered (each, an
20 "Interest Payment Date"), the actual interest rate or rates and the actual maturity schedule to be
21 fixed at the time of sale. Each Series D Bond issued as a Current Interest Bond shall be issued in
22 denominations of \$5,000 Principal Amount or integral multiples thereof, and shall bear interest
23 from the Interest Payment Date next preceding the date of authentication thereof unless it is
24 authenticated as of a day during the period from the 16th day of the month next preceding any
25 Interest Payment Date to the Interest Payment Date, inclusive, in which event it shall bear
26 interest from such Interest Payment Date, or unless it is authenticated on or before the fifteenth
27 day prior to the initial Interest Payment Date, in which event it shall bear interest from the Date
28 of Issuance, computed using a year of 360 days, comprised of twelve 30-day months; provided,

1 however, that if at the time of authentication of any Series D Bond, interest is then in default on
2 Outstanding Series D Bonds, such Series D Bond shall bear interest from the Interest Payment
3 Date to which interest has previously been paid or made available for payment thereon. The
4 foregoing terms shall be subject to the terms of the Purchase Agreement as executed and
5 delivered.

6
7 The Capital Appreciation Bonds, if issued, shall accrete interest from the Date of
8 Issuance of the Capital Appreciation Bonds to their maturity at a rate or rates such that the
9 accretion rate (interest rate) shall not exceed the legal maximum rate. The Capital Appreciation
10 Bonds shall mature in the years and shall be issued in the aggregate Denominational Amount(s)
11 set forth in the Purchase Agreement as executed and delivered and shall have an interest rate and
12 shall have Denominational Amounts per each \$5,000 in Maturity Value as shown in the Accreted
13 Value Table contained in the Purchase Agreement; provided, that in the event that the amount
14 shown in such Accreted Value Table and the Accreted Value calculated by the District and
15 approved by the Bond Insurer, if any, by application of the definition of Accreted Value set forth
16 in Section 9 differ, the latter amount shall be the Accreted Value of such Capital Appreciation
17 Bond. Interest on each Capital Appreciation Bond shall be compounded semiannually on
18 February 1 and August 1 of each year until maturity, or other such date(s) as shall be specified in
19 the Purchase Agreement, commencing from and after the Date of Issuance thereof, computed
20 using a year of 360 days, comprised of twelve 30-day months, and shall be payable only at
21 maturity as to their Maturity Amounts or on their redemption date if redeemed prior to their
22 respective stated maturity date(s).

23
24 The Convertible Capital Appreciation Bonds, if issued, shall be originally issued as
25 Capital Appreciation Bonds and shall convert to Current Interest Bonds on the Conversion Date,
26 as set forth in the Purchase Agreement. During the period while the Convertible Capital
27 Appreciation Bonds are in the form of Capital Appreciation Bonds, they will not bear interest but
28 will accrete value through the Conversion Date. From and after the Conversion Date, the

1 Convertible Capital Appreciation Bonds will bear interest as Current Interest Bonds, and such
2 interest will accrue based upon the Conversion Value of such Bonds at the Conversion Date. No
3 payment will be made to the Owners of Convertible Capital Appreciation Bonds on the
4 Conversion Date, unless otherwise set forth in the Purchase Agreement.

5
6 The Series D Bonds will be sold as provided in Sections 4 and 5 hereof; notwithstanding
7 anything herein to the contrary, the terms of the Series D Bonds, as set forth in this Resolution,
8 may be amended prior to delivery in accordance with the provisions of the Purchase Agreement.
9 The Series D Bond maturities may be adjusted by the Treasurer and the Designated Officer(s), in
10 consultation with the Underwriter and the District, as appropriate, to provide funds to finance
11 school facilities as set forth in the Authorization, pay for the costs of issuance of the Series D
12 Bonds or furnish funds as needed for capitalized interest purposes, provided that the total par
13 amount of the Series D Bonds shall not exceed \$55,000,000. In the event of a conflict or
14 inconsistency between this Resolution and the Purchase Agreement relating to the terms of the
15 Series D Bonds, the provisions of the Purchase Agreement shall be controlling.

16
17 **Section 8. Redemption Provisions.**

18
19 (a) Optional Redemption. The terms for the optional redemption of the Current
20 Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, as
21 shall be applicable, shall be as set forth in the Purchase Agreement.

22
23 (b) Mandatory Sinking Fund Redemption of Current Interest Term Bonds. The
24 Current Interest Term Bonds (including Convertible Capital Appreciation Bonds which have
25 converted to Current Interest Term Bonds), if any, are subject to mandatory sinking fund
26 redemption prior to their maturity, by lot, without premium, on each August 1 (or such other date
27 specified in the Purchase Agreement), in the years and in the amounts as set forth in the Purchase
28

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

3
4 (c) Mandatory Sinking Fund Redemption of Capital Appreciation Term Bonds. The
5 Capital Appreciation Term Bonds are subject to mandatory sinking fund redemption prior to
6 their maturity date from monies in the Debt Service Fund established in Section 19 hereof, by
7 lot, without premium, on each August 1 (or such other date specified in the Purchase
8 Agreement), in the years and in the amounts as set forth in the Purchase Agreement and in the
9 Official Statement. In the event that there are no Capital Appreciation Term Bonds specified in
10 the Purchase Agreement, this subsection shall not apply.

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

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

15
16 (f) Provision of Notice of Redemption. Any Redemption Notice shall be mailed,
17 first class postage, to the registered Owners of the Series D Bonds, to a Securities Depository and
18 to a national Information Service, and by first class mail, postage prepaid, to the District and the
19 County and the respective Owners of any registered Series D Bonds designated for redemption at
20 their addresses appearing on the Bond Register, in every case at least thirty (30) days, but not
21 more than sixty (60) days, prior to the designated redemption date; provided that neither failure
22 to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the
23 proceedings for the redemption of such Series D Bonds nor entitle the Owner thereof to interest
24 beyond the date given for redemption. A certificate provided by the Paying Agent that notice of
25 such redemption has been given as herein provided shall be conclusive as against all parties, and
26 it shall not be open to a Bond Owner to show that he or she failed to receive notice of such
27 redemption. In case of the redemption as permitted herein of all of the Outstanding Bonds of any
28

1 one maturity, notice of redemption shall be given by mailing as herein provided, except that the
2 notice of redemption need not specify the serial numbers of the Series D Bond of such maturity.
3

4 Neither failure to receive or failure to send, to the Securities Depositories or
5 Informational Services, any Redemption Notice nor any defect in any such Redemption Notice
6 so given shall affect the sufficiency of the proceedings for the redemption of the affected Series
7 D Bonds. Neither the failure to receive such notice, the failure to send such notice, nor any
8 defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption
9 of such Series D Bonds or the cessation of accrual or accretion of interest, as applicable,
10 represented thereby from and after the redemption date.
11

12 (g) Contingent Redemption; Rescission of Redemption. Any Redemption Notice
13 may specify that redemption of the Series D Bonds designated for redemption on the specified
14 date will be subject to the receipt by the District of monies sufficient to cause such redemption
15 (and will specify the proposed source of such monies), and neither the District nor the County
16 will have any liability to the Owners of any Series D Bonds, or any other party, as a result of the
17 District's failure to redeem the Series D Bonds designated for redemption as a result of
18 insufficient monies therefor.
19

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

1 or any other party, as a result of the District's decision to rescind redemption of any Series D
2 Bonds pursuant to the provisions of this subsection.

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

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

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

26
27 (i) Effect of Notice of Redemption. Notice having been given as aforesaid, and the
28 monies for the redemption (including the interest to the applicable date of redemption) having

1 been set aside in the District's Debt Service Fund, the Series D Bonds to be redeemed shall
2 become due and payable on such date of redemption.

3
4 If on such redemption date, money for the redemption of all the Series D Bonds to be
5 redeemed as provided in this Section 8, together with interest to such redemption date, shall be
6 held by the Paying Agent so as to be available therefor on such redemption date, and if notice of
7 redemption thereof shall have been given as aforesaid, then from and after such redemption date,
8 interest with respect to the Series D Bonds to be redeemed shall cease to accrue and become
9 payable. All money held by or on behalf of the Paying Agent for the redemption of Series D
10 Bonds shall be held in trust for the account of the Owners of the Series D Bonds so to be
11 redeemed.

12
13 (j) Purchase in Lieu of Redemption. In lieu of, or partially in lieu of, any mandatory
14 sinking fund redemption of Series D Bonds pursuant to the terms hereof, monies in the Debt
15 Service Fund may be used to purchase the Outstanding Series D Bonds that were to be redeemed
16 with such funds in the manner hereinafter provided. Purchases of Outstanding Series D Bonds
17 may be made by the District or the Treasurer through the Paying Agent prior to the selection of
18 Series D Bonds for redemption at public or private sale as and when and at such prices as the
19 District may in its discretion determine but only at prices (including brokerage or other expenses)
20 not more than par plus accrued interest. Any accrued interest payable upon the purchase of
21 Series D Bonds may be paid from the Debt Service Fund for payment of interest on the next
22 following Interest Payment Date. Any Series D Bond purchased in lieu of redemption shall be
23 transmitted to the Paying Agent and shall be canceled by the Paying Agent upon surrender
24 thereof, as provided for in Section 8(l) below and shall not be re-issued or resold.

25
26 (k) Partial Redemption of Series D Bonds. Upon the surrender of any Series D Bond
27 redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new
28 Series D Bond or Series D Bonds of like tenor and maturity and of authorized denominations

1 equal in Transfer Amounts to the unredeemed portion of the Series D Bond surrendered. Such
2 partial redemption shall be valid upon payment of the amount required to be paid to such Owner,
3 and the District shall be released and discharged thereupon from all liability to the extent of such
4 payment.

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

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

22
23 **Section 9. Form of Bonds; Temporary Bonds; CUSIP® Numbers.** The Series D
24 Bonds shall be substantially in conformity with the standard form of registered school district
25 bonds, copies of which are attached hereto as Exhibit "B" (as to the Current Interest Bonds),
26 Exhibit "C" (as to the Capital Appreciation Bonds) and Exhibit "D" (as to the Convertible
27 Capital Appreciation Bonds) and incorporated herein by this reference as if set forth in full, with
28 necessary or appropriate variations, omissions and insertions as may be permitted or required by

1 this Resolution and to conform with the requirements of the Purchase Agreement. One bond
2 certificate shall be issued for each maturity of the Current Interest Bonds of the same interest rate
3 and one bond certificate shall be issued for each maturity of the Capital Appreciation Bonds.
4

5 The Series D Bonds may be initially issued in temporary form exchangeable for
6 definitive Series D Bonds when ready for delivery. The temporary Series D Bonds may be
7 printed, lithographed or typewritten, shall be of such denominations as may be determined by the
8 Treasurer and the District, and may contain such reference to any of the provisions of this
9 Resolution as may be appropriate. Every temporary Bond shall be executed by the County upon
10 the same conditions and in substantially the same manner as the definitive Series D Bonds. If the
11 County issues temporary Series D Bonds, it will execute and furnish definitive Series D Bonds
12 without delay, and thereupon the temporary Series D Bonds may be surrendered, for
13 cancellation, in exchange therefor at the principal office of the Paying Agent and the Paying
14 Agent shall deliver in exchange for such temporary Series D Bonds an equal aggregate Principal
15 amount of definitive Series D Bonds of authorized denominations. Until so exchanged, the
16 temporary Series D Bonds shall be entitled to the same benefits pursuant to this Resolution as
17 definitive Series D Bonds executed and delivered hereunder.
18

19 "CUSIP[®]" identification numbers shall be imprinted on the Series D Bonds, but such
20 numbers shall not constitute a part of the contract evidenced by the Series D Bonds and any error
21 or omission with respect thereto shall not constitute cause for refusal of the Purchaser to accept
22 delivery of and pay for the Series D Bonds. In addition, failure on the part of the County or the
23 District to use such CUSIP[®] numbers in any notice to Owners of the Series D Bonds shall not
24 constitute an event of default or any violation of the District's contract with such Owners and
25 shall not impair the effectiveness of any such notice.
26

27 **Section 10. Execution of Bonds; Authentication.** The Series D Bonds shall be
28 executed by the manual or facsimile signature of the Chair of the County Board ("Chair") and

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

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

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

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

1 kept, as the Bonds will be represented by one Bond for each maturity registered in the name of
2 Cede & Co., as nominee for DTC.

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

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

25
26 If manual signatures on behalf of the County are required in connection with an exchange
27 or transfer, the Paying Agent shall undertake the exchange or transfer of Bonds only after the
28 new Bonds are signed by the authorized officers of the County. In all cases of exchanged or

1 transferred Bonds, the County shall sign and the Paying Agent shall authenticate and deliver
2 Bonds in accordance with the provisions of this Resolution. All fees and costs of transfer shall
3 be paid by the requesting party. Those charges may be required to be paid before the procedure
4 is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer shall be
5 valid obligations of the District, evidencing the same debt, and entitled to the same security and
6 benefit under this Resolution as the Bonds surrendered upon that exchange or transfer.

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

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

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

1 of such Bond shall be registered in the Bond Register in the name of the Nominee identified
2 below as nominee of The Depository Trust Company, New York, New York, and its successors
3 and assigns. Except as hereinafter provided, all of the Outstanding Bonds shall be registered in
4 the Bond Register in the name of the nominee of the Depository, which may be the Depository,
5 as determined from time to time pursuant to this Section ("Nominee"). With respect to the
6 Bonds registered in the Bond Register in the name of the Nominee, neither the District nor the
7 Paying Agent shall have any responsibility or obligation to any broker-dealers, banks and other
8 financial institutions from time to time for which the Depository holds Bonds as securities
9 depository ("Participant") or to any person on behalf of which such a Participant holds an
10 interest in the Bonds. Without limiting the immediately preceding sentence, neither the District
11 nor the Paying Agent shall have any responsibility or obligation (unless the District is at such
12 time the Depository) with respect to (i) the accuracy of the records of the Depository, the
13 Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery
14 to any Participant or any other person, other than an Owner of a Bond as shown in the Bond
15 Register, of any notice with respect to the Bonds, including any notice of redemption, (iii) the
16 selection by the Depository and its Participants of the beneficial interests in the Bonds to be
17 redeemed in the event the District redeems the Bonds in part, or (iv) the payment to any
18 Participant or any other person, other than an Owner of a Bond as shown in the Bond Register, of
19 any amount with respect to the Principal and Accreted Value of or interest on the Bonds. The
20 District and the Paying Agent may treat and consider the person in whose name each Bond is
21 registered in the Bond Register as the holder and absolute Owner of such Bond for the purpose
22 of payment of principal and interest with respect to such Bond, for the purpose of giving notices
23 of redemption, if applicable, and other matters with respect to such Bond, for the purpose of
24 registering transfers with respect to such Bond, and for all other purposes whatsoever. The
25 Paying Agent shall pay all Principal and Accreted Value of and interest on the Bonds only to or
26 upon the order of the respective Owner of the Bond, as shown in the Bond Register, or his
27 respective attorney duly authorized in writing, and all such payments shall be valid and effective
28 to fully satisfy and discharge the District's obligations with respect to payment of Principal and

1 Accreted Value of and interest on the Bonds to the extent of the sum or sums so paid. No person
2 other than an Owner of a Bond, as shown in the Bond Register, shall receive a Bond evidencing
3 the obligation of the District to make payments of principal and interest. Upon delivery by the
4 Depository to the Owners of the Bonds and the District of written notice to the effect that the
5 Depository has determined to substitute a new nominee in place of the Nominee, and subject to
6 the provisions herein with respect to Record Dates, the word Nominee in this Resolution shall
7 refer to such nominee of the Depository.

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

17
18 In the event: (i) the Depository determines not to continue to act as securities depository
19 for the Bonds; or (ii) the Depository shall no longer so act and gives notice to the District of such
20 determination, then the District will discontinue the book-entry system with the Depository. If
21 the District determines to replace the Depository with another qualified securities depository, the
22 District shall prepare or direct the preparation of a new single, separate, fully registered Bond,
23 per maturity, registered in the name of such successor or substitute qualified securities depository
24 or its nominee. If the District fails to identify another qualified securities depository to replace
25 the Depository, then the Bonds shall no longer be restricted to being registered in the Bond
26 Register in the name of the Nominee, but shall be registered in whatever name or names owners
27 of the Bonds transferring or exchanging Bonds shall designate, in accordance with provisions of
28 this Resolution, and the District shall prepare and deliver Bonds to the owners thereof for such

1 purpose.

2
3 If the District determines to replace the Depository with another qualified securities
4 depository, the District shall prepare or direct the preparation of a new single, separate, fully-
5 registered Bond, per maturity, registered in the name of such successor or substitute qualified
6 securities depository or its nominee. If the District fails to identify another qualified securities
7 depository to replace the Depository, then the Bonds shall no longer be restricted to being
8 registered in the Bond Register in the name of the Nominee, but shall be registered in whatever
9 name or names owners of the Bonds transferring or exchanging Bonds shall designate, in
10 accordance with provisions of this Resolution, and the District shall prepare and deliver Bonds to
11 the owners thereof for such purpose.

12
13 In the event of a reduction in aggregate principal amount of Bonds Outstanding or an
14 advance refunding of part of the Bonds Outstanding, Depository in its discretion, (a) may request
15 the District to prepare and issue a new Bond or (b) may make an appropriate notation on the
16 Bond indicating the date and amounts of such reduction in principal, but in such event the
17 District records maintained by the Paying Agent shall be conclusive as to what amounts are
18 Outstanding on the Bond, except in the case of final maturity in which case the Bond must be
19 presented to the Paying Agent prior to payment.

20
21 Notwithstanding any other provisions of this Resolution to the contrary, so long as any
22 Bond is registered in the name of the Nominee, all payments with respect to Principal and
23 Accreted Value of, and interest on such Bond and all notices with respect to such Bond shall be
24 made and given, respectively, as provided in the Representation Letter or as otherwise instructed
25 by the Depository and acceptable to the District. The initial depository under this Section shall
26 be the Depository. The initial nominee shall be Cede & Co., as Nominee of the Depository.

1 The County, the District and the Paying Agent shall have no responsibility for
2 transmitting payments to, communicating with, notifying, or otherwise dealing with any
3 beneficial owners of the Series D Bonds and neither the County, the District nor the Paying
4 Agent shall have any responsibility or obligation, legal or otherwise, to the beneficial owners or
5 to any other party, including the Depository or its Nominee for any failure of the Depository or
6 its Nominee to provide notices, distribute payments on the Series D Bonds nor take other actions
7 concerning the beneficial owners of the Series D Bonds which are the responsibility of the
8 Depository or its Nominee. As to the District, the foregoing is subject to the express provisions
9 of the Representation Letter.

10
11 **Section 14. Paying Agent.**

12
13 (a) At the request and direction of the District, U.S. Bank National Association is
14 hereby confirmed as the initial authenticating agent, bond registrar, transfer agent and paying
15 agent (collectively, "Paying Agent") for the Series D Bonds. All fees and expenses incurred for
16 services of the Paying Agent shall be the sole responsibility of the District, subject to the terms
17 hereof. The Paying Agent may also function as the dissemination agent for the Bonds and if so
18 acting, shall perform all duties and obligations as set forth in the Continuing Disclosure
19 Certificate, as described in Section 22 hereof.

20
21 (b) The Paying Agent may, at any time, resign as Paying Agent upon 60 days' prior
22 written notice to the Treasurer and the District, and the Paying Agent may be removed at any
23 time upon 30 days' written notice by the District. If at any time the Paying Agent shall resign or
24 be removed, the District shall appoint a successor Paying Agent, with the written consent of the
25 Treasurer, which shall be a bank or trust company doing business in and having a principal
26 corporate trust office in the County or Los Angeles County, California, or such other location
27 within the State as the District shall expressly consent to, with at least \$50,000,000 in assets and
28 willing and able to accept the office on reasonable and customary terms and authorized by law to

1 perform all the duties imposed upon it by this Resolution. Such Paying Agent shall signify the
2 acceptance of its duties and obligations hereunder by executing and delivering to the District a
3 written acceptance thereof. Resignation or removal of the Paying Agent shall be effective only
4 upon appointment and acceptance of a successor Paying Agent. The Paying Agent shall keep
5 accurate records of all funds administered by it and of all Series D Bonds paid and discharged by
6 it. Such records shall be provided, upon reasonable request and reasonable notice to the Paying
7 Agent, in a format mutually agreeable to the District, the Paying Agent and the County.

8
9 (c) In the event of the resignation or removal of the Paying Agent, such Paying Agent
10 shall pay over, assign and deliver any monies held by it as Paying Agent to its successor. In the
11 event of a replacement of the Paying Agent, the Paying Agent shall serve in such capacity until
12 the successor Paying Agent has accepted such position and appointment. The County shall
13 promptly cause to be mailed, at the District's direction and expense, the name and principal
14 corporate trust office address of the Paying Agent appointed to replace any resigned or removed
15 Paying Agent to the Informational Services and to DTC.

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

1 (e) The Paying Agent may, to the extent permitted by applicable law, become the
2 Owner of any of the Outstanding Series D Bonds.

3
4 (f) The District shall be responsible to pay all fees, costs and expenses of the Paying
5 Agent, subject to the provisions of Section 16 hereof.

6
7 (g) All documents received by the Paying Agent under the provisions of this
8 Resolution shall be retained in its possession at the Office of the Paying Agent and shall be
9 subject during business hours and upon reasonable notice to the inspection of the District or the
10 Owners and their agents and representatives duly authorized in writing.

11
12 **Section 15. Payment of Principal and Interest.** The Principal, Accreted Value or
13 Conversion Value of, and interest on, the Series D Bonds, as applicable, shall be payable in
14 lawful money of the United States of America without deduction for the services of the Paying
15 Agent. Interest on Current Interest Bonds shall be paid on each Bond Payment Date by check
16 mailed by first-class mail to the person in whose name the Bond is registered, and to that
17 person's address appearing on the Bond Register (as described in Section 12) on the Record
18 Date. The Owner of an aggregate Principal Amount of Current Interest Bonds of \$1,000,000 or
19 more may request, in writing, prior to the close of business on the fifteenth (15th) day of the
20 month preceding each Interest Payment Date, to the Paying Agent that such Owner be paid
21 interest by wire transfer to the bank within the continental United States and account number on
22 file with the Paying Agent as of the Record Date.

23
24 Payments of Principal and redemption premiums, if any, with respect to the Current
25 Interest Bonds, and the payments of Maturity Value or Conversion Value, and redemption
26 premiums, if any, with respect to the Capital Appreciation Bonds or Convertible Capital
27 Appreciation Bonds, as applicable, shall be payable at maturity or redemption upon surrender at
28 the Office of the Paying Agent, or such other location as the Paying Agent shall designate to the

1 County and the District in writing. In the event the Paying Agent shall provide written notice of
2 a change in the location for payment of Principal, redemption premiums and Maturity Value or
3 Conversion Value on the Bonds, as applicable, the Paying Agent shall thereafter provide notice
4 of such change to the Informational Services and Securities Depositories of such change. The
5 Paying Agent is hereby authorized to pay the Series D Bonds when duly presented for payment
6 at maturity and to cancel all Series D Bonds upon payment thereof.

7
8 In the event any payment is required to be made hereunder on a day which is not a
9 Business Day, such payment shall be made on the next succeeding Business Day with the same
10 effect as if made on such non-Business Day.

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

18
19 **Section 16. Source of Payment; Security for the Series D Bonds.** Pursuant to the
20 California Constitution, the Authorization and California law, there shall be levied by the
21 County, pursuant to Education Code Sections 15260 *et seq.*, on all the taxable property in the
22 District located within the County (as allocated among the County and Imperial County pursuant
23 to State law), in addition to all other taxes, a continuing direct *ad valorem* tax annually during
24 the period the Series D Bonds are Outstanding, commencing in Fiscal Year 2012/2013, or as
25 shall be applicable given the debt service requirements of the Series D Bonds as issued and
26 delivered, in an amount sufficient to pay the Principal and Accreted Value of, and interest on, the
27 Series D Bonds when due, which monies when collected will be placed in the Debt Service
28 Fund. Pursuant to the California Constitution, the Authorization and California law, there shall

1 be levied by Imperial County, pursuant to Education Code Sections 15260 *et seq.*, on all the
2 taxable property in the District located within Imperial County (as allocated among the County
3 and Imperial County pursuant to State law), in addition to all other taxes, a continuing direct *ad*
4 *valorem* tax annually during the period the Series D Bonds are Outstanding, commencing in
5 Fiscal Year 2012/2013, or as shall be applicable given the debt service requirements of the Series
6 D Bonds as issued and delivered, in an amount sufficient to pay the Principal and Accreted
7 Value of, and interest on, the Series D Bonds when due, which monies when collected will be
8 transferred to the Treasurer, as provided for under California law, and placed in the Debt Service
9 Fund. The Debt Service Fund is irrevocably pledged for the payment of the Principal and
10 Accreted Value of, and interest on, the Series D Bonds when and as the same fall due along with
11 administrative costs and expenses for the Series D Bonds including fees and expenses of the
12 Paying Agent.

13
14 The monies held in the Debt Service Fund, to the extent necessary to pay the Principal
15 and Accreted Value of and interest on the Series D Bonds as the same become due and payable,
16 shall be transferred by the County to the Paying Agent as necessary to pay the Principal and
17 Accreted Value of and interest on the Series D Bonds as set out in California law, and in the
18 District Resolution and herein.

19
20 The monies in the Debt Service Fund, to the extent necessary to pay the Principal and
21 Accreted Value of, interest on, and redemption premium, if any, on the Series D Bonds as the
22 same become due and payable, shall be transferred by the Treasurer, or his or her designee or
23 deputy, to the Paying Agent (sufficiently in advance of each Interest Payment Date to allow for
24 timely payment by the Paying Agent of Principal, Accreted Value, interest on, and redemption
25 premium, if any, on the Series D Bonds) who in turn, shall pay such monies to the Depository to
26 pay the Principal and Accreted Value of, interest on, and redemption premium, if any, on the
27 Series D Bonds when due. The Depository will thereupon make payments of Principal and
28 Accreted Value of, interest on, and redemption premium, if any, on the Series D Bonds to the

1 Depository Participants who will thereupon make payments of Principal and Accreted Value,
2 interest and redemption premium, if any, to the beneficial owners of the Series D Bonds. The
3 County, the District and the Paying Agent shall have no responsibility for transmitting payments
4 to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Series
5 D Bonds, except as expressly provided for herein, and neither the County, the District nor the
6 Paying Agent shall have any responsibility or obligation, legal or otherwise, to the beneficial
7 owners of the Series D Bonds or to any other party, including the Depositor or its successor,
8 beyond those responsibilities expressly set forth herein. Any monies remaining in the Debt
9 Service Fund after the Series D Bonds, the interest thereon, Accreted Value thereof and
10 redemption premium, if any, as applicable, have been paid, or provision for such payment has
11 been made, shall be transferred to the General Fund of the District pursuant to the Education
12 Code Section 15235, or any successor section thereto.

13
14 **Section 17. Defeasance.** The Series D Bonds may be defeased prior to maturity in the
15 following ways:

16
17 (a) Cash: By irrevocably depositing with a bank or trust company, in escrow, an
18 amount of cash which, together with amounts then on deposit in the Debt Service Fund,
19 is sufficient to pay all Series D Bonds Outstanding, including all Principal and interest
20 and premium, if any; or

21
22 (b) Defeasance Securities: By irrevocably depositing with a bank or trust company,
23 in escrow, noncallable Defeasance Securities, permitted under Section 149(d) of the Code
24 thereto together with cash, if required, in such amount as will, in the opinion of an
25 independent certified public accountant, together with interest to accrue thereon and
26 monies then on deposit in the Debt Service Fund, together with the interest to accrue
27 thereon, be fully sufficient to pay and discharge all Series D Bonds (including all
28

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

3
4 *then*, notwithstanding that any Series D Bonds shall not have been surrendered for payment, all
5 obligations of the District and the County with respect to all Outstanding Series D Bonds shall
6 cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid
7 from funds deposited pursuant to paragraphs (a) or (b) of this Section 17, to the Owners of the
8 Series D Bonds not so surrendered and paid all sums due with respect thereto.

9
10 For purposes of this Section and Section 18, "Defeasance Securities" shall mean:

11
12 Direct and general obligations of the United States of America, or obligations that are
13 unconditionally guaranteed as to principal and interest by the United States of America,
14 including (in the case of direct and general obligations of the United States of America) evidence
15 of direct ownership or proportionate interests in future interest or principal payments of such
16 obligations (which shall not be required to carry any particular or designated rating(s)). In the
17 case of investments in such proportionate interests, such shall be limited to circumstances
18 wherein: (a) a bank or trust company acts as custodian and holds the underlying Defeasance
19 Obligations; (b) the owner of the investment is the real party in interest and has the right to
20 proceed directly and individually against the obligor of the underlying Defeasance Obligations;
21 and (c) the underlying Defeasance Obligations are held in a special account, segregated from the
22 custodian's general assets, and are not available to satisfy any claims of the custodian, any
23 person claiming through the custodian, or any person to whom the custodian may be obligated;
24 provided that such obligations are rated or assessed "AAA" by Standard & Poor's if the Series D
25 Bonds are then rated by Standard & Poor's, and/or "Aaa" by Moody's if the Series D Bonds are
26 then rated by Moody's.

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

5
6 **Section 18. Partial Defeasance.** A portion of the then-Outstanding maturities of the
7 Series D Bonds may be defeased prior to maturity in the following ways:

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

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

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

1 **Section 19. Establishment of Funds; Disposition of Proceeds of the Bonds;**
2 **Investment.**

3
4 (a) The net proceeds from the sale of the Series D Bonds, to the extent of the net
5 Principal Amount thereof, shall be paid to the County to the credit of the fund hereby created and
6 established by the County and to be designated as the “Coachella Valley Unified School District
7 General Obligation Bonds, 2005 Election, Series D Bonds Building Fund” (“Building Fund”) of
8 the District, and shall be kept separate and distinct from all other District and County funds, and
9 those proceeds shall be used solely for the purpose for which the Series D Bonds are being
10 issued and for payment of permissible costs of issuance and provided further that such proceeds
11 shall be applied solely to authorized purposes for which the Series D Bonds were authorized as
12 directed in writing by the District. Such purposes include payment for any costs of issuance of
13 the Series D Bonds. The County shall have no obligation to ensure that the proceeds are applied
14 in accordance with the preceding sentence. The interest earned on the monies deposited to the
15 Building Fund shall be deposited to such fund and such monies shall be used for the purposes for
16 which the Series D Bonds were authorized at the direction of the District.

17
18 (b) The accrued interest, if any, and any premium received by the County or the
19 District from the sale of the Series D Bonds (if any, after all or a portion of the bond insurance
20 premium and any other allowable costs of issuance are paid by the Underwriter therefrom
21 pursuant to the provisions of the Purchase Agreement), as well as tax revenues collected by the
22 County and Imperial County pursuant to Section 16 hereof and Sections 15260 *et seq.* of the
23 Education Code, shall be deposited and kept separate and apart in the fund established and held
24 by the Treasurer and designated as the “Coachella Valley Unified School District General
25 Obligation Bonds, 2005 Election, Series D Bonds Debt Service Fund” (“Debt Service Fund”) for
26 the Series D Bonds and used for payments of Principal and Accreted Value of, interest on, and
27 redemption premium, if any, as applicable, on the Series D Bonds when and as such become due.
28 *Ad valorem* taxes collected by the County pursuant to State law and Section 16 hereof shall be

1 deposited by the County into the Debt Service Fund and applied, pursuant to the provisions of
2 State law and this Resolution, only for payments of Principal and Accreted Value of, interest on
3 and redemption premium, if any, on the Series D Bonds when due. Funds held in the Debt
4 Service Fund are irrevocably pledged to the payment of Principal and Accreted Value of, interest
5 on and redemption premium, if any, on the Series D Bonds when due. Except as required below
6 to satisfy the requirements of Section 148(f) of the Code, as may be applicable, interest earned
7 on investments of monies held in the Debt Service Fund shall be retained in the Debt Service
8 Fund and used to pay Principal and Accreted Value of, interest on, and redemption premium, if
9 any, on the Series D Bonds when and as such become due. Prior to each such Bond Payment
10 Date (and subject to the applicable provisions of Section 16 hereof), the Treasurer shall transfer
11 to the Paying Agent, for subsequent disbursement to the beneficial Owners of the Series D
12 Bonds, pursuant to the provisions hereof, monies from the Debt Service Fund sufficient to pay
13 Principal and Accreted Value of, interest on and premium (if any) on the Series D Bonds due on
14 such Bond Payment Date. The Paying Agent shall hold all such monies transferred to it,
15 pursuant to the foregoing sentence, uninvested. If, after payment in full of all Principal and
16 Accreted Value, redemption premium, if any, and interest on the Series D Bonds, there remain
17 funds in the Debt Service Fund, any such excess amounts shall be transferred to the General
18 Fund of the District.

19
20 (c) The District shall, at such time as shall be necessary, establish and create the
21 "Coachella Valley Unified School District General Obligation Bonds, Series D, Rebate Fund"
22 ("Rebate Fund"), which fund shall be kept separate and distinct from all other District funds, and
23 into which the District shall deposit, or direct deposit of, funds used to satisfy any requirement to
24 make rebate payments to the United States pursuant to Section 148 of the Code and the Treasury
25 Regulations promulgated thereunder as shall be applicable to the Series D Bonds. The principal
26 requirements for rebate payments applicable to the Series D Bonds shall be as set forth in the
27 Tax Certificate as executed and delivered by the District. The Rebate Fund (if and when
28 established pursuant to the requirements of the Tax Certificate) may, at the discretion of the

1 District, be held by the Paying Agent or the County. Responsibility for determining and
2 calculating rebate payments, if any, due with regard to the Series D Bonds are the responsibility
3 of the District as further set forth in Section 23. Monies in the Rebate Fund shall be invested in
4 compliance with the limitations of the Code.

5
6 (d) Any excess proceeds of the Bonds in the Building Fund, inclusive of interest
7 earnings, not needed for the authorized purposes set forth herein shall be transferred to the Debt
8 Service Fund and applied to the payment of Principal and Accreted Value of, and interest on, the
9 Series D Bonds at the written direction of the District. If, after payment in full of the Series D
10 Bonds, there remain excess proceeds and/or interest earnings, any such excess amounts shall be
11 transferred to the General Fund of the District to be applied in accordance with law.

12
13 (e) All proceeds of the Series D Bonds and interest earning thereon shall be invested
14 by the County, on behalf of, and pursuant to the written direction(s) of, the District, in
15 Authorized Investments. Absent other written investment directions provided to the County
16 from the District, the Treasurer shall invest monies in the Building Fund and the Debt Service
17 Fund pursuant to State law and the then-current investment policy of the County. The Treasurer
18 assumes no responsibility for the reporting, reconciling and monitoring in or for the investment
19 of proceeds of the Series D Bonds where such investment is in an investment not under the
20 control or management of the Treasurer or Treasurer's office.

21
22 **Section 20. Bond Insurance.** In the event the District elects to purchase bond insurance
23 for all or a portion of the Series D Bonds, and to the extent that the Bond Insurer makes payment
24 of the Principal or Accreted Value of, or interest on, the Series D Bonds (or specific maturities
25 thereof), it shall become the Owner of such Series D Bonds (or specific maturities thereof) with
26 the right to payment of Principal and Accreted Value of, or interest on, the Series D Bonds (or
27 specific maturities thereof), and shall be fully subrogated to all of the Owners' rights, including
28 the Owners' rights to payment thereof. To evidence such subrogation (i) in the case of

1 subrogation as to claims that were past due interest components, the Paying Agent shall note the
2 Bond Insurer's rights as subrogee on the Bond Register upon receipt of a copy of the canceled
3 check issued by the Series D Bond Insurer for the payment of such interest to the Owners of the
4 Series D Bonds, and (ii) in the case of subrogation as to claims for past due Principal, the Paying
5 Agent shall note the Bond Insurer as subrogee on the Bond Register upon surrender of the Series
6 D Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer.
7 The officers and officials of the County are authorized to take all other and further necessary
8 actions to arrange for the delivery of the bond insurance policy, if such is purchased by, or on
9 behalf of, the District and for the Series D Bonds. In the event that the Bond Insurer requires
10 additional agreements, covenants or conditions to the issuance of the bond insurance policy, the
11 Designated Officer may deliver or agree to such; provided, however, that applicable law(s) shall
12 be complied with and any such agreement, covenants or conditions shall be consistent with the
13 this Resolution and the District Resolution and be satisfactory to the Designated Officer.

14
15 **Section 21. Preliminary Official Statement; Official Statement.** The District shall
16 authorize, and shall be responsible for, preparing a preliminary and final Official Statement for
17 the Series D Bonds meeting the requirements of Securities and Exchange Commission ("SEC")
18 Rule 15c2-12. Such preliminary Official Statement and final Official Statement are collectively
19 referred to herein as the "Official Statement." Neither the County Board nor any officer of the
20 County has prepared or reviewed the Official Statement of the District describing the Series D
21 Bonds, and this County Board and the various officers of the County take no responsibility for
22 the contents or distribution thereof; provided, however, that solely with respect to a section(s)
23 contained, or to be contained, therein describing the County's investment policy, current portfolio
24 holdings, and valuation procedures, as they may relate to funds of the District held by the County
25 Treasurer, the County Treasurer is hereby authorized and directed to prepare and review such
26 information for inclusion in the Official Statement and the Preliminary Official Statement, and to
27 certify in writing prior to or upon the issuance of the Series D Bonds that the information
28 contained in such section(s) does not contain any untrue statement of a material fact or omit to

1 state any material fact necessary in order to make the statements made therein, in the light of the
2 circumstances under which they are made, not misleading.

3
4 **Section 22. Continuing Disclosure.** “Continuing Disclosure Certificate” shall mean
5 that certain Continuing Disclosure Certificate entered into by the District, as originally executed
6 and as it may be amended from time to time in accordance with the terms thereof.

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

16
17 **Section 23. Tax and Arbitrage Matters.**

18
19 (a) The District has represented that it shall not take any action, or fail to take any
20 action if such action or failure to take such action would adversely affect the exclusion from
21 gross income of the interest payable on the Series D Bonds under Section 103 of the Code.

22
23 (b) The District has covenanted to restrict the use of the proceeds of the Series D
24 Bonds in such manner and to such extent, if any, as may be necessary, so that the Series D Bonds
25 will not constitute “arbitrage bonds” under Section 148 of the Code and the applicable
26 regulations prescribed under that section or any successor section. Calculations for determining
27 arbitrage requirements, and payment of any required monies, are the sole responsibility of the
28 District.

1
2 (c) The District in order to maintain the exclusion from gross income for federal
3 income tax purposes of the interest on the Series D Bonds, has covenanted to comply with each
4 applicable requirement of Section 103 and Sections 141 through 150 of the Code, as set forth in
5 the Tax Certificate to be delivered by the District on the Closing Date and executed by the
6 District, and which shall be, upon its execution and delivery, incorporated herein by this
7 reference as a source of guidance for compliance with such provisions.
8

9 (d) The District has covenanted to at all times do and perform all other acts and
10 things necessary or desirable and within its powers to assure, for the purposes of California
11 personal and federal income taxation, that the tax-exempt status of the interest paid on the Series
12 D Bonds to the recipients thereof will be preserved.
13

14 (e) Notwithstanding any other provision of this Resolution to the contrary, upon the
15 District's failure to observe, or refusal to comply with, the above covenants, no person other than
16 the Owners of the Series D Bonds shall be entitled to exercise any right or remedy as may be
17 provided to such Owners under this Resolution on the basis of the District's failure to observe, or
18 refusal to comply with, the above covenants.
19

20 **Section 24. County Books and Accounts.** The Treasurer, the Paying Agent and the
21 County will keep, or cause to be kept, proper books of record and accounts to record (i) the
22 amount of taxes collected pursuant to Section 16 hereof, (ii) all deposits, expenditure and
23 investment earnings on the Debt Service Fund and the Building Fund and any and all accounts or
24 subaccounts thereof, and (iii) all transfers of funds for the payment of Principal, interest,
25 Accreted Value or redemption premiums, as applicable, on the Series D Bonds. The Treasurer
26 shall provide regular periodic statements of such accounts to the District. Such books of record
27 and accounts shall at all times during business hours, upon reasonable notice, be subject to the
28

1 inspection of the District and the Owners of not less than ten percent (10%) of the Principal
2 amount of the Series D Bonds then Outstanding, or their representatives authorized in writing.

3
4 **Section 25. Execution of Documents by Bond Owners.** Any request, consent or other
5 instrument required by this Resolution to be signed and executed by Bond Owners may be in any
6 number of concurrent writings of substantially similar tenor and may be signed or executed by
7 such Bond Owners in person or by their agent or agents duly appointed in writing. Proof of the
8 execution of any such request, consent or other instrument or of a writing appointing any such
9 agent shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the
10 County, and the District, if made in the manner provided in this Section 25.

11
12 The fact and date of the execution by any person of any such request, consent or other
13 instrument or writing may be proved by the affidavit of a witness of such execution or by the
14 certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof
15 to take acknowledgements of deeds, certifying that the person signing such request, consent or
16 other instrument or writing acknowledged to him the execution thereof.

17
18 The ownership of the Series D Bonds shall be proved by the Bond Register. Any request,
19 consent or vote of the Owner of any Series D Bond shall bind every future Owner of the same
20 Series D Bond and the Owner of any Series D Bond issued in exchange therefor or in lieu
21 thereof, in respect of anything done or suffered to be done by the County or the District, in
22 pursuance of such request, consent or vote.

23
24 **Section 26. Unclaimed Monies.** Notwithstanding any of the foregoing provisions of
25 this Resolution, any monies held by the Paying Agent for the payment of the principal and
26 Accreted Value of, redemption premium, if any, or interest on Series D Bonds, as applicable,
27 remaining unclaimed for one year after the corresponding maturity or redemption date for such
28 Series D Bonds shall be returned by the Paying Agent to the Treasurer, with any and all interest

1 accrued thereon, for deposit into the Debt Service Fund. Notwithstanding any other provisions
2 of this Resolution, any monies held in any fund created pursuant to this Resolution, or by the
3 Paying Agent in trust, for the payment of the Principal or Accreted Value of, redemption
4 premium, if any, or interest on Series D Bonds and remaining unclaimed for one year after the
5 Principal of all of the Series D Bonds have become due and payable (whether by maturity or
6 upon prior redemption) shall be, after payment in full of the Series D Bonds, transferred to the
7 General Fund of the District to be applied in accordance with law; provided, however, that the
8 Paying Agent, or the District, before making such payment, shall cause notice to be mailed to the
9 Owners of all Bonds that have not been paid, by first-class mail at the addresses on the Bond
10 Register, postage prepaid, not less than 90 days prior to the date of such payment.

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

22
23 **Section 28. Amendments.** The County may from time to time (which may be at the
24 request of the District, made in writing), and at any time, without notice to or consent of any of
25 the Owners, by action of the County Board, amend the provisions of this Resolution for any of
26 the following reasons:

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

5
6 (b) to add to the covenants and agreements of and the limitations and the restrictions
7 upon the District contained in this Resolution which are not contrary to or inconsistent with this
8 Resolution as theretofore in effect; and/or

9
10 (c) to modify, alter, amend or supplement this Resolution in any other respect which
11 is not materially adverse to the Bond Owners.

12
13 In the event of any such amendment, the County shall promptly provide the District and
14 the Paying Agent with copies of such amendment and the action of the County Board approving
15 such amendment. Notice of any such amendment shall also be provided to the Owners by the
16 District in the next occurring Annual Report provided by the District under the terms of the
17 Continuing Disclosure Certificate.

18
19 No such amendment shall: (i) extend the fixed maturity of any Series D Bond, reduce the
20 amount of Principal thereof or the rate of interest thereon or extend the time of payment thereof,
21 without the consent of the Owner of each Series D Bond so affected, or (ii) modify or amend this
22 Section without the consent of the Owners of all the Series D Bonds then outstanding.

23
24 Upon the adoption of any amendment pursuant to this Section, this Resolution shall be
25 deemed to be modified and amended in accordance therewith, and the respective rights, duties
26 and obligations under this Resolution of the County, the District, the Paying Agent and all
27 Owners shall thereafter be determined, exercised and enforced hereunder subject in all respects
28 to such modification and amendment, and all the terms and conditions of any such amendment

1 shall be deemed to be part of the terms and conditions of this Resolution for any and all
2 purposes.

3
4 The provisions of this Section shall not prevent any Owner from accepting any
5 modification or amendment as to the particular Series D Bonds held by such Owner.

6
7 **Section 29. Benefits Limited to Parties.** Nothing in this Resolution, express or implied,
8 is intended to give to any person other than the County, the District, the Paying Agent and the
9 Owners of the Series D Bonds, any right, remedy or claim under or by reason of this Resolution.
10 Any covenants, stipulations, promises or agreements in this Resolution contained by and on
11 behalf of the District or the County, are for the sole and exclusive benefit of the County, the
12 District, the Paying Agent and the Owners.

13
14 **Section 30. Acceptance of Payment of County Costs.** This County Board hereby
15 accepts the District's offer of payment of the County's costs for the authorization, issuance and
16 sale of the Series D Bonds and authorizes County officers to provide an invoice to the District
17 for all such costs incurred.

18
19 **Section 31. Approval of Actions.** Officers of the County Board and County officials
20 and staff, including the Treasurer and the County Auditor and Controller, or their designee(s),
21 are hereby authorized and directed, jointly and severally, to do any and all things and to execute
22 and deliver any and all documents which they may deem necessary or advisable in order to
23 proceed with the issuance, sale and delivery of the Series D Bonds and otherwise carry out, give
24 effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken
25 by such officers, officials and staff are hereby ratified, confirmed and approved.

26
27 **Section 32. Partial Invalidity; Severability.** If any one or more of the covenants or
28 agreements, or portions thereof, provided in this Resolution to be performed should be contrary

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

10
11 **Section 33. Compliance With Law.** All acts, conditions and things required by law to
12 be done and performed in strict conformity with the laws authorizing the issuance of general
13 obligation bonds of the District, and the indebtedness of the District, including this proposed
14 issue of the Series D Bonds, is within all limits prescribed by law.

15
16 **Section 34. Effective Date.** This Resolution shall take effect immediately upon
17 adoption.

18
19 **Section 35. Clerk's Certificate.** The Clerk of the County Board is hereby directed to
20 provide certified copies of this Resolution to the Treasurer and the County Auditor and
21 Controller and to Bond Counsel immediately following its adoption at the following address:

22
23 Bowie, Arneson, Wiles & Giannone
24 4920 Campus Drive
25 Newport Beach, CA 92660
26 Attn: Robert E. Anslow
27

28 [Remainder of this page is blank]

1 The foregoing Resolution was on the 12th day of June, 2012, adopted by the Board of
2 Supervisors of the County of Riverside.

3
4 ROLL CALL:

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

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

10 KECIA HARPER-IHEM, Clerk of said Board

11 By: _____

12 Deputy

EXHIBIT "A"

FORM OF BOND PURCHASE AGREEMENT

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§ _____
**COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2005 ELECTION, SERIES D
(Riverside and Imperial Counties, California)**

BOND PURCHASE AGREEMENT

_____, 2012

County of Riverside
Board of Supervisors
4080 Lemon St., P.O. Box 1147
Riverside, California 92502

Coachella Valley Unified School District
87225 Church Street
Thermal, CA 92274

Ladies and Gentlemen:

The undersigned, on behalf of George K. Baum & Company (“Underwriter”), hereby offers to enter into this Bond Purchase Agreement (“Purchase Agreement”) with the County of Riverside, California (“County”), and the Coachella Valley Unified School District (“District”) to purchase the Bonds (as hereinafter defined) of District on the terms herein provided. Upon acceptance hereof by the District and the County, this Purchase Agreement will be binding on the District and the Underwriter. By execution of this Purchase Agreement, the County acknowledges its terms and recognizes that it will be bound by certain of the provisions hereof, and to the extent binding on the County, acknowledges and agrees to such terms. This offer is made subject to the written acceptance of this Purchase Agreement by the County and the District and delivery of such acceptance to us at our office prior to 11:59 p.m., California Time, on the date hereof.

The District and the County acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm’s-length commercial transaction between the District, the County and the Underwriter, (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an agent or a fiduciary of the District or the County, (iii) the Underwriter has not assumed (individually or collectively) a fiduciary responsibility in favor of the District or the County with respect to (x) the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or is currently advising the District or the County on other matters) or (y) any other obligation to the District or the County except the obligations expressly set forth in this Purchase Agreement and (iv) the District and the County have consulted with their own respective legal and other professional advisors to the extent they have deemed appropriate in connection with the offering of the Bonds.

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 principal amount of the Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series D (“Bonds” or the “Series D Bonds”). The Bonds shall bear interest at the rates, and shall mature in the years shown on Appendix “A” hereto, which is incorporated herein by this reference. The Bonds shall be dated the date of delivery. The Underwriter agrees to purchase the Bonds at a purchase price equal to \$ _____ (which represents the aggregate principal amount of the Bonds of \$ _____, plus a net original issue premium of \$ _____ and less the underwriter's discount of \$ _____ less \$ _____ to be retained by the Underwriter to pay Costs of Issuance, including the Bond Insurance Premium). Certain costs of issuance to be paid by the Underwriter, at the direction of the County and District, from the original issue premium as described in Section 14 hereof (resulting in a net purchase price of \$ _____).

[The Bonds are issued as Current Interest Term Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, bearing and accreting interest at the rates, and maturing in the years, shown in Appendix A hereto, which is incorporated herein by this reference.]

2. **The Bonds.** The Bonds shall mature on August 1 in the years shown in Appendix “A” and shall otherwise be as described in, and shall be issued and secured pursuant to, the provisions of the Resolution of the District, adopted on May 15, 2012 (“District Resolution”), the Resolution of the Board of Supervisors of the County adopted on June __, 2012 (“County Resolution” and collectively with the District Resolution, the “Resolutions”), Sections 53506 *et seq.* of the California Government Code and Sections 15100 *et seq.* and Sections 15140 *et seq.*, of the California Education Code (collectively, the “Act”), Article XIII A of the California Constitution and other applicable State law. Capitalized terms used herein and not otherwise defined herein shall have the corresponding meaning(s) set forth in the County Resolution.

Certain provisions for the redemption of the Bonds, not otherwise specified in the Resolutions, are shown in Appendix “A” attached hereto and incorporated herein by reference, all as provided in the County Resolution.

The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Agreement and the Resolutions. The Bonds shall be in definitive book-entry form, shall bear CUSIP numbers, shall be in fully registered form initially, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York and the Bonds shall initially be in authorized denominations of \$5,000 maturity value each or any integral multiple thereof.

U.S. Bank National Association (“Paying Agent”) shall serve as the initial authenticating agent, bond registrar, transfer agent, and paying agent for the Bonds pursuant to a paying agent agreement with respect to the Bonds, between the District and the Paying Agent.

[The payment of principal of and interest (but not any prepayment premium) on the Bonds will be secured by a municipal bond insurance policy ("Insurance Policy") to be issued simultaneously with the issuance of the Bonds by Assured Guaranty Municipal Corp. ("Insurer" or "AGMC").]

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 Agreement, the 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 Agreement (except as such documents otherwise provide).

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

The Underwriter hereby represents to the District (i) that as of the date of sale, all of the Bonds purchased were expected to be reoffered in a bona fide public reoffering; (ii) that as of the date of the certification, all of the Bonds purchased had actually been offered to the general public at the offering prices shown in Appendix A; and (iii) that the prices given in Appendix A are the maximum initial bond fide offering prices at which a substantial amount (at least 10%) of each maturity of the Bonds purchased was sold to the general public. The Underwriter agrees, upon request, to furnish to the District or to Bond Counsel, reasonable written verification of its compliance with this paragraph.

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 _____, 2012 ("Preliminary Official Statement"), or such other date as designated on behalf of the District by a party designated by the District ("District Official"). The District represents that it deems the Preliminary Official Statement to be final, except for either revisions or additions to the offering price(s), interest rate(s), yield(s) to maturity, Underwriter's discount, 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 ("Rule").

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

The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date this Purchase Agreement is fully executed, copies of a final Official Statement relating to the Bonds ("Official Statement") substantially in the form of the Preliminary Official Statement, as further provided for in paragraph 10(b) hererof; *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.

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

The Underwriter hereby represents that it will provide, consistent with the requirements of Municipal Securities Rulemaking Board ("MSRB") Rule G-32, for the delivery of a copy of the Official Statement to each customer who purchases any Bonds during the underwriting period (a such term is defined in MSRB Rule G-11), and deliver a copy of the Official Statement to a national repository on or before the Closing Date, and that it will otherwise comply with all applicable statues and regulations in connection with the offering and sale of the Bonds, including, without limitation, MSRB Rule G-32 and 17 CFR Section 240.15c2-12, promulgated by the Securities and Exchange Commission ("Rule 15c2-12").

6. **Closing.** At 8:30 a.m., California Time, on _____, 2012, or at such other time or on such other date as shall have been mutually agreed upon by the District, the County and the Underwriter ("Closing"), the District or the County, as appropriate, will deliver to the Underwriter, at the offices of The Depository Trust Company ("DTC") in New York, New York, or at such other place as the District and the Underwriter may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and in Newport Beach, California, the other documents hereinafter mentioned, and the Underwriter will accept such delivery and pay the net purchase price thereof, of \$ _____ in immediately available funds (by wire transfer or such other manner of payment as the Underwriter, the County and the District shall reasonably agree upon) to the order of the District.

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

(a) **Due Organization.** The District is a public school district duly organized and validly existing under the laws of the State of California ("State"), with the power to issue the Bonds through the County pursuant to the Act.

(b) **Due Authorization.** (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Purchase Agreement, 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 Agreement and the Resolutions; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the

Resolutions and this Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Purchase Agreement constitutes a valid and legally binding obligation of the District; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Agreement.

(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, sale or delivery of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby. The District gives no representation or warranty with regard to compliance with Blue Sky or similar securities requirements.

(d) No Conflicts. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Agreement, the Resolutions 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 material 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 material default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(e) Litigation. As of the time of acceptance hereof no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or of the title of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the issuance, sale or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of taxes of the District pledged or to be pledged or available to pay the principal of and interest on the Bonds, or the pledge thereof, or the levy of any taxes contemplated by the Resolutions or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Agreement or the Resolutions or contesting the powers of the District to execute, deliver and perform its obligations under the Resolutions or this Purchase Agreement; or (iii) in which a final adverse decision could (a) materially adversely affect the transactions contemplated by this Purchase Agreement or the Resolutions, (b) declare this Purchase 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 and the exemption of such interest 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, or any other governmental entity or body, on behalf of the District, will have issued in the name and on behalf of the District any bonds, notes or certificates of participation for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(g) Arbitrage Certificate. The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is an issuer of tax-exempt obligations whose arbitrage certificates may not be relied upon.

(h) Certificates. Except as specifically provided, 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 statement made therein.

(i) Continuing Disclosure Certificate. To assist the Underwriter in complying with the Rule, the District will undertake, pursuant to the District Resolution and a Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. The Continuing Disclosure Certificate shall comply with the provisions of Rule 15c2-12(b)(5) and be in substantially the form attached to the Official Statement in Appendix C. The District has, in the past, failed to file certain information in a timely manner as required by its prior continuing disclosure obligations. The District has since filed all such required information and is, as of the closing, current with respect to all filings required under its prior existing continuing disclosure obligations.

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

(k) Official Statement Accurate and Complete. The Preliminary Official Statement, at the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the date hereof and on the Closing Date, the final Official Statement did not and will not contain any untrue statements therein, in the light of the circumstances under which they were made, not misleading. The District makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the Final Official Statement in reliance upon and in conformity with information furnished in writing to the District by or on behalf of the Underwriter through a representative of the Underwriter specifically for inclusion therein.

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

(a) Due Organization. The County is a political subdivision duly organized and validly existing under the laws of the State, with the power to issue the Bonds 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 Agreement, to adopt the County Resolution, to issue and deliver the Bonds to the Underwriter on behalf of the District and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Agreement and the County Resolution; (iii) the execution and delivery or adoption of, and the performance by the County of the obligations contained in the Bonds, the Resolutions and this Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the closing; (iv) this Purchase Agreement 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 Agreement.

(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, sale or delivery of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby. The County gives no representation or warranty with regard to compliance with Blue Sky or similar securities requirements.

(d) No Conflicts. To the best knowledge of the County, the issuance of the Bonds, the execution, delivery and performance of this Purchase Agreement, the County Resolution and the Bonds, and the compliance with the provisions hereof, do not conflict with or constitute on the part of the County a violation of or material default under the Constitution of the State 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 material 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 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; or (ii) seeking to restrain or enjoin the issuance, sale or delivery of any of the Bonds, the application of the proceeds of the sale of 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 Agreement or the Resolutions or contesting the powers of the County or their authority with respect to the Bonds, the Resolutions or this Purchase Agreement; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the County related to the transactions contemplated by this Purchase Agreement or the Resolutions, or (b) declare this Purchase Agreement to be invalid or unenforceable in whole or in material part.

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

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

(a) The Underwriter is duly authorized to execute this Purchase Agreement through its officer as undersigned and is authorized to take any action(s) under the Purchase Agreement required to be taken by it;

(b) The execution and delivery hereof and the consummation of the transactions contemplated hereto does not and will not violate any of the prohibitions set forth in Rule G-37 promulgated by the MSRB;

(c) All reports required to be submitted to the MSRB pursuant to Rule G-37 have been and will be submitted to the MSRB;

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

(e) The Underwriter has not paid or agreed to pay, nor will it pay or agree to pay, any entity, company, firm, or person (including, but not limited to, the District's financial consultants, or any officer, agent or employee thereof), other than a bona fide officer, agent or employee working for Underwriter, any compensation, fee gift or other consideration contingent upon or resulting from the award of or entering into this Purchase Agreement; and

(f) The Underwriter has reasonably determined that the District's undertaking to provide continuing disclosure with respect to the Bonds pursuant to Section 12(e)(14) hereof is sufficient to effect compliance with the Rule.

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

(a) Securities Laws. The County and the District will furnish such information, execute such instruments, and take such other action in cooperation with, and at the expense of, the Underwriter if and as the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, provided, however, that the County

and the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

(b) Official Statement. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date this Purchase Agreement is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being called the "Official Statement") in such reasonable quantities as may be requested by the Underwriter in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the MSRB. The District hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Bonds;

(c) 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 ninety (90) days following the Closing;

(d) Amendments to Official Statement. For a period of ninety (90) days after the Closing or until such time (if earlier) as the Underwriter shall no longer hold any of the Bonds for sale, the District will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall reasonably object in writing or which shall be disapproved by the Underwriter; and if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser, the Underwriter shall forthwith prepare and furnish (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact, or omit to state a material fact, necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading; and

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

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

12. Conditions to Closing. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the County and the District

contained herein and the performance by the District and the County of their respective obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Purchase Agreement are and shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

(a) Representations True. The representations and warranties of the County and the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and the County and the District shall be in compliance with each of the agreements made by it in this Purchase Agreement;

(b) Obligations Performed. At the time of the Closing, (i) the Official Statement, this Purchase Agreement, the District Resolution and the County Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter; (ii) all actions under the Act which, in the opinion of Bowie, Arneson, Wiles & Giannone, bond counsel to the District ("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 or 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 Agreement (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(f) 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 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 judgement 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) legislation enacted by the legislature of the State, or a decision rendered by a court of the State, or a ruling, order, or regulation (final or temporary) made by State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on the obligations of the general character of the Bonds in the hands of the holders thereof;

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

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

(5) 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;

(6) 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 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;

(7) the withdrawal or downgrading of any rating of the District's Outstanding indebtedness or of any insurer insuring the scheduled payment of the principal and interest on the Bonds by a national rating agency if such action, in the opinion of the Underwriter, materially affects the market for the Bonds; or

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

(9) the suspension by the SEC of trading in the outstanding securities of the District or the County.

(e) Delivery of Documents. At or prior to the date of the Closing, the District shall deliver, or cause to be delivered, sufficient copies of the following documents in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(1) Bond Opinion and Reliance Letter. 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 County and the District; together with a reliance letter from Bond Counsel, addressed to the Underwriter and the Insurer to the effect that the Underwriter and Insurer may rely upon the approving opinion described above;

(2) Certificate(s) of the District. A certificate signed by an authorized officer(s) of the District to the effect that (i) such official is authorized to execute this Purchase Agreement, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the District Resolution and this Purchase Agreement to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, (iv) to the best of such official's knowledge, no litigation is pending or threatened (either in state or federal courts) (A) seeking to restrain or enjoin the execution, sale or delivery of any of the Bonds, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Bonds, the Continuing Disclosure Certificate or this Purchase Agreement, or (C) in any way contesting the existence or powers of the District, (v) such official has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statement of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and (vi) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Agreement substantially conform

to the descriptions thereof contained in the Resolutions and this Purchase Agreement;

(3) Certificate(s) of the County. A certificate(s) signed by an authorized officer(s) of the County to the effect that (i) such officials are authorized to execute this Purchase Agreement, (ii) the representations, agreements and warranties of the County herein are true and correct in all material respects as of the date of Closing, (iii) the County has complied with all the terms of the County Resolution and this Purchase Agreement to be complied with by the County prior to or concurrently with the Closing and such documents are in full force and effect, and (iv) the Bonds being delivered on the date of Closing to the Underwriter under this Purchase Agreement substantially conform to the descriptions thereof contained in the County Resolution and this Purchase Agreement;

(4) Disclosure Counsel Opinion. An opinion of Disclosure Counsel, addressed to the Underwriter and the District to the effect that, without passing upon or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement and making no representation that they have independently verified the accuracy, completeness or fairness of any such statements, based upon the information made available to them in the course of their participation in the preparation of the Official Statement, nothing has come to such counsel's attention which would lead them to believe that the Official Statement, including the cover page (but excluding therefrom the appendices thereto, financial statements and statistical data, [information regarding the Insurer,] and information regarding The Depository Trust Company and its book-entry system, as to which no opinion need be expressed) contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light under which they were made, not misleading;

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

[(6) Municipal Bond Insurance. Evidence satisfactory to the Underwriter that the Bonds shall have received a policy of municipal bond insurance by the Insurer that unconditionally guarantees the timely payments of all debt service on the Bonds;]

[(7) Certificate of Insurer. A certificate(s) of the Insurer in form and substance satisfactory to Bond Counsel, including a certification of the appropriate agent of the Insurer evidencing Insurer's determination that the information contained in the Official Statement regarding the Insurer and its policy with respect to the Bonds is accurate;]

[(8) Opinion of Counsel to the Insurer. An opinion of counsel to the Insurer, dated as of the date of Closing, addressed to the Underwriter, the District

and the County in form and substance acceptable to counsel 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;]

[(9) Ratings. Evidence satisfactory to the Underwriter (i) that the Bonds shall have been rated "____" by Standard & Poor's Ratings Service and "____" by Moody's Investors Service as a result of municipal bond insurance provided by the Insurer, (ii) that the Bonds shall have an underlying rating of "____" by Standard & Poor's Ratings Service and "____" by Moody's Investors Service, and (iii) that any such ratings have not been revoked or downgraded;]

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

(i) such copies are true and correct copies of the District Resolution; and

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

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

(i) such copies are true and correct copies of the County Resolution; and

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

(12) County Counsel Opinion. An opinion of Counsel to the County in the form attached hereto as Appendix "B";

(13) Official Statement. Certificate(s) of the appropriate officials of the District evidencing their determinations respecting the Official Statement in accordance with the Rule; and

(14) Continuing Disclosure Certificate. A Continuing Disclosure Certificate of the District as summarized in the Official Statement and in a form satisfactory to the Underwriter which complies with S.E.C. Rule 15c2-12(b)(5);

(15) Letter of Representations. A copy of the signed Letter of Representations as filed with The Depository Trust Company (DTC);

(16) Form 8038-G. Evidence that the federal tax information form 8038-G has been prepared by Bond Counsel for filing;

(17) CDIAC Statements. A copy of the filings with the California Debt and Investment Advisory Commission pursuant to the applicable provisions of the California Government Code;

(18) District Counsel Opinion. An opinion of Counsel to the District in substantially the form attached hereto as Appendix "C";

(19) Underwriter's Certifications. At or before Closing, and contemporaneously with the acceptance and delivery of the Bonds and the payment of the purchase price therefore (as set forth herein), the Underwriter shall provide to the District:

(i) the receipt of the Underwriter, in form satisfactory to the District and the County and signed by an authorized officer of the Underwriter, accepting the Bonds by the Underwriter and receipt of all documents required by the Underwriter pursuant to the terms hereof, and the satisfaction or waiver of all conditions and terms of this Purchase Agreement by the District and the County, respectively, and confirming to the District and the County that as of the Closing Date all of the representations of the Underwriter contained in this Purchase Agreement are true, complete and correct in all material respects;

(ii) the certification of the Underwriter, signed by an authorized officer of the Underwriter, in form satisfactory to Bond Counsel, regarding the prices at which the Bonds have been reoffered to the public, as described in paragraph 4 hereof; and

[(iii) the certification of the Underwriter, signed by an authorized officer of the Underwriter, in form satisfactory to Bond Counsel, that the present value of the interest saved as a result of obtaining the Insurance Policy issued by the Insurer with respect to the Bonds exceeds the premium paid for such insurance, and said premium is not unreasonable; and]

(20) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel 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 District.

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriter prior to the close of business, California Time, on _____, 2012, or such other date as is agreed upon by the District, County and Underwriter, then the obligation of the Underwriter to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Section 14 hereof.

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

The Underwriter shall also have the right to cancel its obligation to purchase the Bonds, by written notice to the County and the District, if between the date hereof and the Closing, (i) any event occurs or information becomes known, which makes untrue any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (ii) the market for the Bonds or the market price of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the reasonable professional judgment of the Underwriter, by (a) legislation enacted by the Congress of the United States, or passed by either House of the Congress, or favorably reported for passage to either House of the Congress, by any Committee of such House to which such legislation has been referred for consideration, or by the legislature of the State, or a decision rendered by a court of the United States or the State or by the United States Tax Court, or a ruling, order, or regulation (final or temporary) made by the Treasury Department of the United States or the Internal Revenue Service or other federal or State authority, which would have the effect of changing, directly or indirectly, the federal income tax consequences or State tax consequences of interest on obligations of the

general character of the Bonds in the hands of the holders thereof, or (b) any new outbreak of hostilities or other national or international calamity or crisis, the effect of such outbreak on the financial markets of the United States being such as, in the judgment of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds, or (c) a general suspension of trading on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction, or (d) a general banking moratorium declared by either federal or State authorities having jurisdiction; or (iii) additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which in the opinion of the Underwriter, materially adversely affect the market price for the Bonds.

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

14. **Expenses.**

[(a) The Underwriter shall, at the direction of the District and the County, pay the following expenses up to a total amount of \$ _____: (i) the cost of the preparation and reproduction of the Resolutions; (ii) the fees and disbursements of Bond Counsel, District Counsel and Disclosure Counsel; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees, if any, for Bond ratings, including all necessary travel expenses; (v) the cost of the printing and distribution of the Preliminary Official Statement and the Official Statement; (vi) the initial fees of the Paying Agent; [(vii) the bond insurance premium;] and (viii) all other fees and expenses incident to the issuance and sale of the Bonds, exclusive of the fees and expenses set forth in paragraph 14(b) hereof. At the time that all costs of issuance are paid, the Underwriter shall provide the District with a complete accounting of such payments and any amounts remaining after all payments have been made. The aggregate amount of the foregoing expenses to be paid by the Underwriter shall not exceed \$ _____, and any amount of such expenses in excess of such amount shall be the sole responsibility of the District payable from the proceeds of the Bonds or any other lawfully available funds.]

(b) In addition to the foregoing expenses, Underwriter shall also pay all 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), expenses of counsel to the Underwriter, if any, and other expenses (except as provided above), shall be paid by the Underwriter.

(c) If the expenses set forth in subparagraph (a) above, do not equal or exceed \$ _____ after the payment of all such expenses, the Underwriter shall remit, on a date not later than six months after the Closing, the difference between \$ _____ and the total

amount paid for such expenses to the County on behalf of the District and the District shall deposit, or cause to be deposited, such sum into the Debt Service Fund.

15. **Notices.** Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the County, to the Treasurer of the County of Riverside, Treasurer-Tax Collector of the County of Riverside, 4080 Lemon St., 4th Floor, P.O. Box 12005, Riverside, CA 92502-2205; if to the District, to the Superintendent (or Superintendent's designee), Coachella Valley Unified School District, 87-255 Church St., Thermal, California 92274, attn: Superintendent; or if to the Underwriter, George K. Baum & Company, 555 Capitol Mall, Suite 700, Sacramento, California 95814.

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

17. **Underwriter Indemnification.** The Underwriter agrees to indemnify and hold harmless the County and its supervisors, officers, employees and agents, and the District and its directors, officers, employees and agents, from and against any and all losses, claims, damages, liabilities, attorneys' fees and other expenses of every conceivable kind, character or nature whatsoever (including the reasonable costs of investigation) arising out of, resulting from or in any way connected with:

(a) any violation or alleged violation in the offering or sale of the Bonds, by the Underwriter, of the Blue Sky, securities or any other laws of any jurisdiction in which any such offering or sale is made;

(b) any untrue statement or alleged untrue statement of a material fact or any omission or alleged omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in any text hereafter provided by the Underwriter, without the knowledge and consent of the District, for use in the Official Statement or any supplement or amendment thereto, and which is included therein; or

(c) the failure of the Underwriter to send or give to any purchaser of any Bonds a copy of the Preliminary Official Statement pursuant to Section 5 of this Purchase Agreement and, concurrently with the written confirmation of the sale of such Bonds, the Official Statement (to the extent supplemented or amended, as so supplemented or amended).

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

19. **Nonassignment.** Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior written consent of the other party hereto.

20. **Entire Agreement.** This Purchase Agreement, when executed by the parties hereto, shall constitute the entire agreement of the parties hereto, including their permitted successors and assigns, respectively.

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

[Remainder of this page is blank]

22. **Applicable Law.** This Purchase Agreement 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,

GEORGE K. BAUM & COMPANY:

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

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

By: _____
Authorized Officer

APPENDIX "A"

MATURITY SCHEDULE AND REDEMPTION TERMS

Dated: _____, 2012

Delivery: _____, 2012

[Insured] Ratings: Moody's - "____"
S&P - "____"

Current Interest Serial [and Term] Bonds:

First Interest Payment Date: February 1, 2013

<u>Maturity (August 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Premium/ Discount</u>
20__	\$ _____	_____ %	_____ %	_____
20__	\$ _____	_____ %	_____ %	_____
20__	\$ _____	_____ %	_____ %	_____
20__	\$ _____	_____ %	_____ %	_____

Capital Appreciation Serial [and Term] Bonds:

First Accretion Date: _____ 1, 20__

<u>Maturity (August 1)</u>	<u>Denominational Amount</u>	<u>Re-Offering Denominational Amount</u>	<u>Maturity Value</u>	<u>Stated Yield to Maturity</u>	<u>Reoffer Yield to Maturity</u>
20__	\$ _____	\$ _____	\$ _____	_____ %	_____ %
20__	\$ _____	\$ _____	\$ _____	_____ %	_____ %
20__	\$ _____	\$ _____	\$ _____	_____ %	_____ %
20__	\$ _____	\$ _____	\$ _____	_____ %	_____ %
20__	\$ _____	\$ _____	\$ _____	_____ %	_____ %
20__	\$ _____	\$ _____	\$ _____	_____ %	_____ %
20__	\$ _____	\$ _____	\$ _____	_____ %	_____ %
20__	\$ _____	\$ _____	\$ _____	_____ %	_____ %
20__	\$ _____	\$ _____	\$ _____	_____ %	_____ %
20__	\$ _____	\$ _____	\$ _____	_____ %	_____ %

Convertible Capital Appreciation Serial [and Term] Bonds:

First Accretion Date: _____ 1, 20__

<u>Maturity (August 1)</u>	<u>Denominational Amount</u>	<u>Conversion Value</u>	<u>Accretion Rate To Conversion Date</u>	<u>Interest Rate After Conversion Date</u>	<u>Yield</u>	<u>Premium/ Discount</u>
20__	\$ _____	\$ _____	_____ %	_____ %	_____ %	_____
20__	\$ _____	\$ _____	_____ %	_____ %	_____ %	_____
20__	\$ _____	\$ _____	_____ %	_____ %	_____ %	_____
20__	\$ _____	\$ _____	_____ %	_____ %	_____ %	_____
20__	\$ _____	\$ _____	_____ %	_____ %	_____ %	_____
20__	\$ _____	\$ _____	_____ %	_____ %	_____ %	_____
20__	\$ _____	\$ _____	_____ %	_____ %	_____ %	_____
20__	\$ _____	\$ _____	_____ %	_____ %	_____ %	_____

Redemption Provisions

Optional Redemption

Current Interest Bonds. The Current Interest Bonds maturing on or after August 1, 20__ are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20__, or on any date thereafter, at a price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

Capital Appreciation Bonds. The Capital Appreciation Bonds maturing on or after August 1, 20__ are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20__, or on any date thereafter, at a price equal to 100% of the Accreted Value thereof as of the date identified for redemption, without premium.

Convertible Capital Appreciation Bonds. The Convertible Capital Appreciation Bonds maturing on or after August 1, 20__, are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20__, or on any date thereafter, at a price equal to 100% of the Conversion Value thereof, without premium, together with accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption

Current Interest Term Bonds. The Current Interest Bonds maturing on August 1, 20__ (the "Current Interest Term Bonds"), are subject to mandatory sinking fund redemption by lot, without premium, on each August 1 of the years and in the amounts set forth below:

\$ _____ Current Interest Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption
20__	\$ _____
20__ (maturity)	

Convertible Capital Appreciation Term Bonds. The Convertible Capital Appreciation Bonds maturing on August 1, 2041 (the "Convertible Capital Appreciation Term Bonds"), are subject to mandatory sinking fund redemption by lot, without premium, on each August 1 of the years and in the amounts set forth below:

**\$ _____ [Conversion Value] Convertible Capital
Appreciation Term Bonds Maturing August 1, 20__**

<u>Redemption Date</u> <u>(August 1)</u>	<u>Sinking Fund</u> <u>Redemption</u>
20__	\$ _____
20__	
20__ (maturity)	

If any such Current Interest Term Bonds or Convertible Capital Appreciation Term Bonds are redeemed pursuant to optional redemption, there shall be pro rata reductions in the annual sinking fund payments due on such Outstanding Term Bonds, or as otherwise directed by the District.

APPENDIX "B"

FORM OF OPINION OF COUNTY COUNSEL

_____, 2012

§ _____

**COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2005 ELECTION, SERIES D**

Ladies and Gentlemen:

As counsel to the Board of Supervisors ("Board") of the County of Riverside, California ("County"), I have reviewed the Official Statement ("Official Statement") for the above-described bonds ("Bonds") and the Resolution of the Board adopted on June ___, 2012, with respect to the Bonds ("County Resolution"), and the Bond Purchase Agreement, dated as of _____, 2012, by and among the Coachella Valley Unified School District ("District"), the County and George K. Baum & Company as Underwriter ("Purchase Agreement").

Having reviewed these documents, it is my opinion that:

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 throughout.
3. To my 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 or affecting the County which would restrain or enjoin the levy or collection of tax revenues pledged for payment of the principal and interest of the Bonds or in any way contesting or affecting the validity of the County Resolution, the Purchase Agreement or the Bonds wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the County Resolution, the Purchase Agreement or the Bonds, or in which a final adverse decision could materially adversely affect the operations of the County.
4. To my knowledge, the issuance of the Bonds and the execution of and performance of the provisions of the Purchase Agreement, 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.

5. No authorization, approval, consent, or other order of the State of California, or other governmental authority or agency within the State of California, is required for the valid authorization, issuance and sale of the Bonds or the execution of the Purchase Agreement by the County.

Very truly yours,

APPENDIX "C"

FORM OF DISTRICT COUNSEL OPINION

Board of Trustees of the
Coachella Valley Unified School District
87-255 Church St.
Thermal, CA 92274

George K. Baum & Company
555 Capitol Mall, Suite 700
Sacramento, CA 95814

Re: \$ _____ Coachella Valley Unified School District General Obligation
Bonds, 2005 Election, Series D
Opinion of District Counsel

Ladies and Gentlemen:

We have acted as District Counsel for the Coachella Valley School District ("District") in connection with the proceedings for the issuance and sale by the District of \$ _____ principal amount of Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series D ("Bonds"). The Bonds are being issued pursuant to the Resolution of the Board of Trustees of the District, adopted on May 15, 2012 (Resolution No. 2012-73) ("District Resolution"), and a Resolution of the Board of Supervisors of the County of Riverside (Resolution No. 2012-___), adopted on June ___, 2012 ("County Resolution" and collectively with the District Resolution, the "Resolutions"), the California Constitution and in accordance with the statutory authority set forth in Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506, and Title 1, Division 1, Part 10, Chapter 1 of the State of California Education Code, commencing with Section 15100.

This letter is delivered to you pursuant to Section 12(e)(18) the Bond Purchase Agreement dated _____, 2012 ("Purchase Agreement"), between the County of Riverside ("County"), the District and George K. Baum & Company ("Underwriter").

Capitalized terms not otherwise defined herein shall have the meaning(s) ascribed thereto in the Purchase Agreement.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. The opinions may be affected by actions or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person,

whether (or not) any such actions or events occur. As to questions of fact material to our opinions, we have relied upon the documents and matters referred to herein, and we have not undertaken by independent investigation to verify the authenticity of signatures or the accuracy of the factual matters represented, warranted or certified therein. In making our examination of the documents referenced herein, we have assumed that each party to one or more of the documents referenced herein, other than the District, has the power to enter into and perform its obligations thereunder, has duly authorized, executed and delivered such documents, and that such documents constitute the legal, valid and binding obligations of such party. Furthermore, we have assumed all compliance with all covenants contained in the Resolutions and in certain other documents. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the documents described herein.

As District Counsel, we have examined a record of the proceedings in connection with the execution and delivery of the Bonds, including, without limitation, the following:

- (i) the proceedings relating to the call and conduct of the general obligation bond election conducted on November 7, 2005, within the boundaries of the District ("Election");
- (ii) the District Resolution;
- (iii) the Purchase Agreement; and
- (iv) such other documents, including, but not limited to, certificates of the District and the County delivered in connection with the issuance of the Bonds, as we have deemed necessary to render the opinions set forth below.

With regard to the opinion expressed in paragraph (3) below, we have conducted an electronic search for existing civil actions as against the District, which has consisted of searches of records within the Riverside County Superior Court, the Federal District court with jurisdiction over the boundaries of the District. We have also expressly relied upon the factual representations made to us by the District as to such matters. This opinion may be affected by actions or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether (or not) any such actions or events occur.

This opinion may be affected by actions or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether (or not) any such actions or events occur.

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

The Resolutions and other related documents refer to certain requirements and procedures which may be changed and certain actions which may be taken, in circumstances and

subject to terms and conditions set forth in such documents, upon the advice or with an approving opinion of nationally recognized bond counsel. No opinion is expressed herein as to any Bond, or any related document, if any such change is made or action is taken upon the advice or approval of counsel other than ourselves.

It is to be understood that the rights and obligations under the Resolutions and related documents are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws heretofore or hereafter enacted, affecting the enforcement of creditors' rights and remedies, to the application of equitable principles when equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases.

Based on and subject to the foregoing, and in reliance thereon and our consideration of such questions of law as we have deemed relevant to the circumstances, and under existing law, we are of the following opinions:

1. The District is a school district duly organized and existing under the Constitution and the laws of the State of California ("State");
2. The District Resolution was duly adopted at a meeting of the Board of Trustees of the District which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout;
3. To the best of our knowledge, after due inquiry, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the District which would adversely impact the District's ability to cause the Bonds to be issued or which would 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 Purchase Agreement, the District Resolution, or the Bonds wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the Purchase Agreement, the District Resolution or the Bonds; and
4. To the best of our knowledge, the obligations of the District under the Bonds, and the approval of the Official Statement and the execution of and performance of the provisions of the Purchase Agreement, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the District is subject.

We express no opinion with respect to the effect of laws, other than the laws and regulations of the State in full force and effect on the date hereof, upon the validity and binding effect of the Purchase Agreement.

We have not undertaken any duty and expressly disclaim any responsibility to advise you as to events occurring after the date hereof with respect to the Bonds or the Special Taxes. We

have not undertaken any duty and expressly disclaim any responsibility to supplement or update this opinion letter nor to advise you or any other party if there is a change in law or facts or new facts come to our attention subsequent to the date hereof which may affect the opinions expressed above and/or which may cause us to amend any portion of this opinion letter in full or in part. Furthermore, future acts or omissions of the parties may serve to modify, alter or change the circumstances under which this opinion letter was prepared and upon which the opinions herein were rendered. We have not undertaken to determine or to inform any person, whether (or not) any such actions or events occur. Also, actions, conduct or omissions by a party may create a situation of waiver, estoppel or novation which would supplant the opinions set forth in this opinion letter. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

The opinions expressed herein are based on the facts (as we know, believe or have assumed them to be) and law as in effect on the date of this opinion and, as such, this opinion shall be effective only as of the date of this letter. This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters expressly so stated. No attorney-client relationship has existed or exists between our firm and George K. Baum & Company, in connection with the authorization, issuance and delivery of the Bonds or related matters thereto. This opinion is issued with all the exclusions and limitations set forth herein. Exclusive of inclusion in the transcript of documents for the Bonds, this letter is not to be used, circulated, quoted, or otherwise referred to by you for any other purpose whatsoever or delivered to any other person without our prior written consent.

Very truly yours,

1 **EXHIBIT "B"**

2
3 **FORM OF CURRENT INTEREST BOND**

4
5 **STATE OF CALIFORNIA** **COUNTIES OF RIVERSIDE AND IMPERIAL**
6 **REGISTERED** **REGISTERED**
7 **NO.** **\$**

8
9
10 **COACHELLA VALLEY UNIFIED SCHOOL DISTRICT**
11 **GENERAL OBLIGATION BONDS, 2005 ELECTION, SERIES D**
12 **(Riverside and Imperial Counties, California)**

13
14 **INTEREST RATE:** **MATURITY DATE:** **DATED AS OF:** **CUSIP®:**
15
16 _____% August 1, 20____, 2012 _____

17
18
19 **REGISTERED OWNER: CEDE & CO.**

20
21 **PRINCIPAL AMOUNT:**

22
23
24 The **COACHELLA VALLEY UNIFIED SCHOOL DISTRICT** ("District") in
25 Riverside County ("County") and Imperial County, California, for value received, promises to
26 pay to the Registered Owner named above, or registered assigns, the Principal Amount on the
27 Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or
28 provided for at the Interest Rate stated above, on February 1 and August 1 ("Bond Payment

1 Dates”), commencing February 1, 2013. This Bond will bear interest from the Bond Payment
2 Date next preceding the date of authentication hereof unless it is authenticated as of a day during
3 the period from the 16th day of the month next preceding any Bond Payment Date to the Bond
4 Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or
5 unless it is authenticated on or before January 15, 2013, in which event it shall bear interest from
6 _____, 2012. Principal and interest are payable in lawful money of the United States of
7 America, without deduction for the paying agent services, to the person in whose name this Bond
8 (or, if applicable, on one or more predecessor Bonds) is registered (“Registered Owner”) on the
9 Bond Register maintained by the Paying Agent, initially U.S. Bank National Association
10 (“Paying Agent”). Interest shall be calculated on the basis of a 360-day year comprised of twelve
11 30-day months. Principal is payable upon presentation and surrender of this Bond at the
12 principal office of the Paying Agent in Riverside, California. Interest is payable by check or
13 draft mailed by the Paying Agent on each Bond Payment Date to the Registered Owner of this
14 Bond (or one or more predecessor bonds) as shown and at the address appearing on the Bond
15 Register at the close of business on the 16th day of the calendar month next preceding that Bond
16 Payment Date (“Record Date”). The Owner of an aggregate Principal Amount of \$1,000,000 or
17 more may request in writing to the Paying Agent that such Registered Owner be paid interest by
18 wire transfer to the bank within the continental United States and account number on file with
19 the Paying Agent as of the Record Date.

20
21 This Bond is one of an aggregate amount of \$ _____ of Bonds issued to be used for
22 the acquisition and construction of school facilities to serve the District under authority of and
23 pursuant to the laws of the State of California, and the requisite two-thirds (2/3) favorable vote of
24 the electors of the District obtained at an election held on June 5, 2005, upon the question of
25 issuing Bonds in the amount of \$250,000,000, the resolution of the Board of Trustees of the
26 District, adopted on May 15, 2012 (“District Resolution”), and the resolution of the Riverside
27 County Board of Supervisors, adopted on June 12, 2012 (“County Resolution”). This Bond and
28 the issue of which this Bond is one are payable as to both principal and interest from the

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

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

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

25
26 The Current Interest Bonds maturing on or before August 1, 20__, are not subject to
27 optional redemption prior to maturity. The Current Interest Bonds maturing on or after August
28 1, 20__, are subject to optional redemption prior to maturity from any funds legally available

1 therefor, in whole or in part on any date, on or after August 1, 20___, at the principal amount of
 2 the Current Interest Bonds to be redeemed, plus accrued but unpaid interest to the redemption
 3 date, without premium.

4
 5 The Current Interest Bonds maturing on August 1, 20___, are subject to sinking fund
 6 redemption, in part, by lot, on August 1, 20___, and on each August 1 thereafter in accordance
 7 with the schedule set forth below. The Current Interest Bonds so called for mandatory sinking
 8 fund redemption shall be redeemed at the principal amount of such Current Interest Bonds to be
 9 redeemed, plus accrued but unpaid interest, without premium.

Sinking Fund Redemption Date	Principal Amount to be Redeemed
<u>(August 1)</u>	
20___	\$ _____
20___	_____
20___ (maturity)	_____

16
 17 If less than all of the Bonds of any one maturity shall be called for redemption, the
 18 particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot by
 19 the District in such manner as the District in its discretion may determine; provided, however,
 20 that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some
 21 multiple thereof and that, in selecting Bonds for redemption, the Paying Agent shall treat each
 22 Bond as representing that number of Bonds which is obtained by dividing the principal amount
 23 of such Bond by \$5,000. If less than all of the Bonds shall be called for redemption, the
 24 particular Bonds or portions thereof to be redeemed shall be called by lot in any manner which
 25 the District in its discretion shall determine.

26
 27 The Paying Agent shall give notice of the Redemption of the Bonds at the expense of the
 28 District. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be

1 redeemed; (b) the serial or registration numbers and CUSIP® numbers, if any, of the Bonds to be
2 redeemed; (c) the date of notice and the date of redemption; (d) the place or places where the
3 redemption will be made; and (e) descriptive information regarding the issue of Bonds and the
4 specific bonds redeemed, including the dated date, interest rate and stated maturity date of each.
5 Such notice shall further state that on the specified date there shall become due and payable upon
6 each Bond to be redeemed, together with interest accrued to said date, the redemption premium,
7 if any, and that from and after such date interest with respect thereto shall cease to accrue.

8
9 Notice of redemption shall be by registered or otherwise secured mail or delivery service,
10 postage prepaid, to the registered Owner of the Bonds, or if the original purchaser is a syndicate,
11 to the managing member of such syndicate, to a municipal registered securities depository and to
12 a national information service that disseminates securities redemption notices and, by first-class
13 mail, postage prepaid, to the District, the County and the respective Owners of any registered
14 Bonds designated for redemption at their addresses appearing on the Bond registration books, in
15 every case at least thirty (30) days, but not more than sixty (60) days, prior to the redemption
16 date; provided that neither failure to receive such notice nor any defect in any notice so mailed
17 shall affect the sufficiency of the proceedings for the redemption of such Bonds, nor entitle the
18 Owner thereof to interest beyond the date given for redemption.

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

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

4
5 The County Resolution contains provisions permitting the District to make provision for
6 the payment of the interest on, and the principal and premium, if any, of any of the Bonds so that
7 the Bonds shall no longer be deemed to be outstanding under the terms of the County Resolution.

8
9 Reference is made to the County Resolution for a more complete description of the
10 provisions, among others, with respect to the nature and extent of the security for the bonds of
11 this series, the rights, duties and obligations of the District, the County, the Paying Agent and the
12 Registered Owners, and the terms and conditions upon which the bonds are issued and secured.
13 The Registered Owner of this Bond assents, by acceptance hereof, to all of the provisions of the
14 County Resolution.

15
16 **IT IS CERTIFIED AND RECITED** that all acts and conditions required by the
17 Constitution and laws of the State of California to exist, to occur and to be performed or to have
18 been met precedent to and in the issuing of the Bonds in order to make them legal, valid and
19 binding general obligations of the District, have been performed and have been met in regular
20 and due form as required by law; that payment in full for the Bonds has been received; that no
21 statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the
22 Bonds; and that due provision has been made for levying and collecting *ad valorem* property
23 taxes on all of the taxable property within the District in an amount sufficient to pay principal
24 and interest when due.

25
26 This Bond shall not be valid or obligatory for any purpose and shall not be entitled to any
27 security or benefit under the County Resolution until the Certificate of Authentication below has
28 been signed.

CERTIFICATE OF AUTHENTICATION

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

Date of Registration and Authentication: _____

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

-EXHIBIT-

By: _____

Authorized Signatory

1 **FORM OF ASSIGNMENT**

2
3 For value received, the undersigned sells, assigns and transfers unto:
4

5 _____
6 _____
7 _____

8
9 (print/type name, address, zip code, tax identification or Social Security number of assignee) the
10 within Bond and do(es) irrevocably constitute and appoint _____,
11 attorney, to transfer the same on the registration books of the Paying Agent, with full power of
12 substitution in the premises.
13

14 Date: _____
15

16 **-EXHIBIT-**
17 _____

18 Notice: The assignor's signature to this assignment must correspond with the name as it appears
19 upon the face of the within Bond in every particular, without alteration or any change what so
20 ever.
21

22 Signature Guaranteed:
23

24
25 **-EXHIBIT-**
26 _____

27 Signature must be guaranteed by an eligible guarantor institution.
28

1 Unless this Bond is presented by an authorized representative of The Depository Trust
2 Company to the issuer or its agent for registration of transfer, exchange or payment, and any
3 Bond issued is registered in the name of Cede and Co. or such other name as requested by an
4 authorized representative of The Depository Trust Company and any payment is made to Cede &
5 Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE
6 BY OR TO ANY PERSON IS WRONGFUL since the registered Owner hereof, Cede & Co., has
7 an interest herein.

[FORM OF BOND COUNSEL OPINION]

[Text of Opinion]

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1 EXHIBIT "C"

2
3 FORM OF CAPITAL APPRECIATION BOND

4
5 STATE OF CALIFORNIA COUNTIES OF RIVERSIDE AND IMPERIAL
6 REGISTERED REGISTERED
7 NO. \$
8 (MATURITY VALUE)

9
10 COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
11 GENERAL OBLIGATION BONDS, 2005 ELECTION, SERIES D
12 (Riverside and Imperial Counties, California)

13
14 YIELD TO MATURITY: MATURITY DATE: DATE OF ISSUANCE: CUSIP®:
15
16 _____ % August 1, 20____, 2012 _____

17
18 REGISTERED OWNER: CEDE & CO.

19
20 DENOMINATIONAL AMOUNT:

21
22 MATURITY VALUE:

23
24 The COACHELLA VALLEY UNIFIED SCHOOL DISTRICT ("District") in
25 Riverside County ("County") and Imperial County, California, for value received, promises to
26 pay to the Registered Owner named above, or registered assigns, the Maturity Value on the
27 Maturity Date, each as stated above, which Maturity Value is comprised of the Denominational
28 Amount specified above plus interest compounded from the Date of Issuance at the Yield to

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

10
11 This Bond is one of an aggregate amount of \$_____ of Bonds issued to be used for
12 the acquisition and construction of school facilities to serve the District under authority of and
13 pursuant to the laws of the State of California, and the requisite two-thirds (2/3) favorable vote of
14 the electors of the District obtained at an election held on June 5, 2005, upon the question of
15 issuing Bonds in the amount of \$250,000,000, the resolution of the Board of Trustees of the
16 District, adopted on May 15, 2012 ("District Resolution"), and the resolution of the Riverside
17 County Board of Supervisors, adopted on June 12, 2012 ("County Resolution"). This Bond and
18 the issue of which this Bond is one are payable as to both principal and interest from the
19 proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District,
20 which taxes are unlimited as to rate or amount. The Bonds of this issue are general obligations
21 of the District and do not constitute an obligation of the County of Riverside or the County of
22 Imperial. No part of any fund of the County is pledged or obligated to the payment of the Bonds
23 of this issue.

24
25 [The Bonds of this issue comprise (i) \$_____ principal amount of Current Interest
26 Bonds, (ii) Capital Appreciation Bonds, of which this Bond is a part, and of which \$_____
27 represents the principal amount and \$_____ represents the Maturity Value, and (iii) Convertible
28

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

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

17 Neither the District, the County nor the Paying Agent will be required (a) to issue or
18 transfer any Bond during a period beginning with the opening of business on the 16th business
19 day of the month next preceding either any Bond Payment Date or any date of selection of Bonds
20 to be redeemed and ending with the close of business on the Bond Payment Date or day on
21 which the applicable notice of redemption is given, or (b) to transfer any Bond which has been
22 selected or called for redemption in whole or in part.
23

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

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

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

3
4 (MANDATORY REDEMPTION TABLE)]
5

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

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

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

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

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

3

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

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1 **CERTIFICATE OF AUTHENTICATION**

2
3 This Bond is one of the Bonds described in the County Resolution referred to herein.
4

5
6 Date of Registration and Authentication: _____
7

8 **U.S. BANK NATIONAL ASSOCIATION**, Paying Agent, as authenticating agent:
9

10
11
12 ***-EXHIBIT-***

13 By: _____

14 Authorized Signatory
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1 **FORM OF ASSIGNMENT**

2
3 For value received, the undersigned sells, assigns and transfers unto:
4

5 _____
6 _____
7 _____

8
9 (print/type name, address, zip code, tax identification or Social Security number of assignee) the
10 within Bond and do(es) irrevocably constitute and appoint _____,
11 attorney, to transfer the same on the registration books of the Paying Agent, with full power of
12 substitution in the premises.
13

14 Date: _____
15

16
17 **-EXHIBIT-**
18

19 Notice: The assignor's signature to this assignment must correspond with the name as it appears
20 upon the face of the within Bond in every particular, without alteration or any change what so
21 ever.
22

23 Signature Guaranteed:
24

25
26 **-EXHIBIT-**
27

28 Signature must be guaranteed by an eligible guarantor institution.

1 Unless this Bond is presented by an authorized representative of The Depository Trust
2 Company to the issuer or its agent for registration of transfer, exchange or payment, and any
3 Bond issued is registered in the name of Cede and Co. or such other name as requested by an
4 authorized representative of The Depository Trust Company and any payment is made to Cede &
5 Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE
6 BY OR TO ANY PERSON IS WRONGFUL since the registered Owner hereof, Cede & Co., has
7 an interest herein.

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[FORM OF BOND COUNSEL OPINION]

[Text of Opinion]

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1 EXHIBIT "D"

2
3 FORM OF CONVERTIBLE CAPITAL APPRECIATION BOND

4
5 STATE OF CALIFORNIA COUNTIES OF RIVERSIDE AND IMPERIAL
6 REGISTERED REGISTERED
7 NO. \$
8 (CONVERSION VALUE)
9

10
11 COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
12 GENERAL OBLIGATION BONDS, 2005 ELECTION, SERIES D
13 (Riverside and Imperial Counties, California)
14

15
16 ACCRETION INTEREST RATE
17 RATE TO AFTER THE
18 CONVERSION CONVERSION DATE MATURITY DATED CUSIP®
19 DATE DATE CONVERSION DATE DATE AS OF
20 _____% _____, 20 _____% August 1, 20 _____, 2012 XXXXXX XX0
21

22 REGISTERED OWNER: CEDE & CO.

23 PRINCIPAL AMOUNT:

24 CONVERSION VALUE:

25
26 The COACHELLA VALLEY UNIFIED SCHOOL DISTRICT ("District") in
27 Riverside County ("County") and Imperial County, California, for value received, promises to
28 pay to the Registered Owner named above, or registered assigns, the Conversion Value on the

1 Maturity Date, each as stated above, such Conversion Value comprising the principal amount
2 and interest accreted thereon to the Conversion Date. Prior to the Conversion Date, this bond
3 will not bear current interest but will accrete interest, compounded on each February 1 and
4 August 1, commencing August 1, 2012, at the Accretion Rate specified above to the Conversion
5 Date, assuming that in any such semiannual period the sum of such compounded accreted
6 interest and the principal amount (such sum being herein called the "Accreted Value") increases
7 in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months. After
8 the Conversion Date, the District promises to pay to the Registered Owner named above, interest
9 on the Conversion Value from the Conversion Date until the Conversion Value is paid or
10 provided for at the Interest Rate stated above, on February 1 and August 1 of each year ("Bond
11 Payment Dates"), commencing _____ 1, 20___. This bond will bear such interest from the
12 Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as
13 of a day during the period from the 16th day of the month next preceding any Bond Payment
14 Date to the Bond Payment date, inclusive, in which event it shall bear interest from such Bond
15 Payment Date, or unless it is authenticated on or before _____ 15, 20___, in which event it will
16 bear interest from the Conversion Date. Conversion Value and interest are payable in lawful
17 money of the United States of America, without deduction for the paying agent services, to the
18 person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered
19 ("Registered Owner") on the register maintained by the Paying Agent, initially U.S. Bank
20 National Association. Accreted Value and redemption premium, if any, are payable upon
21 presentation and surrender of this bond at the principal office of the Paying Agent.

22
23 This Bond is one of an aggregate amount of \$_____ of Bonds issued to be used for
24 the acquisition and construction of school facilities to serve the District under authority of and
25 pursuant to the laws of the State of California, and the requisite two-thirds (2/3) favorable vote of
26 the electors of the District obtained at an election held on June 5, 2005, upon the question of
27 issuing Bonds in the amount of \$250,000,000, the resolution of the Board of Trustees of the
28 District, adopted on May 15, 2012 ("District Resolution"), and the resolution of the Riverside

1 County Board of Supervisors, adopted on June 12, 2012 ("County Resolution"). This Bond and
2 the issue of which this Bond is one are payable as to both principal and interest from the
3 proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District,
4 which taxes are unlimited as to rate or amount. The Bonds of this issue are general obligations
5 of the District and do not constitute an obligation of the County of Riverside or the County of
6 Imperial. No part of any fund of the County is pledged or obligated to the payment of the Bonds
7 of this issue.

8
9 [The Bonds of this issue comprise (i) \$_____ principal amount of Current Interest
10 Bonds, (ii) Capital Appreciation Bonds of which \$_____ represents the principal amount
11 and \$_____ represents the Maturity Value, and (iii) Convertible Capital Appreciation
12 Bonds, of which this bond is a part, and of which \$_____ represents the principal amount and
13 \$_____ represents the Conversion Value.]

14
15 This Bond is exchangeable and transferable for bonds of like tenor, maturity and Transfer
16 Amount (as defined in the County Resolution) and in other authorized denominations at the
17 Office of the Paying Agent (as defined in the County Resolution), by the Registered Owner or by
18 a person legally empowered to do so, upon presentation and surrender hereof to the Paying
19 Agent, together with a request for exchange or an assignment signed by the Registered Owner or
20 by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to
21 the terms, limitations and conditions provided in the County Resolution. Any tax or
22 governmental charges shall be paid by the transferor. The District, the County and the Paying
23 Agent may deem and treat the Registered Owner as the absolute Owner of this bond for the
24 purpose of receiving payment of or on account of principal or interest and for all other purposes,
25 and neither the District, the County nor the Paying Agent shall be affected by any notice to the
26 contrary.

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

7
8 The Convertible Capital Appreciation Bonds are subject to redemption prior to maturity.
9 *[redemption provisions provided in final Purchase Agreement]*

10
11 The rights and obligations of the District and of the Registered Owners of the Bonds may
12 be amended at any time, and in certain cases without the consent of the Registered Owners to the
13 extent and upon the terms and conditions provided in the County Resolution.

14
15 The County Resolution contains provisions permitting the District to make provision for
16 the payment of the interest on, and the principal and premium, if any, of any of the Bonds so that
17 the Bonds shall no longer be deemed to be outstanding under the terms of the County Resolution.

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

25
26 **IT IS CERTIFIED AND RECITED** that all acts and conditions required by the
27 Constitution and laws of the State of California to exist, to occur and to be performed or to have
28 been met precedent to and in the issuing of the Bonds by the County in order to make them legal,

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

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

CERTIFICATE OF AUTHENTICATION

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

Date of Registration and Authentication: _____

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

-EXHIBIT-

By: _____

Authorized Signatory

1 **FORM OF ASSIGNMENT**

2
3 For value received, the undersigned sells, assigns and transfers unto:

4
5 _____
6 _____
7 _____

8
9 (print/type name, address, zip code, tax identification or Social Security number of assignee) the
10 within Bond and do(es) irrevocably constitute and appoint _____,
11 attorney, to transfer the same on the registration books of the Paying Agent, with full power of
12 substitution in the premises.

13
14 Date: _____
15

16
17 **-EXHIBIT-**
18 _____

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

22
23 Signature Guaranteed:
24

25
26 **-EXHIBIT-**
27 _____

28 Signature must be guaranteed by an eligible guarantor institution.

1 Unless this Bond is presented by an authorized representative of The Depository Trust
2 Company to the issuer or its agent for registration of transfer, exchange or payment, and any
3 Bond issued is registered in the name of Cede and Co. or such other name as requested by an
4 authorized representative of The Depository Trust Company and any payment is made to Cede &
5 Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE
6 BY OR TO ANY PERSON IS WRONGFUL since the registered Owner hereof, Cede & Co., has
7 an interest herein.

[FORM OF BOND COUNSEL OPINION]

[Text of Opinion]

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RESOLUTION NO. 2012-73

RESOLUTION OF THE BOARD OF TRUSTEES OF THE COACHELLA VALLEY UNIFIED SCHOOL DISTRICT PROVIDING FOR THE ISSUANCE OF NOT TO EXCEED \$55,000,000 PRINCIPAL AMOUNT OF COACHELLA VALLEY UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2005 ELECTION, SERIES D, PRESCRIBING THE TERMS OF SUCH BONDS AND THEIR SALE, AUTHORIZING EXECUTED AND DELIVERY OF AN OFFICIAL STATEMENT FOR SUCH BONDS, AUTHORIZING EXECUTION OF CERTAIN DOCUMENTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF BONDS; MAKING CERTAIN FINDINGS AND DETERMINATIONS AND TAKING RELATED ACTIONS

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

WHEREAS, the issuance of not to exceed \$250,000,000 aggregate principal amount of general obligation bonds (“Authorization”) of the District was authorized (“Bond Authorization”) at an election duly called and regularly conducted within the District on June 7, 2005 (“Bond Election”), pursuant to the provisions of the Education Code Sections 15100 *et seq.*, the California Constitution and related California law; and

WHEREAS, the results of the Bond Election were certified by this Board of Trustees of the District (“District Board”) by adoption of Resolution No. 2006-3, adopted on July 14, 2005, pursuant to State law, and which Resolution No. 2006-3 was thereafter filed as required by State law; and

WHEREAS, the net proceeds of general obligation bonds issued pursuant to the Bond Authorization are to be used for identified capital projects (as set out in District Resolution No. 2005-117 which is incorporated herein by this reference) as approved by the voters as part of the Bond Election; and

WHEREAS, pursuant to District Resolution No. 2006-4 adopted on July 14, 2005, and a Resolution (Riverside County Resolution No. 2005-365) of the Riverside County Board of Supervisors (“County Board”) adopted on August 9, 2005, the Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series A (“Series A Bonds”), in the initial par amount of \$49,998,180 were issued dated September 7, 2005, leaving \$200,001,820 of bonds of the Authorization authorized and unissued; and

WHEREAS, pursuant to District Resolution No. 2007-69 adopted on January 11, 2007, and a Resolution (Riverside County Resolution No. 2007-037) of the County Board adopted on January 23, 2007, the Coachella Valley Unified School District General Obligation Bonds, 2005

Election, Series B ("Series B Bonds,"), in the initial par amount of \$30,000,000 were issued dated February 22, 2007, leaving \$170,001,820 of bonds of the Authorization authorized and unissued; and

WHEREAS, pursuant to District Resolution No. 2009-154 adopted on May 28, 2009, as supplemented by Resolution No. 2010-125 adopted on April 15, 2010, and a Resolution (Riverside County Resolution No. 2009-195) of the County Board adopted on April 15, 2010, the Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series C ("Series C Bonds," and collectively with the Series A Bonds and the Series B Bonds, the "Prior Bonds") in the initial par amount of \$24,990,463 were issued dated May 26, 2010, leaving \$145,011,357 of bonds of the Authorization authorized and unissued; and

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

WHEREAS, Sections 53506 *et seq.* of the California Government Code ("Government Code") and Section 15140 of the Education Code of the State of California authorize the Board of Supervisors of the County ("County Board") to borrow funds through the issuance of general obligation bonds in the name and for the benefit of the District pursuant to resolutions adopted by the District Board and the County Board; and

WHEREAS, pursuant to Government Code Section 53506 *et seq.*, and, to the extent applicable, Education Code Sections 15100 *et seq.*, the District Board has determined that it is in the best interests of the District at this time to authorize the issuance of a portion of such authorized but unissued general obligation bonds in the total principal amount of not to exceed \$55,000,000 ("Bonds" or "Series D Bonds") and request the County Board to offer the Series D Bonds for sale pursuant to the request set forth herein; and

WHEREAS, the District Board has previously retained George K. Baum & Company, as its Underwriter ("Underwriter"), Bowie, Arneson, Wiles & Giannone as Bond Counsel ("Bond Counsel") and Kronick, Moskovitz, Tiedemann & Girard ("Disclosure Counsel") to the District in connection with the issuance and sale of the Series D Bonds; and

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

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

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

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

WHEREAS, the District Board requests that the Auditor-Controller of Riverside County, and the County Assessor of Imperial County, levy on their respective 2012/2013 tax rolls, and all subsequent tax rolls, as applicable to the Series D Bonds as issued and sold, taxes to be levied only against property within the boundaries of the District, in an amount sufficient to pay the principal and interest on the Series D Bonds; and

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

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

NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE COACHELLA VALLEY UNIFIED SCHOOL DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

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

Section 2. Conditions Precedent. The District Board determines that all acts and conditions necessary to be performed by the District Board or to have been met precedent to and in the issuing and sale of the Series D Bonds in order to make them legal, valid and binding general obligations of the District secured by the levy of *ad valorem* taxes have been performed and have been met, or will at the time of delivery of the Series D Bonds have been performed and met, in regular and due form as required by law; that the Board of Supervisors of Riverside County and the appropriate officers of Imperial County each have the power and are obligated to levy *ad valorem* taxes for the payment of the Series D Bonds and the interest thereon without limitation as to rate or amount upon all property within the District subject to taxation (except for certain classes of personal property); and that no statutory or Constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Series D Bonds.

Section 3. Amount and Purpose of Bonds. The Series D Bonds of the District in the aggregate principal amount of not to exceed \$55,000,000 shall be offered for sale, the proceeds of which are to be used for the purposes set out in District Resolution No. 2005-117 and as approved at the Bond Election and to pay all necessary and appropriate costs or expenses incurred in the issuance of the Series D Bonds pursuant to Education Code Sections 15145 and 15146 and applicable State law.

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

Section 5. Sale of Bonds: Designation.

(a) The County Board is hereby authorized and directed to issue and sell an aggregate principal amount of not to exceed \$55,000,000 of Series D Bonds authorized at the aforementioned Bond Election to be designated as “Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series D” or such other designation as the Superintendent of the District (“Superintendent”) or the Superintendent's designee(s) (as described herein), may approve. The resolution of the County Board providing for the issuance and sale of the Series D Bonds is in certain instances herein referred to as the “County Resolution.”

(b) The proceeds of the Series D Bonds shall be expended for the purposes set forth in the ballot submitted to the voters, approved in the Bond Election and subject to State law and to pay costs of issuance of the Series D Bonds. The Series D Bonds shall otherwise conform to the requirements forth herein and in the County Resolution.

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

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

(a) The form of the Purchase Agreement is hereby approved. The Superintendent and such other officers of the District as may be authorized by the District Board or Superintendent (each a “Designated Officer”) are, and each of them acting alone hereby is, authorized to execute and deliver, with the Riverside County Treasurer, to the Underwriter the Purchase Agreement on behalf of the District, with such changes therein as the Designated Officer executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District and subject to the terms and conditions set forth in the County Resolution. Such approval shall be conclusively evidenced by such Designated Officer's execution and delivery thereof. The Designated Officer, in consultation with the Underwriter, Bond Counsel, and the Riverside County Treasurer (“Treasurer”), is authorized and directed to establish or modify the terms of redemption of the Series D Bonds and establish the final principal amount of the Series D Bonds, provided, however, that such principal amount shall not exceed \$55,000,000. The Designated Officer is also authorized and directed to negotiate, in cooperation with the Treasurer, with the Underwriter the interest rates on the Series D Bonds, not to exceed the maximum rates permitted by law, and the Underwriter's discount shall not exceed one and one-tenth percent (1.10%) of the

principal amount of the Series D Bonds (exclusive of any premium paid on the Series D Bonds, costs of issuance of the Series D Bonds which may be paid by the Underwriter, and/or original issue discount, if any, which original issue discount shall not exceed 5.00%). The term of the Series D Bonds shall be for not more than 40 years from the date of issuance of the Series D Bonds.

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

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

Section 8. Book-Entry Form. The Series D Bonds shall be initially issued in book-entry form, to be lodged with The Depository Trust Company ("DTC") in New York, New York, which shall be the registered owner of the Series D Bonds issued at the closing in the form of a single, certificated Bond for each maturity. The Designated Officer is hereby authorized to take all actions necessary or appropriate to facilitate such filing and lodgment. The Underwriter is requested to assist the District and Riverside County in qualifying the Series D Bonds for deposit with DTC. The District Board hereby authorizes and directs the Designated Officer to execute and deliver such documents and letter as are necessary or desirable to qualify the Series D Bonds as part of such book-entry form and system.

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

Section 10. Levy and Collection of Taxes. Pursuant to Education Code Sections 15250 *et seq.* and 15260 *et seq.* (or any successor sections thereto) the District, upon sale and delivery of the Series D Bonds, requests that the County Board, and the County Assessor of Imperial County, take action to levy, or cause to be levied, on all the taxable property in the District, commencing with the 2012/2013 tax year, as may be applicable to the Series D Bonds as issued and sold, and subsequent tax years, in addition to all other taxes, a continuing direct *ad valorem* tax annually during the period the Series D Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Series D Bonds when due in accordance with the terms of the Series D Bonds and the County Resolution. Pursuant to Education Code Sections 15260 *et seq.*, the Imperial County Assessor and Imperial County Auditor are directed and requested to comply with Education Code Sections 15260 and 15261 with respect to the taxes collected within the portion of the District within Imperial County.

Section 11. Tax Covenants.

(a) The District, in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series D Bonds, hereby covenants to comply with

each applicable requirements of Section 103 and Sections 141 through 150 of the Code, as set forth in the nonarbitrage (tax) certificate to be provided to the District by Bond Counsel, and executed by the District, on the date of initial delivery of the Series D Bonds and incorporated herein by this reference, as a source of guidance for compliance with such provisions.

(b) The District hereby covenants that it shall not, directly or indirectly, use or permit the use of any proceeds of any of the Series D Bonds, or of any of the property financed or refinanced with the proceeds of the Series D Bonds, or other funds of the District, or take or omit to take any action that would cause the Series D Bonds to be deemed "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the District shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury promulgated under that section or any successor section to the extent that such requirements are in effect and applicable to the Series D Bonds.

(c) The District covenants that it shall (i) make all calculations in a reasonable and prudent fashion relating to any rebate or excess investment earnings on the proceeds of the Series D Bonds due to the United State Treasury; and (ii) cause to be segregated and set aside from lawfully available sources held in the County treasury the amount such calculations indicate may be required to be paid to the United State Treasury. Based on such rebate calculations, the District will, to the extent required, cause to be set aside, from monies lawfully available, the amount of such rebate in a separate fund that the District hereby agrees to cause to be established and maintained as set forth in Section 12 hereof and in the County Resolution.

(d) The District represents that it shall not take any action, or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Series D Bonds under Section 103 of the Code.

Section 12. Expenditure of Bond Proceeds. The District hereby covenants to expend all of the net Series D Bond proceeds in accordance with applicable law, including, but not limited to, Chapter 1 of Part 10 of Division 1 of Title 1 of the California Education Code of the State of California (commencing with Section 15100), as amended. The District reserves the right to request that the County, upon issuance and sale of the Series D Bonds, deposit a portion of the proceeds thereof in the Debt Service Fund (established pursuant to the County Resolution), or an account thereof, in order to pay interest on the Series D Bonds for a period not-to-exceed the statutory maximum, as permitted pursuant to Education Code Section 15146(e).

Section 13. Preliminary Official Statement; Official Statement. Pursuant to State law, including, but not limited to, Education Code Section 15149, related State law and federal disclosure requirements, the Preliminary Official Statement relating to the Series D Bonds is hereby approved in substantially the form presented to the District Board, and the use and distribution of the Preliminary Official Statement and a final Official Statement in connection with the sale of the Series D Bonds is hereby authorized subject to the provisions of this Section. The Designated Officer is authorized to approve and deliver copies of the Preliminary Official Statement and the final Official Statement, with such changes therein as such officer shall approve, in his or her discretion as being in the best interests of the District. Upon approval of such changes by such officer, the Preliminary Official Statement shall be deemed final as of its date, except for the omission of certain information as provided in and pursuant to Rule 15c2-12

promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule"). The District Board hereby authorizes and directs the Designated Officer to deliver to the Underwriter a certificate to the effect that the District deems the Preliminary Official Statement, in the form approved by the Designated Officer to be final as of its date, within the meaning of the Rule (except for the omission of certain final pricing, rating and related information as permitted under such Rule). The District Board hereby also authorizes and directs the Designated Officer to execute and deliver the final form of the Official Statement to the Underwriter upon its final date. In so doing, the Designated Officer may rely upon the advice of Disclosure Counsel.

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

For purposes of this Section, "Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate executed by the District and dated the date of issuance and delivery of the Series D Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. A form of the Continuing Disclosure Certificate is attached hereto as Exhibit "B" and incorporated by reference herein. The Designated Officer(s) are hereby authorized to approve, execute and deliver the final form of the Continuing Disclosure Certificate with such changes, insertions and deletions as may be approved by the Designated Officer and Bond Counsel, which approval shall be conclusively evidenced by execution and delivery thereof.

Section 15. County Books and Accounts. The Treasurer and the County are requested to keep, or cause to be kept, proper books or record, and accounts to record (i) the amount of taxes collected pursuant to Section 10 hereof and the provisions of the County Resolution, (ii) all deposits, expenditures and investment earnings on the funds and account set out in the County Resolution (and as described herein), and (iii) all transfers of funds for the payment of principal, interest or redemption premiums on the Series D Bonds. The Treasurer is requested to provide regular periodic statements of such funds and account to the District.

Section 16. Compliance with State Law. That pursuant to Government Code Section 53410, the Board hereby finds, determines and directs as follows:

(a) The Series D Bond Proceeds shall be used only for the purposes set forth in the bond measure.

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

(c) The District's Executive Interim Director of Business & Finance, shall have the responsibility, no less often than annually, to provide to the Board a written report which shall contain at least the following information:

- (i) The amount of the Series D Bond Proceeds received and expended during the applicable reporting period; and
- (ii) The status of the acquisition, construction or financing of the school facility projects, as identified in the bond measure, with the Series D Bond Proceeds.

The report(s) required by this Section 16(c) may be combined with other periodic reports which include the same information, including, but not limited to, periodic reports made to the California Debt and Investment Advisory Commission, continuing disclosure reports, financial statements and audits and/or other written reports made in connection with the Series D Bonds. The requirements of this Section 16(c) shall apply only until all the Series D Bonds are redeemed or defeased, but if the Series D Bonds, or any series of bonds, are refunded, such provisions shall apply until all such refunding bonds are redeemed or defeased.

Section 17. Additional Findings and Directives. Pursuant to Education Code Section 15146(b) and (c), the Board hereby finds, determines and directs as follows:

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

(b) The Series D Bonds shall be sold by negotiated sale inasmuch as: (i) such a sale to the Underwriter will allow the District to integrate the sale of the Series D Bonds with other public financings undertaken, or to be undertaken, by the District in order to finance and fund public school facilities; (ii) such a sale will allow the District to utilize the services of consultants who are familiar with the financial needs, status and plans of the District; (iii) such a sale will allow the District to utilize the services of consultants at a lower cost than selecting, retaining and utilizing the services of consultants who are not familiar with the District, its financing needs and related matters; (iv) such a sale will allow the District to control the timing of the sale of the Series D Bonds to the municipal bond market and, potentially, take advantage of interest rate opportunities for favorable sale of the Series D Bonds to such market; and (v) participation in the sale of the Series D Bonds with the District's current consultants allows the District to avoid incurring the costs of retaining a financial advisor (although the District may utilize the services of a pricing consultant in the sale of the Series D Bonds).

(c) The District intends that the Series D Bonds be sold to George K. Baum & Company, as Underwriter, pursuant to a negotiated sale. The District is represented by Bowie, Arneson, Wiles & Giannone as Bond Counsel and Kronick, Moskovitz, Tiedemann & Girard as Disclosure Counsel. The District is not expected to utilize the services of an outside financial advisor with respect to the Series D Bonds (although the District may utilize the services of a financial advisory firm as a pricing consultant in the sale of the Series D Bonds). If the District utilizes the services of a pricing consultant in the sale of the Series D Bonds the identity of such consultant shall be provided to the Board following the retention of such consultant.

(d) The estimates of costs associated with the issuance and sale of the Series D Bonds include the following: (i) the Underwriter's discount shall be as described in Section 7 hereof; (ii) Bond Counsel fees are based upon the final par amount of the Series D Bonds and are set out in the retention agreements with Bond Counsel and Disclosure Counsel, which are on file with the District; (iii) costs for purchase of a policy of bond insurance or other credit enhancement (iv) costs for printing of the Preliminary Official Statement and Official Statement, other legal counsel fees, rating agency fees and presentation, pricing consultant, the initial fees and expenses of the paying agent, California Municipal Statistics and other fees and expenses incident to the issuance and sale of the Series D Bonds are expected to be not greater than 3.5% of the expected maximum par amount of the Series D Bonds (\$55,000,000), as further set forth in Exhibit "C" attached hereto. All such figures are estimates and shall not constrain or limit the District as to the issuance and sale of the Series D Bonds pursuant to the directives and conditions set forth herein.

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

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

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

Section 18. District Consultant Costs, County Costs, and Costs of Issuance Agreement.

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

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

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

Section 19. Approval of Actions. All actions heretofore taken by officers, agents and consultants of the District with respect to the sale and issuance of the Series D Bonds are hereby approved, confirmed and ratified. The President and Clerk of the Board and the Superintendent and the Designated Officer(s) are each authorized and directed in the name and on behalf of the District to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which they, or any of them, might deem necessary or appropriate in order to consummate the lawful issuance, sale and delivery of the Series D Bonds. Whenever in this Resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in case such officer shall be absent or unavailable.

Section 20. Other Actions. The President and Clerk of the District Board and the Designated Officers of the District, are authorized and directed to execute all documents and to take all actions necessary to cause or facilitate the issuance of the Series D Bonds.

Section 21. Partial Invalidity; Severability. If any one or more of the covenants or agreements, or portions thereof, provided in this Resolution on the part of the District to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreement or portions thereof and shall in no way affect the validity of this Resolution or of the Series D Bonds; but the Bond owners shall retain all rights and benefits accorded to them under any applicable provisions of law. The District hereby declares that it would have this Resolution and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Series D Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 22. Governing Law. This Resolution shall be construed and governed in accordance with the laws of the State of California.

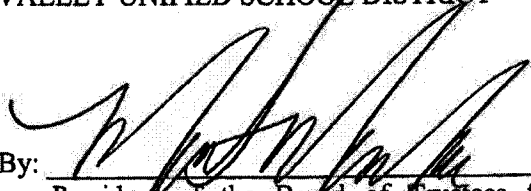
Section 23. Effective Date. This Resolution shall take effect immediately upon adoption.

Section 24. County Filing. The Clerk of the District Board is hereby directed to file, or cause to be filed, certified copies of this Resolution with the Clerk of the Riverside County Board of Supervisors and the Superintendents of Schools of Riverside County and Imperial County.

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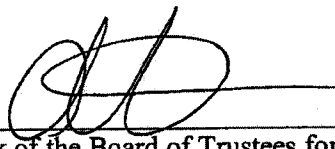
ADOPTED, SIGNED and APPROVED this 15th day of May, 2012, by the Board of Trustees of the Coachella Valley Unified School District of the Counties of Riverside and Imperial, State of California.

**BOARD OF TRUSTEES OF THE COACHELLA
VALLEY UNIFIED SCHOOL DISTRICT**

By: 

President of the Board of Trustees for the
Coachella Valley Unified School District

ATTEST:

By: 

Clerk of the Board of Trustees for the Coachella
Valley Unified School District

STATE OF CALIFORNIA)
) ss.
COUNTIES OF RIVERSIDE)
AND IMPERIAL)

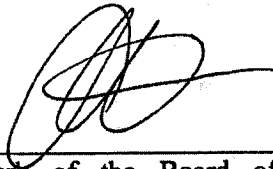
I, Anna Lisa Vargas, Clerk of the Board of Trustees of the Coachella Valley Unified School District, do hereby certify that the foregoing Resolution was duly adopted by the Board of Trustees of the Coachella Valley Unified School District at a meeting thereof held on the 15th day of May, 2012, at which meeting a quorum of such Board was present and acting throughout and for which notice and an agenda was prepared and posted as required by law, and that such Resolution was so adopted by the following vote:

AYES: *Maehwa, Kamper, Catess, Munillo, Duarte*

NOES:

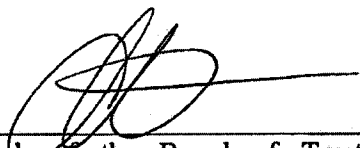
ABSTAIN:

ABSENT: *Vargas*

By: 
Clerk of the Board of Trustees of the
Coachella Valley Unified School District

STATE OF CALIFORNIA)
) ss.
COUNTIES OF RIVERSIDE)
AND IMPERIAL)

I, Anna Lisa Vargas, Clerk of the Board of Trustees of the Coachella Valley Unified School District, do hereby certify that the foregoing is a true and correct copy of Resolution No. 2012-73, which was duly adopted by the Board of Trustees of the Coachella Valley Unified School District at a meeting thereof held on the 15th day of May, 2012.

By: 
Clerk of the Board of Trustees of the
Coachella Valley Unified School District

NEW ISSUE**BOOK-ENTRY ONLY****RATINGS**

[Moody's]: _____

[Standard & Poor's]: _____

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

\$(PAR AMOUNT)*

**COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
(Riverside and Imperial Counties, California)
GENERAL OBLIGATION BONDS,
2005 ELECTION, SERIES D**

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

At an election held on June 7, 2005, the voters of the Coachella Valley Unified School District (the "District") authorized the issuance and sale of up to \$250,000,000 principal amount of general obligation bonds of the District. The District's General Obligation Bonds, 2005 Election, Series D (the "Bonds") are being issued pursuant to that authorization to finance [the construction, renovation and repair of various District facilities].

The Bonds are general obligation bonds of the District. The Boards of Supervisors of Riverside County and Imperial County are each empowered and obligated to levy *ad valorem* taxes, without limitation as to rate or amount (except certain personal property that is taxable at limited rates), upon all property within the District subject to taxation by the District for the payment of interest on and principal of the Bonds when due.

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.

The Bonds will be issued as current interest bonds (the "Current Interest Bonds") and capital appreciation bonds (the "Capital Appreciation Bonds"). Interest on the Current Interest Bonds accrues from the date of delivery, and is payable on February 1, 2013, and semiannually thereafter on February 1 and August 1 of each year. 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 and accrete interest from such date, compounded on February 1, 2013, and semiannually thereafter on February 1 and August 1 of each year. The Capital Appreciation Bonds are issuable in denominations of \$5,000 accreted value at maturity (the "Maturity Value") or any integral multiple thereof.

Payments of the principal and interest or Maturity Value on the Bonds will be made by U.S. Bank National Association, as Paying 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 Appendix G – Book-Entry Only System).

The Current Interest Bonds are subject to optional and mandatory redemption prior to maturity as described herein. The Capital Appreciation Bonds are not subject to optional redemption prior to maturity.

[The scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the Maturity Value) 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 [INSURER] (the "Insurer"). (See "Bond Insurance" and Appendix E – "Specimen Municipal Bond Insurance Policy.")]

MATURITY SCHEDULES**(on inside front cover)**

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to approval as to their legality by Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel. Certain matters will be passed on by Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, Sacramento, California, Disclosure Counsel [and for the Insurer by its general counsel]. The Bonds, in book-entry form, will be available for delivery through The Depository Trust Company in New York, New York, on or about July __, 2012.

George K. Baum & Company

This Official Statement is dated _____, 2012.

MATURITY SCHEDULES*

[\$CIBs PAR AMOUNT]*
COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
(Riverside and Imperial Counties, California)
GENERAL OBLIGATION BONDS, 2005 ELECTION, SERIES D
(Base CUSIP† No. [189849])

Current Interest Bonds

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

\$ _____ % Term Bond due August 1, 20 ____; Yield _____ %; CUSIP Number _____ †

[\$CABs PAR AMOUNT]*
COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
(Riverside and Imperial Counties, California)
GENERAL OBLIGATION BONDS, 2005 ELECTION, SERIES D
(Base CUSIP† No. [189849])

Capital Appreciation Bonds

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

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the Underwriter, the District, Bond Counsel, District Counsel, nor Disclosure Counsel is responsible for the selection or correctness of the CUSIP numbers set forth above.

*Preliminary, subject to change

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. 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. This Official Statement is not a contract is not a contract between any bond owner and the District or the Underwriter.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may 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.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources that are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

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

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

Documents. All summaries of the Resolutions or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents and do not purport to be complete statements of any or all of such provisions. Copies of documents referred to herein and other information concerning the Bonds are available from the Coachella Valley Unified School District, 87225 Church Street, Thermal, California 92274, telephone: (760) 399-5137. The District may impose a charge for copying, mailing and handling.

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or other information contained herein since the date of this Official Statement.

[Insurer's Disclaimer. [INSURER] (the "Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer 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 the Insurer supplied by the Insurer and presented under the heading "Bond Insurance" and "Appendix E – Specimen Municipal Bond Insurance Policy."]

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

District Board of Trustees

Maria G. Machuca, President
Lowell Kamper, Vice President
Anna Lisa Vargas, Clerk
Meagan Caress, Member
Juanita D. Duarte, Member
Manuel J. Martinez, Member
Joe Murillo, Member

District Administration

Dr. Darryl S. Adams, Superintendent
John R. Ramont, Executive Interim Director of Business & Finance

PROFESSIONAL SERVICES

Bond Counsel and District Counsel

Bowie, Arneson, Wiles & Giannone
Newport Beach, California

Underwriter

George K. Baum & Company
Sacramento, California

Disclosure Counsel

Kronick, Moskovitz, Tiedemann & Girard,
a Professional Corporation
Sacramento, California

Paying Agent

U.S. Bank National Association
Los Angeles, California

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OFFICIAL STATEMENT
\$(PAR AMOUNT)*
COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
(Riverside and Imperial Counties, California)
GENERAL OBLIGATION BONDS
2005 ELECTION, SERIES D

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, is provided by the Coachella Valley Unified School District (the "District"), located principally in Riverside County, California, with a small portion of its territory located in Imperial County, to furnish information in connection with the sale of the District's General Obligation Bonds, 2005 Election, Series D (the "Bonds"), as described more fully herein.

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

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 Underwriter or owners of any of the Bonds.

THE BONDS

Authority for Issuance

At an election held on June 7, 2005, the voters of the District authorized the issuance of \$250,000,000 principal amount of general obligation bonds by an affirmative vote of more than two-thirds of the votes cast. The Board of Supervisors of Riverside County will issue the Bonds on behalf of the District under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and Chapter 1 of Part 10 of Division 1 of Title 1 of the California Education Code and pursuant to resolutions adopted by the Board of Trustees of the District on May 15, 2012, and a resolution adopted by the Board of Supervisors of Riverside County on June 5, 2012 (together, the "Series D Resolutions").

Payment

The Bonds will be registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). Beneficial owners of the Bonds will not receive physical certificates representing their interests in the Bonds, but will receive a credit balance on the books of

** Preliminary, subject to change*

the nominees for such beneficial owners. The principal of and interest on the Bonds will be paid by U.S. Bank National Association, as the Paying Agent (the "Paying Agent"), to DTC, which will in turn remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. As long as Cede & Co. is the registered owner of the Bonds, the principal and interest on the Bonds is payable by wire transfer with same-day funds transferred by the Paying Agent to Cede & Co., as nominee for DTC. As long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See Appendix G – "Book-Entry Only System" for more information about DTC.

Description of the Bonds

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

The Current Interest Bonds will bear interest from their date of delivery. Interest on the Current Interest Bonds is payable on February 1, 2013, and semiannually thereafter on February 1 and August 1 of each year (each, a "Bond Payment Date"). The Current Interest Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof. The Current Interest Bonds mature on August 1, in the years and amounts set forth on the inside cover page hereof.

The Capital Appreciation Bonds are dated their date of delivery and accrete interest from such date, compounded on February 1, 2013, and semiannually thereafter on February 1 and August 1 of each year. The Capital Appreciation Bonds are issuable in denominations of \$5,000 accreted value at maturity ("Maturity Value") or any integral multiple thereof. The Capital Appreciation Bonds are payable only at maturity, according to the amounts set forth in the table of accreted values. See Appendix F – Table of Accreted Values."

Redemption of the Bonds

Optional Redemption of Current Interest Bonds. The Current Interest Bonds maturing on or after August 1, 20___, are subject to redemption at the option of the District, from any source of available funds, as a whole or in part on August 1, 20___, or on any date thereafter at the principal amount thereof, without premium, plus interest accrued thereon to the date of redemption.

The Capital Appreciation Bonds are not subject to optional redemption.

20___ Term Bonds Mandatory Sinking Fund Redemption. The Current Interest Bonds maturing on August 1, 20___, are subject to redemption prior to maturity, in part, at random from mandatory sinking fund payments in the following amounts and on the following dates, at the principal amount thereof on the date fixed for redemption, without premium:

20 Term Bonds

Redemption Dates (<u>August 1</u>)	Accreted <u>Value</u>
---	--------------------------

*

**Maturity*

Selection of Bonds for Redemption. Whenever less than all of the outstanding Bonds are to be redeemed, the Paying Agent, upon written direction from the District will select the Bonds to be redeemed as so directed by the District, and if not so directed in inverse order of maturity, and within a maturity, the Paying Agent will select Bonds for redemption by lot. Redemption by lot will be in such manner as the Paying Agent will determine; provided, however, that the portion of any Bond to be redeemed in part will be in units of \$5,000 principal amount or Maturity Value, as applicable.

Notice of Redemption. Notice of any redemption of Bonds will be mailed (i) not less than 30 nor more than 60 days prior to the redemption date to the Registered Owners thereof at the addresses appearing on the bond registration books. Each notice of redemption will specify (a) the Bonds or designated portions thereof that are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, and (d) the redemption price.

The redemption notice will further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued to the redemption date, and that from and after such date, interest with respect thereto shall cease to accrue.

Neither the failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds or the cessation of accrual of interest thereon from and after the redemption date.

Effect of Notice of Redemption. If notice of redemption is given as provided in the Resolutions and the amount necessary for the payment of the redemption price is held by the Paying Agent, then the Bonds, or portion thereof, designated for redemption shall become due and payable at the redemption prices thereof and interest thereon shall cease to accrue. All Bonds redeemed will be cancelled by the Paying Agent.

Contingent Redemption; Rescission of Redemption Notice. Any Redemption Notice may specify that redemption of the Bonds designated for redemption on the specified date will be subject to the receipt by the District of moneys sufficient to cause such redemption (and will specify the proposed source of such moneys), and neither the District nor the County will have any liability to the Owners of any Bonds, or any other party, as a result of the District's failure to redeem the Bonds designated for redemption as a result of insufficient moneys therefor.

Additionally, the District may rescind any optional redemption of the Bonds, and notice thereof, for any reason on any date prior to the date fixed for such redemption by causing written notice of the rescission to be given to the Owners of the Bonds so called for redemption. Notice of

rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission. Neither the District nor the County will have any liability to the Owners of any Bonds, or any other party, as a result of the District's decision to rescind a redemption of any Bonds.

Security

The Bonds are general obligation bonds of the District. The Boards of Supervisors of Riverside County and Imperial County are each empowered and obligated to levy *ad valorem* taxes, without limitation as to rate or amount upon all property subject to taxation within the District (except certain personal property that is taxable at limited rates) for the payment of the principal of and interest on the Bonds when due. The Treasurer-Tax Collector of Riverside County will deposit the taxes, when collected, in the "Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series D Bond Debt Service Fund," (the "Debt Service Fund") which is irrevocably pledged for the payment of debt service on the Bonds. Although Riverside County and Imperial County are obligated to levy an *ad valorem* tax for the payment of the Bonds, and Riverside County will maintain the Debt Service Funds pledged to the repayment of the Bonds, the Bonds are not a debt of Riverside County or Imperial County. See "Property Taxation" herein for information on the District's tax base.

[The scheduled payment of principal of (or, in the case of Capital Appreciation Bonds, the Maturity Value) and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by [INSURER]. See "Bond Insurance."]

Purpose of the Issue

The net proceeds of the sale of the Bonds will be deposited into the "Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series D Building Fund" (the "Building Fund") and used to finance the acquisition and construction of additional school facilities and the permanent improvement or renovation of existing school facilities by the District. Any premium received by the District from the sale of the Bonds will be deposited in the Debt Service Fund and used only for payment of debt service on the Bonds.

Estimated Sources and Uses of Funds

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

Sources of Funds

Principal Amount \$

Plus Net Original Issue Premium

Total Sources

Uses of Funds

Deposit to Building Fund

Deposit to Series D Debt Service Fund ⁽¹⁾

Costs of Issuance ⁽²⁾

Total Uses \$

(1) Deposit to Debt Service Fund represents [a portion of] the original issue premium on the Bonds.

(2) All estimated costs of issuance including, but not limited to, [insurance premium for the Bonds,] rating agency fees, underwriter's discount, printing costs and fees of Bond Counsel, District Counsel, Disclosure Counsel and Riverside County.

Annual Debt Service

The following tables present a schedule of the annual debt service for the Bonds, assuming no optional redemptions are made:

ANNUAL DEBT SERVICE*

<u>Year Ending</u> <u>(August 1)</u>	<u>Principal</u>	<u>Accreted</u> <u>Interest</u>	<u>Total</u>
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[BOND INSURANCE]

[TO COME]

** Preliminary, subject to change*

THE DISTRICT

General Information

The Coachella Valley Unified School District was established in 1973. The District encompasses an area of approximately 1,200 square miles. Most of its territory is within Riverside County, and a small portion of the District is within Imperial County. The District serves the local communities of Coachella, Thermal, Mecca, Oasis, North Shores, Indio, La Quinta, and Salton City. The District currently maintains fourteen K-6 schools, three 7-8 schools, one 7-12 high school, two four-year high schools, one continuation high school, and an adult education extension program. The District also operates thirteen Headstart programs, four State Preschools, eight child care centers, and one teen parenting program at one four-year high school.

Administration

The District is governed by a seven-member Board of Trustees, each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. Current members of the Board, together with their offices and the dates their current terms expire, are listed below:

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT Board of Trustees

<u>Name</u>	<u>Office</u>	<u>Current Term Expires</u>
Maria G. Machuca	President	December 2012
Lowell Kamper	Vice President	December 2012
Anna Lisa Vargas	Clerk	December 2014
Meagan Caress	Member	December 2012
Juanita D. Duarte	Member	December 2014
Manuel J. Martinez	Member	December 2012
Joe Murillo	Member	December 2012

The Superintendent of the District is appointed by the Board and reports to the Board. The Superintendent is responsible for management of the District's day-to-day operations and supervises the work of other District administrators and supervisors. Dr. Darryl S. Adams is the District's Superintendent.

Employee Relations

As of June 30, 2011, the District employed 997 full-time equivalent certificated professionals and 689 full-time equivalent classified employees. District employees, except management and some part-time employees, are represented by two employee bargaining units as follows:

<u>Labor Organization</u>	<u>Number of Employees In Bargaining Unit</u>	<u>Contract Expiration Date</u>
California Schools Teachers Association	1,287	June 30, 2012
Coachella Valley Classified Employees Association	717	June 30, 2014

Source: Coachella Valley Unified School District.

Retirement Programs

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System (STRS) and classified employees are members of the Public Employees' Retirement System (PERS).

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teacher's Retirement Law. Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The required employer contribution rate for Fiscal Year 2010-11 was 8.25% of annual payroll. The District's contribution to STRS for Fiscal Year 2010-11 was \$5,953,126; for Fiscal Year 2011-12 was \$6,103,211; and budgeted for Fiscal Year 2012-13 is \$6,092,796.

PERS. All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The District is part of the School Employer Pool, a "cost-sharing" pool for school employers within PERS. Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. One actuarial valuation is performed for those employers participating in the pool, and the same contribution rate applies to each participant. The required employer contribution rate for Fiscal Year 2011-12 was 10.707% of annual payroll. The District's contribution to PERS for Fiscal Year 2010-11 was \$2,898,665; for Fiscal Year 2011-12 was \$2,969,508; and budgeted for Fiscal Year 2012-13 is \$2,964,169.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such

financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS
As of a June 30, 2010 Valuation Date
(Dollar Amounts in Millions) ⁽¹⁾

<u>Plan</u>	<u>Accrued Liability</u>	<u>Value of Trust Assets</u>	<u>Unfunded Liability</u>
Public Employees Retirement Fund (PERS)	\$ 55,307	\$ 38,435 ⁽²⁾	\$(16,872)
State Teachers' Retirement Fund Defined Benefit Program (STRS)	196,315	140,291 ⁽³⁾	(56,024)

⁽¹⁾ Amounts may not add due to rounding.

⁽²⁾ Reflects market value of assets as of June 30, 2010.

⁽³⁾ Reflects actuarial value of assets as of June 30, 2010.

Source: CalPERS State & Schools Actuarial Valuation; CalSTRS Defined Benefit Program Actuarial Valuation.

Unlike PERS, STRS contribution rates for participant employers, employees and the State are set by statute and do not currently vary from year-to-year based on actuarial valuations. In recent years, the combined employer, employee and State contributions to STRS have been significantly less than actuarially required amounts. As a result, and due in part to investment losses, the unfunded liability of STRS has increased significantly. This unfunded liability is expected to continue to increase in the absence of legislation requiring additional or increased contributions. The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make larger contributions to STRS in the future.

In June 2009, the PERS Board of Administration adopted a new employer rate smoothing methodology for local governments and school employer rates. It was designed to ease the impact of the investment losses that were then expected in fiscal year 2008-09 on affiliated public employers while strengthening the long-term financial health of the pension fund. Under the new methodology, investment losses will be amortized and paid off over a fixed and declining 30-year period instead of a rolling 30-year amortization period. In addition, in February 2010, the PERS Board adopted a resolution requiring additional contributions for any plan or pool if their cash flows hamper adequate funding progress by preventing the expected funded status on a market value of assets basis of the plan to either increase by at least 15% by June 30, 2043, or reach a level of 75% funded by June 30, 2043. PERS also recently revised the assumed rate of return it uses in estimating the actuarial value of assets from 7.75% to 7.50%.

The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

Governor's Pension Reform Proposal

Governor Brown has proposed his "Twelve Point Pension Reform Plan," which the Governor hopes will be considered by the legislature and by statewide initiatives in 2012. These proposals include, among other things, increasing the contributions by employees to their pensions, changing the structure of pensions by including a defined contribution component to STRS and PERS and revising the method of calculating an employee's benefit level. The District cannot predict the final form of these proposals or whether they will be adopted into law. However, if adopted, these measures could lower future pension obligations of the District.

Supplemental Early Retirement Plans

The District has offered supplemental early retirement plans to its certificated and classified employees as part of the union contracts since 1984. The annuities offered to the employees are paid over a five-year period. The annuities, which were purchased for 153 employees who retired after 2003, were purchased from United Omaha and Principal Life Insurance. Future annuity payments (calculated as of June 30, 2011) are as follows:

<u>Year Ending June 30</u>	<u>Total Payments</u>
2012	\$1,516,958
2013	1,516,958
2014	1,298,022
2015	1,298,022
2016	<u>343,825</u>
Total	\$5,973,785

Alternative Retirement Program

The District also contributes to the Accumulation Program for Part-time and Limited Service Employees (APPLE), which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account.

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (STRS or PERS) must be covered by social security or an alternative plan. The District has elected to use APPLE as its alternative plan. Contributions made by the District and an employee vest immediately. The District contributes 3.75% of an employee's gross earnings. An employee is required to contribute 3.75% of his or her gross earnings to the pension plan.

During the year, the District's required and actual contributions amounted to \$81,958, which was 3.75% percent of its current year covered payroll. Employees' required and actual contributions amounted to \$81,958, which was 3.75% of the covered payroll.

Other Post Employment Benefits ("OPEB")

Plan Description. The District provides post-employment health care benefits, in accordance with District employment contracts, to all employees who retire from the District on or after attaining age 55 with at least 15 years of service. The benefits under the health care plan (referred to herein as the "OPEB Plan") continue until the retired employee reaches age 65. As of June 30, 2011, 79 employees met those eligibility requirements.

Funding Policy and Actuarial Assumptions. The District's annual OPEB cost is calculated based on the annual requirement contribution ("ARC"), which amount is actuarially determined in accordance with the parameters of Governmental Accounting Standards Board Statement No. 45 ("GASB Statement No. 45"). The ARC 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 liability (or funding excess) over a period not to exceed 30 years.

The District commissioned an actuarial study by Total Compensation Systems, Inc., dated July 30, 2008, with respect to its accrued liability in connection with such postemployment benefits. The study used the entry age normal actuarial cost method. This is a projected benefit cost method that takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included a 5% investment rate of return and health care inflation of 4%. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The District's OPEB UAAL is being amortized at a level dollar method. The remaining amortization period at June 30, 2011, was 27 years.

The study concluded that the unfunded actuarial accrued liability with respect to the OPEB Plan as of May 1, 2008, was \$19,915,917, and the ARC for the year ending April 30, 2009, was \$2,543,586. The ARC increases as covered payroll increases. The ARC as of June 30, 2011, was \$3,427,598. Currently, the District has not prefunded any of its OPEB obligation and is contributing on a pay-as-you-go basis. Thus, the District recognizes the cost of providing these benefits by budgeting for and expensing the annual insurance premiums, which amounted to \$2,288,313 for the year ended June 30, 2011.

The OPEB Plan annual required contributions and actual contributions over the most recent years available are set forth below:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$2,543,586	\$1,365,993	54%	\$1,177,593
June 30, 2010	2,550,306	1,488,391	58	2,239,508
June 30, 2011	3,397,763	2,388,313	70	3,248,958

Source: Coachella Valley Unified School District.

Schedule of Funding Progress. The following table presents multi-year trend information about whether the actuarial accrued liabilities for the OPEB Plan are increasing or decreasing over time.

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as Percentage of Covered Payroll ((b-a)/c)</u>
May 1, 2008	\$0	\$19,915,917	\$19,915,917	0%	\$105,367,190	19%
May 1, 2010	0	20,672,000	20,672,000	0	99,231,294	20%

Source: Coachella Valley Unified School District.

Insurance

The Riverside Schools Insurance Authority (“RSIA”) is a joint powers agreement consisting of 17 school districts, one community college district, and one county office of education within Riverside County. The purpose of RSIA is to operate and maintain a self-insurance program for liability and property damage for its member agencies.

RSIA provides insurance through two programs: the Comprehensive General Liability Program, and the Real and Personal Property Program. RSIA self-insures for all claims up to a maximum of \$25,000 per occurrence for property claims and \$50,000 for liability claims, with a member agency deductible of \$5,000 per occurrence. For claims in excess of \$25,000, RSIA insures through membership in two joint powers authorities (“JPAs”): the Southern California Schools Regional Liability Excess Fund and the Schools’ Excess Liability Fund. RSIA purchases excess real and personal property coverage for amounts above \$250,000, to a maximum of \$244,750,000 and liability coverage in excess of \$5 million to a maximum of \$15 million.

The Desert Schools’ Self-Insurance Program for Employees (“DSSIPE”) is a separate joint powers entity from the seven public educational agency members in Riverside County. The purpose of DSSIPE is to operate and maintain a program for workers’ compensation claims for its member agencies.

In fiscal year 2001-02, DSSIPE purchased workers' compensation insurance and was fully insured. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

DISTRICT DEBT STRUCTURE

Long-Term Debt

A schedule of changes in long-term debt for the year ended June 30, 2011, is shown below:

	Balance <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2011</u>	<u>Amounts Due Within One Year</u>
General Obligation Bonds	\$121,380,167	\$1,986,872	\$2,795,000	\$120,572,039	\$3,420,000
Premium on Issuance	5,989,953	--	274,385	5,715,568	--
Certificates of participation	51,680,000	--	1,360,000	50,320,000	1,470,000
Premium on Issuance	1,548,095	--	62,077	1,486,018	--
Discount on Issuance	(81,208)	--	(3,138)	(78,070)	--
Capital Leases	5,038,312	--	1,378,173	3,660,139	1,381,139
Accumulated vacation – net	2,067,591	--	426,146	1,641,445	--
Claim liabilities	386,298	67,224	--	453,522	453,522
Supplemental early retirement plan (SERP)	5,773,494	1,719,130	1,518,839	5,973,785	1,516,958
Other Post-Employment benefits	2,239,508	3,397,763	2,388,313	3,248,958	--
Totals	<u>\$196,022,210</u>	<u>\$7,170,989</u>	<u>\$10,199,795</u>	<u>\$192,993,404</u>	<u>\$8,241,619</u>

General Obligation Bonds

The District received authorization at an election held on March 4, 1997, to issue up to \$20,000,000 of general obligation bonds. On August 19, 1997, the District issued its General Obligation Bonds, 1997 Election, Series A, in the principal amount of \$10,000,000, which were refunded by the District's 2010 General Obligation Refunding Bonds issued May 26, 2010. On September 2, 1998, the District issued its General Obligation Bonds, 1997 Election, Series B, in the principal amount of \$9,999,277.95.

At the election held on June 7, 2005, the District received authorization to issue up to \$250,000,000 of general obligation bonds. On September 7, 2005, the District issued its General Obligation Bonds, 2005 Election, Series A, in the principal amount of \$49,998,180.00. On February 22, 2007, the District issued its General Obligation Bonds, 2005 Election, Series B, in the principal amount of \$30,000,000. On May 26, 2010, the District issued its General Obligation Bonds, 2005 Election, Series C in the principal amount of \$24,990,463. The Bonds are the fourth series of bonds issued pursuant to the 2005 authorization.

Debt service on the District's outstanding general obligation bonds is payable from the proceeds of *ad valorem* taxes levied on property within the District. The following table is a combined debt service schedule for all the general obligation bonds of the District that will be outstanding after the Bonds are issued.

Year Ending <u>August 1</u>	<u>1997 Series B</u>	<u>2005 Series A</u>	<u>2005 Series B</u>	<u>2005 Series C</u>	<u>2010 Refunding Bonds</u>	<u>Total</u>
2012	\$900,000.00	\$2,872,750.00	\$1,316,250.00	---	\$694,987.50	\$5,783,987.50
2013	1,000,000.00	3,176,750.00	1,362,250.00	---	703,237.50	6,242,237.50
2014	1,075,000.00	3,492,750.00	1,406,250.00	---	705,987.50	6,679,987.50
2015	1,150,000.00	3,857,750.00	1,498,250.00	---	707,100.00	7,213,100.00
2016	1,250,000.00	4,226,500.00	1,586,250.00	---	706,500.00	7,769,250.00
2017	1,350,000.00	4,297,750.00	1,641,250.00	---	710,100.00	7,999,100.00
2018	1,450,000.00	4,285,250.00	1,717,500.00	---	717,700.00	8,170,450.00
2019	1,555,000.00	4,267,750.00	1,788,750.00	---	719,100.00	8,330,600.00
2020	1,670,000.00	4,295,250.00	1,730,000.00	---	716,425.00	8,411,675.00
2021	1,785,000.00	4,265,250.00	2,047,500.00	---	722,625.00	8,820,375.00
2022	1,900,000.00	4,430,250.00	2,022,500.00	---	520,625.00	8,873,375.00
2023	2,775,000.00	4,280,250.00	1,971,250.00	---	---	9,026,500.00
2024	---	4,235,250.00	2,295,000.00	\$1,800,000.00	---	8,330,250.00
2025	---	4,275,000.00	2,325,000.00	2,000,000.00	---	8,600,000.00
2026	---	4,310,000.00	2,700,000.00	2,000,000.00	---	9,010,000.00
2027	---	4,285,000.00	2,702,500.00	2,400,000.00	---	9,387,500.00
2028	---	4,302,500.00	3,000,000.00	2,500,000.00	---	9,802,500.00
2029	---	4,285,000.00	3,102,500.00	2,700,000.00	---	10,087,500.00
2030	---	4,233,750.00	3,143,750.00	3,000,000.00	---	10,377,500.00
2031	---	---	3,176,250.00	6,000,000.00	---	9,176,250.00
2032	---	---	---	8,000,000.00	---	8,000,000.00
2033	---	---	---	8,400,000.00	---	8,400,000.00
2034	---	---	---	9,000,000.00	---	9,000,000.00
2035	---	---	---	9,500,000.00	---	9,500,000.00
2036	---	---	---	10,000,000.00	---	10,000,000.00
2037	---	---	---	10,000,000.00	---	10,000,000.00
2038	---	---	---	10,500,000.00	---	10,500,000.00
2039	---	---	---	10,500,000.00	---	10,500,000.00
2040	---	---	---	11,000,000.00	---	11,000,000.00
2041	---	---	---	11,000,912.94	---	11,000,912.94
2042	---	---	---	11,006,532.14	---	11,006,532.14
2043	---	---	---	12,000,000.00	---	12,000,000.00
Totals	\$17,860,000.00	\$77,674,750.00	\$42,533,000.00	\$143,307,445.08	\$7,624,387.50	\$288,999,582.58

Certificates of Participation

The District currently has four issues of certificates of participation outstanding, summarized as follows:

<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Outstanding June 30, 2011</u>
4/3/03	9/1/31	4.00% - 5.00%	\$15,500,000	\$11,625,000
11/6/03	9/1/17	2.50% - 4.125%	3,500,000	1,850,000
12/7/06	9/1/36	4.00%-5.25%	23,500,000	22,950,000
6/22/11	9/1/26	5.00%	<u>12,830,000</u>	<u>19,506,250</u>
			\$55,330,000	\$55,931,250

Payments from fiscal year 2011-12 with respect to the District's outstanding certificates of participation are as follows:

<u>Year Ending June 30</u>	<u>Certificates Issued 4/03</u>	<u>Certificates Issued 11/03</u>	<u>Certificates Issued 12/06</u>	<u>Certificates Issued 6/11</u>	<u>Total</u>
2012	\$1,328,672.50	\$375,405.00	\$1,291,450.00	\$1,051,375.00	\$4,046,902.50
2013	658,672.50	301,455.00	1,320,450.00	1,050,375.00	3,330,952.50
2014	682,212.50	126,455.00	1,128,050.00	1,048,375.00	2,985,092.50
2015	699,212.50	173,055.00	1,128,050.00	1,055,250.00	3,055,567.50
2016	714,762.50	217,520.00	1,168,050.00	1,050,750.00	3,151,082.50
2017	729,262.50	624,750.00	1,176,250.00	1,050,250.00	3,580,512.50
2018	757,162.50	--	1,479,000.00	1,048,375.00	3,284,537.50
2019	642,200.00	--	1,685,362.50	1,050,250.00	3,377,812.50
2020	692,525.00	--	1,739,912.50	1,045,750.00	3,478,187.50
2021	755,150.00	--	1,775,000.00	1,044,875.00	3,575,025.00
2022	803,962.50	--	1,838,250.00	1,047,375.00	3,689,587.50
2023	859,250.00	--	1,891,500.00	1,048,250.00	3,799,000.00
2024	924,750.00	--	1,900,000.00	1,042,375.00	3,867,125.00
2025	965,750.00	--	1,590,750.00	1,044,875.00	3,601,375.00
2026	1,023,250.00	--	1,604,500.00	4,827,750.00	7,455,500.00
2027	1,051,250.00	--	1,740,750.00	--	2,792,000.00
2028	1,071,000.00	--	1,823,250.00	--	2,894,250.00
2029	1,122,750.00	--	1,839,250.00	--	2,962,000.00
2030	1,149,750.00	--	1,881,750.00	--	3,031,500.00
2031	1,323,000.00	--	3,004,250.00	--	4,327,250.00
2032	--	--	2,747,500.00	--	2,747,500.00
2033	--	--	2,807,500.00	--	2,807,500.00
2034	--	--	858,750.00	--	858,750.00
2035	--	--	876,250.00	--	876,250.00
2036	--	--	<u>2,966,250.00</u>	--	<u>2,966,250.00</u>
Total	\$17,954,545.00	\$1,818,640.00	\$43,262,075.00	\$19,506,250.00	\$82,541,510.00

Capital Leases

The District's liability on lease agreements with options to purchase are summarized below:

Balance, July 1, 2010	\$5,517,386
Payments	<u>1,606,693</u>
Balance, June 30, 2011	\$3,910,693

The capital leases have minimum lease payments (calculated as of June 30, 2011) as follows:

<u>Year Ending June 30</u>	<u>Lease Payment</u>
2012	\$1,536,693
2013	1,361,500
2014	<u>1,012,500</u>
Total:	\$3,910,693
Less Amount Representing Interest:	<u>250,554</u>
Present Value of Minimum Lease Payments:	\$3,660,139

DISTRICT FINANCIAL INFORMATION

District Budget

The District is required by the California Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed revenues plus the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting format for all California school districts. Under current law, the District Board of Trustees approves an adopted budget on or before July 1 of each fiscal year.

School district budgets are subject to review and approval by the County Superintendent of Schools. The County Superintendent examines the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identifies technical corrections necessary to bring the budget into compliance, determines if the budget allows the district to meet its current obligations and determines if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. The County Superintendent will approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards.

Each school district is required to prepare two interim reports during the year certifying its financial and budgetary status. The certifications are classified as either positive, negative or qualified. A positive certification indicates that the district will meet its financial obligations for the current fiscal year and subsequent two fiscal years; and a qualified certification indicates that the district may not meet its financial obligations during that period. A negative certification indicates that the district will not be able to meet its financial obligations for the current fiscal year or the subsequent fiscal year. The County Superintendent reviews the certifications and may change a positive certification to qualified or negative.

The District has never had an adopted budget disapproved by the County Superintendent. The District's most recent interim report (the second interim financial report for fiscal year 2011-12) included a positive certification. Except for the qualified certification included in the District's first interim financial report for fiscal year 2011-12, the District has never received a qualified or negative certification of an interim financial report. However, in 1992, the District experienced financial difficulties and received an emergency loan from the State in the amount of \$7.3 million. At that time, the State appointed an administrator to govern the District. In 1996, the State returned control to the District's governing board but appointed a fiscal trustee who supervised District financial matters until the District fully repaid the State emergency loan in December 2001.

Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual, as mandated by the California Education Code. For Fiscal Year 2002-03 and thereafter, the District has implemented Governmental Accounting Standards Board ("GASB") Statements Nos. 34, 37 and 38. Revenues are recognized in the period in which they become both measurable and available to

finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

Financial Statements

The District's financial statements with supplemental information for the year ended June 30, 2011, and the related statements of activities and of cash flows for the year then ended, and the report dated June 30, 2011, of Vavrinek, Trine, Day & Co., LLP (the "Auditor"), are included in this Official Statement as Appendix B. The financial statements should be read in their entirety. The information set forth herein does not purport to be a summary of the District's financial statements.

In connection with the inclusion of the financial statements and the report of the Auditor thereon in Appendix B, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

The following table shows the District's actual General Fund revenues and expenditures for Fiscal Years 2008-09 through 2010-11 (audited) and unaudited projected year totals for Fiscal Year 2011-12 from the District's 2011-12 Second Interim Report.

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
General Fund Revenues, Expenditures and Changes in Fund Balances
Fiscal Years 2008-09 through 2011-12

	<u>Audited</u> <u>2008-09</u>	<u>Audited</u> <u>2009-10</u>	<u>Audited</u> <u>2010-11</u>	<u>Unaudited</u> <u>Projected Year</u> <u>Totals</u> <u>2011-12⁽¹⁾</u>
REVENUES:				
Revenue Limit Sources	\$100,372,718	\$87,476,524	\$93,157,256	\$92,759,216
Federal Sources	28,252,920	22,218,823	28,682,170	27,583,905
Other State Sources	41,683,893	41,414,635	37,542,172	34,961,305
Other Local Sources	<u>9,618,850</u>	<u>10,185,259</u>	<u>10,486,196</u>	<u>8,365,104</u>
Total Revenues	<u>179,928,381</u>	<u>161,295,241</u>	<u>169,867,794</u>	<u>163,669,530</u>
EXPENDITURES:				
Instruction	106,979,803	101,813,135	101,716,554	--
Instruction-Related Activities:				
Supervision of instruction	3,548,901	3,608,027	3,406,378	--
Instructional library, media and technology	245,345	258,429	196,775	--
School site administration	20,520,610	16,953,391	17,643,149	--
Pupil Services:				
Home-to-school transportation	7,650,041	7,579,416	7,791,186	--
All other pupil services	6,740,714	6,501,714	6,251,656	--
General Administration:				
Data processing	1,571,164	1,948,406	1,781,803	--
All other general administration	6,747,736	6,724,328	7,541,333	--
Certificated Salaries				77,174,232
Classified Salaries				23,849,088
Employee Benefits				41,088,365
Books and Supplies				13,857,172
Services and Other Operating Expenses				17,539,387
Plant Services	16,340,069	16,450,492	14,661,304	--
Facility Acquisition and Construction	(21,872)	3,814,164	616,807	--
Ancillary Services	9,108	--	--	--
Capital Outlay	--	--	--	324,000
Other Outgo	632,133	657,161	401,288	--
Other Outgo (excluding Transfers of Indirect Costs)	--	--	--	613,193
Other Outgo (Transfers of Indirect Costs)	--	--	--	(649,464)
Debt Service:				
Principal	391,667	166,023	99,173	--
Interest and Other	<u>23,908</u>	<u>13,054</u>	<u>6,019</u>	--
Total Expenditures	<u>171,379,327</u>	<u>166,487,740</u>	<u>162,113,425</u>	<u>173,795,974</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,549,054</u>	<u>(5,192,499)</u>	<u>7,754,369</u>	<u>(10,126,444)</u>
Other Financing Sources (Uses):				
Transfers out	(4,502,794)	(2,534,731)	(1,717,104)	(1,608,872)
Other sources	<u>395,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Financing Sources (Uses)	<u>(4,107,794)</u>	<u>(2,534,731)</u>	<u>(1,717,104)</u>	<u>(1,608,872)</u>
NET CHANGE IN FUND BALANCES	4,441,260	(7,727,230)	6,037,265	(11,735,316)
Fund Balance, Beginning	<u>24,634,655</u>	<u>29,075,915</u>	<u>21,348,685</u>	<u>27,385,950</u>
Fund Balance, Ending	<u>\$29,075,915</u>	<u>\$21,348,685</u>	<u>\$27,385,950</u>	<u>\$15,650,634</u>

(1) From the District's 2011-12 Second Interim Report.

Source: Coachella Valley Unified School District

Revenue Sources

The District categorizes its General Fund revenues into four sources: (1) revenue limit sources; (2) federal sources; (3) other State sources; and (4) other local sources. 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 revenue limits are calculated for each school district by multiplying (1) the average daily attendance ("ADA") for each district by (2) a base revenue limit per unit of ADA. The revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increase and to equalize revenues among all State school districts of the same type.

The following table shows the District's revenue limit per unit of average daily attendance and revenue limit total over the periods 2000-01 through 2011-12 and the estimated 2012-13.

REVENUE LIMITS⁽¹⁾
FISCAL YEARS 2000-01 THROUGH 2012-13
Coachella Valley Unified School District

<u>Fiscal Year</u>	<u>Revenue Limit per Unit of Average Daily Attendance</u>	<u>Average Daily Attendance</u>	<u>Total Revenue Limit</u> ⁽²⁾
2000-01	\$4,475.52	11,961	\$53,531,695
2001-02	4,649.52	12,711	59,100,049
2002-03	4,742.52	13,407	63,582,965
2003-04	4,685.51	14,032	65,747,076
2004-05	4,857.42	14,811	71,943,248
2005-06	5,128.64	15,622	80,119,614
2006-07	5,538.67	16,718	92,595,485
2007-08	5,790.67	17,436	100,966,122
2008-09	5,639.64	17,584	99,167,430
2009-10	4,974.50	17,585	87,476,524
2010-11	5,266.39	17,689	93,157,256
2011-12	5,244.19	17,688	92,759,216
2012-13 ⁽³⁾	5,300.43	17,503	92,773,464

(1) The revenue limit total pertains to general education purposes and excludes categorical aid programs, certain capital outlays, and other special purposes.

(2) State deficit has been applied and is funded based on the higher of current year or prior year ADA

(3) Estimated

Source: Coachella Valley Unified School District

The District's revenue limit is funded by a mix of (1) local property taxes and (2) State apportionments of basic and equalization aid. Generally, the State apportionments amount to the difference between the District's revenue limit and its local property tax revenues.

In fiscal year 2010-11, the District received \$93,157,256 of income from revenue limit sources, accounting for approximately 56% of its budgeted General Fund revenues. For fiscal year 2011-12, the District has budgeted \$92,759,216 of income from revenue limit sources, accounting for approximately 57% of its budgeted General Fund revenues.

Beginning in 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. See "Property Taxation."

Property taxes collected by Riverside County and Imperial County to pay the principal of and interest on Bonds do not constitute local property taxes for purposes of being 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 amount of federal revenues, most of which are restricted, received by the District in fiscal year 2010-11 was \$28,617,879, accounting for approximately 17% of General Fund revenues. For fiscal year 2011-12, the District has budgeted \$27,583,905 of federal revenues, accounting for approximately 17% of its budgeted General Fund revenues.

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 revenues. In addition to such apportionment revenue, the District receives substantial other State revenues. The District also receives State revenue from the California State Lottery. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes.

In fiscal year 2010-11, the District received \$34,527,452 of income from State Sources, accounting for approximately 21% of its General Fund revenues. For fiscal year 2011-12, the District has budgeted \$34,961,305 of income from State Sources, accounting for approximately 21% of its budgeted General Fund revenues.

In fiscal year 2010-11, the District received \$2,491,571 as State Lottery allocation, accounting for less than 1% of its General Fund revenues. For fiscal year 2011-12, the District has budgeted \$2,357,779 as its State Lottery allocation, accounting for approximately 1% of its budgeted General Fund revenues.

Other Local Revenues

In addition to property taxes, the District receives additional local revenues. In fiscal year 2010-11, the District received \$3,737,520 of income from local revenues, accounting for

approximately 2% of its General Fund revenues. For fiscal year 2011-12, the District has budgeted \$2,065,256 of income from local revenues, accounting for approximately 1% of its budgeted General Fund revenues.

Developer Fees

The District maintains a fund, separate and apart from the General Fund, to account for developer fees collected by the District. Residential development is currently assessed a fee of \$3.20 per square foot. As of June 30, 2011, there was a \$2,310,478.87 balance in this fund. The following table lists the annual developer fees generated since fiscal year 2001-02.

**COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
District Developer Fees
Fiscal Years 2001-02 through 2011-12**

<u>Fiscal Year</u>	<u>Developer Fees Collected</u>
2001-02	\$ 956,804
2002-03	1,132,931
2003-04	1,566,407
2004-05	1,762,821
2005-06	2,812,702
2006-07	1,934,593
2007-08	3,352,576
2008-09	1,285,349
2009-10	714,128
2010-11	912,535
2011-12 ⁽¹⁾	820,000

(1) Estimated as of April 20, 2012.

Source: Coachella Valley Unified School District.

PROPERTY TAXATION

General

The Bonds are general obligation bonds of the District. The Boards of Supervisors of Riverside County and Imperial County have the power and are obligated to levy ad valorem taxes without limitation of rate or amount (except with respect to certain personal property that is taxable at limited rates) upon all property within the District subject to taxation for payment of debt service on the Bonds.

Property Tax Collection Procedures

Taxes are levied for each fiscal year on taxable real and personal property on the tax rolls as of the preceding January 1. Real property that changes ownership or is newly constructed is revalued at the time the change occurs or the construction is completed. The current year property tax rate is applied to the reassessed value, and the taxes are then adjusted by a pro-ration factor that reflects the

portion of the remaining tax year for which taxes are due. The annual tax rate is limited to 1% of the full cash value, plus the amount necessary to pay all obligations legally payable from *ad valorem* taxes in the current year, including the Bonds. The rate of tax necessary to pay fixed debt service on the Bonds in a given year depends on the assessed value of taxable property within the District in that year. Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the debt service on the Bonds.

For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed property and real property secured by a lien that is sufficient, in the opinion of the county assessor, to secure payment of the taxes. All other taxable property is assessed on the "unsecured roll," which generally comprises all property not attached to land, such as personal property or business equipment not otherwise exempt from taxation.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. A penalty of ten percent attaches immediately to all delinquent payments. If taxes are not paid by June 30 of the fiscal year, the properties on the secured roll with respect to which taxes are delinquent become tax defaulted. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property may be sold at public auction by the county treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien dates and become delinquent on August 31. A ten 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% attaches on the first day of each month until paid.

A county has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment 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) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

Unitary Taxation of 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

assessed collectively as part of a “going concern” rather than as individual parcels of real or personal property. 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

Riverside County and Imperial County have adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Sections 4701 and following of the California Revenue and Taxation Code. Under the Teeter Plan, each participating local agency within a county that levies property taxes, including school districts, is credited the amount of uncollected taxes in the same manner as if the amount credited had been collected. In return, the county receives and retains delinquent payments, penalties and interest as collected, that otherwise would have been due the local agency.

The Teeter Plan is to remain in effect unless the board of supervisors of the county orders its discontinuance or unless, prior to the commencement of the county’s fiscal year, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the county. Neither Riverside County nor Imperial County has ever received a petition from any governing board to discontinue the Teeter Plan. The board of supervisors may, after holding a public hearing on the matter, discontinue the procedures with respect to any tax levying agency or assessment levying agency in the county if the rate of secured tax delinquency in that agency in any year exceeds three percent of the total of all taxes and assessments levied on the secured rolls in that agency.

Largest Taxpayers

The following table lists the top twenty secured property taxpayers within the District for 2011-12.

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

Largest 2011-12 Local Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	2011-12 <u>Assessed Valuation</u>	% of <u>Total (1)</u>
1.	TD Desert Development	Commercial	\$105,623,811	1.45%
2.	Cocopah Nurseries Inc.	Agricultural	47,440,721	0.65
3.	East of Madison	Country Club/Residential	43,502,487	0.60
4.	Anthony Vineyards Inc.	Industrial	42,865,113	0.59
5.	Coral Option I	Residential Development	42,747,545	0.58
6.	Red Globes Properties	Agricultural	41,421,529	0.57
7.	MSR Resort Golf Course	Golf and Spa Resort	38,306,225	0.52
8.	Griffin Ranch	Residential Development	37,001,905	0.51
9.	Michael Bozick	Agricultural	30,863,133	0.42
10.	Soco	Commercial	29,421,747	0.40
11.	Sunrise Desert Partners	Agricultural	26,376,010	0.36
12.	Armtech Defense Products Co.	Industrial	25,177,782	0.34
13.	ND La Quinta Partners	Country Club/Residential	24,381,882	0.33
14.	Mission South	Agricultural	22,297,440	0.31
15.	Smoketree Apartments 288	Apartments	21,592,350	0.30
16.	Sun World International	Agricultural	19,554,464	0.27
17.	Colmac Energy Inc.	Industrial	18,011,296	0.25
18.	Nadador	Resort/Timeshare	17,883,704	0.24
19.	Nicholas L. Bozick	Agricultural	17,392,737	0.24
20.	Greystone Clubhouse Associates	Apartments	<u>15,717,468</u>	<u>0.22</u>
			\$667,579,349	9.14%

(1) 2011-12 Local Secured Assessed Valuation: \$7,307,747,852

Source: California Municipal Statistics, Inc.

Historic Assessed Valuation

The District has a 2011-12 total assessed valuation of \$7,466,451,947. Shown in the following table are the assessed valuation historical trends for the District.

**COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
Assessed Valuations Fiscal Years 2007-08 through 2011-12**

Riverside County Portion

<u>Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Before Rdv. Increment</u>
2007-08	\$8,298,524,353	\$1,817,625	\$152,036,639	\$8,452,378,617
2008-09	8,722,267,788	1,817,625	173,369,621	8,897,455,034
2009-10	8,154,431,131	1,891,781	170,127,854	8,326,450,766
2010-11	7,432,820,977	1,891,781	167,051,927	7,601,764,685
2011-12	7,058,836,878	1,891,781	151,934,858	7,212,663,517

Imperial County Portion

<u>Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Before Rdv. Increment</u>
2007-08	\$438,769,350	\$0	\$4,946,399	\$443,715,749
2008-09	429,576,828	0	6,704,421	436,281,249
2009-10	290,287,241	0	9,057,441	299,344,682
2010-11	273,690,571	0	7,988,075	281,678,646
2011-12	248,910,974	0	4,877,456	253,788,430

Total District

<u>Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Before Rdv. Increment</u>
2007-08	\$8,737,293,703	\$1,817,625	\$156,983,038	\$8,896,094,366
2008-09	9,151,844,616	1,817,625	180,074,042	9,333,736,283
2009-10	8,444,718,372	1,891,781	179,185,295	8,625,795,448
2010-11	7,706,511,548	1,891,781	175,040,002	7,883,443,331
2011-12	7,307,747,852	1,891,781	156,812,314	7,466,451,947

Source: California Municipal Statistics, Inc.

Secured Tax Charges for Debt Service and Delinquencies

The following table lists the secured tax charges for debt service on the District's general obligation bonds and delinquencies for the District for Fiscal Years 2006-07 through 2010-11:

<u>Year</u>	<u>Secured Tax Charge ⁽¹⁾</u>	<u>Amount Delinquent June 30</u>	<u>% Delinquent June 30</u>
2006-07	\$3,909,359.06	\$286,148.83	7.32%
2007-08	4,666,086.85	435,380.25	9.33
2008-09	5,110,379.23	524,081.62	10.25
2009-10	5,787,842.92	477,684.26	8.25
2010-11	6,854,503.08	387,467.90	5.65

(1) Debt service levy only

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use

The following table shows the assessed valuation of property in the District by land use category.

**COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
Assessed Valuation and Parcels by Land Use**

	2011-12 <u>Assessed Valuation (1)</u>	<u>% of Total</u>	<u>No. of Parcels</u>	<u>% of Total</u>
Non-Residential:				
Agricultural/Rural	\$ 517,82,103	7.09%	2,158	4.84%
Commercial/Recreational	482,896,839	6.61	739	1.66
Vacant Commercial	113,977,450	1.56	955	2.14
Industrial	149,042,402	2.04	199	0.45
Institutional/Social/Religious	4,109,500	0.06	104	0.23
Other Vacant/Desert Parcels	<u>235,423,322</u>	<u>3.22</u>	<u>13,622</u>	<u>30.53</u>
Subtotal Non-Residential	\$1,503,311,616	20.57%	17,777	39.84%
Residential:				
Single Family Residence	\$4,251,134,113	58.17%	13,344	29.90%
Condominium/Townhouse	435,710,061	5.96	1,352	3.03
Mobile Home	53,031,632	0.73	146	0.33
Mobile Home Park	5,376,428	0.07	74	0.17
2+ Residential Units	317,055,716	4.34	250	0.56
Vacant Residential	<u>742,128,286</u>	<u>10.16</u>	<u>11,680</u>	<u>26.17</u>
Subtotal Residential	\$5,804,436,236	79.43%	26,846	60.16%
Total	\$7,307,747,852	100.00%	44,623	100.00%

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

Source: California Municipal Statistics, Inc.

Assessed Valuation by Jurisdiction

The following table shows the assessed valuation of property in the District by jurisdiction.

**COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
2011-12 Assessed Valuation by Jurisdiction ⁽¹⁾**

<u>Jurisdiction:</u>	<u>in School District</u>	<u>School District</u>	<u>of Jurisdiction</u>	<u>in School District</u>
City of Coachella	\$1,276,942,655	17.10%	\$1,387,251,805	92.05%
City of Indio	668,482,848	8.95	\$5,994,122,871	11.15%
City of La Quinta	3,913,993,393	52.42	\$10,386,175,779	37.68%
Unincorporated Riverside County	1,353,244,621	18.12	\$37,625,018,895	3.60%
Unincorporated Imperial County	253,788,430	3.40	\$4,350,148,440	5.83%
Total Riverside County	\$7,212,663,517	96.60%	\$202,140,298,386	3.57%
Total Imperial County	<u>253,788,430</u>	<u>3.40</u>	\$10,155,628,849	2.50%
Total District	\$7,466,451,947	100.00%		

(1) Before deduction of redevelopment incremental valuation.

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Homes

The following table shows the per parcel 2011-12 assessed valuation of single family homes.

**COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
Per Parcel 2011-12 Assessed Valuation of Single Family Homes**

	No. of <u>Parcels</u>	2011-12 <u>Assessed Valuation</u>	Average <u>Assessed Valuation</u>	Median <u>Assessed Valuation</u>
Single Family Residential	13,344	\$4,251,134,113	\$318,580	\$149,028

2011-12 <u>Assessed Valuation</u>	No. of <u>Parcels (1)</u>	% of <u>Total</u>	Cumulative <u>% of Total</u>	Total <u>Valuation</u>	% of <u>Total</u>	Cumulative <u>% of Total</u>
\$0 - \$24,999	249	1.866%	1.866%	\$ 4,341,218	0.102%	0.102%
\$25,000 - \$49,999	664	4.976	6.842	24,080,082	0.566	0.669
\$50,000 - \$74,999	969	7.262	14.104	61,542,454	1.448	2.116
\$75,000 - \$99,999	1,533	11.488	25.592	135,310,166	3.183	5.299
\$100,000 - \$124,999	1,500	11.241	36.833	168,060,132	3.953	9.252
\$125,000 - \$149,999	1,761	13.197	50.030	238,877,633	5.619	14.872
\$150,000 - \$174,999	990	7.419	57.449	159,797,370	3.759	18.631
\$175,000 - \$199,999	584	4.376	61.826	107,071,266	2.519	21.149
\$200,000 - \$224,999	243	1.821	63.647	51,337,172	1.208	22.357
\$225,000 - \$249,999	275	2.061	65.707	65,360,947	1.537	23.894
\$250,000 - \$274,999	165	1.237	66.944	43,215,650	1.017	24.911
\$275,000 - \$299,999	197	1.476	68.420	56,469,933	1.328	26.239
\$300,000 - \$324,999	149	1.117	69.537	46,595,181	1.096	27.335
\$325,000 - \$349,999	138	1.034	70.571	46,405,402	1.092	28.427
\$350,000 - \$374,999	203	1.521	72.092	73,325,581	1.725	30.152
\$375,000 - \$399,999	159	1.192	73.284	61,526,857	1.447	31.599
\$400,000 - \$424,999	175	1.311	74.595	72,023,850	1.694	33.293
\$425,000 - \$449,999	283	2.121	76.716	123,718,476	2.910	36.204
\$450,000 - \$474,999	311	2.331	79.047	142,887,134	3.361	39.565
\$475,000 - \$499,999	225	1.686	80.733	108,880,010	2.561	42.126
\$500,000 and greater	<u>2,571</u>	<u>19.267</u>	100.000	<u>2,460,307,599</u>	<u>57.874</u>	100.000
Total	13,344	100.000%		\$4,251,134,113	100.000%	

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

Source: California Municipal Statistics, Inc.

Tax Rates

Pursuant to Article XIII A of the State Constitution, effective for the 1978-79 fiscal year and each year thereafter, the total property tax rate is limited to 1% of the full cash value plus the amount necessary to fund debt service on voter-approved debt.

Contained within the District's boundaries are numerous overlapping local agencies. The following exhibit presents the total tax rate for typical property owners in the incorporated areas within the District.

The following table summarizes the total *ad valorem* tax rates levied by all taxing entities in a typical tax rate area within the District during the five-year fiscal year period from 2007-08 to 2011-12.

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
Summary of *Ad Valorem* Tax Rates
Fiscal Years 2007-08 through 2011-12
Typical Total Tax Rates (TRA 12-001) (Riverside County Portion)

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
General	1.00000	1.00000	1.00000	1.00000	1.00000
Desert Community College District	.01995	.01995	.01995	.01995	.01995
Coachella Valley Unified School District	.05708	.05949	.07247	.09332	.07487
Coachella Valley Water District	<u>.04000</u>	<u>.04000</u>	<u>.06000</u>	<u>.08000</u>	<u>.08000</u>
Total	1.11703	1.11944	1.15242	1.19327	1.17482

Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the “Debt Report”) prepared by California Municipal Statistics, Inc. and dated May 1, 2012. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency’s assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in column 3, which is the apportionment of each overlapping agency’s outstanding debt to taxable property in the District.

**COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT**

2011-12 Assessed Valuation: \$7,466,451,947
 Redevelopment Incremental Valuation: 3,416,873,847
 Adjusted Assessed Valuation: \$4,049,578,100

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/12</u>
Desert Community College District	12.918%	\$ 41,413,979
Coachella Valley Unified School District	100.000	109,948,827 (1)
Pioneers Memorial Healthcare District	8.328	1,423,255
Coachella Valley Water District, I.D. No. 55	74.905	2,089,850
Coachella Valley Recreation and Park District Reassessment District No. 01-1	11.912	248,365
Coachella Valley Water District, Assessment District Nos. 32, 33, 67	100.000	1,486,528
City of Indio Assessment District No. 2001-1	29.213	<u>1,108,633</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$157,719,437

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	2.617%	\$17,541,946
Riverside County Pension Obligations	2.617	9,356,822
Riverside County Board of Education Certificates of Participation	2.617	132,289
Imperial County Certificates of Participation	3.013	342,578
Imperial County Pension Obligations	3.013	1,625,212
Imperial County Office of Education Certificates of Participation	3.013	22,899
Coachella Valley Unified School District Certificates of Participation	100.000	48,850,000
City of Indio Certificates of Participation	13.530	5,006,100
City of La Quinta General Fund Obligations	56.694	2,208,231
Coachella Valley Recreation and Park District Certificates of Participation	20.167	459,808
Coachella Valley Water District Storm Water Unit Certificates of Participation	18.849	<u>265,771</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$85,811,656
Less: Riverside County supported obligations		<u>343,120</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$85,468,536

GROSS COMBINED TOTAL DEBT \$243,531,093 (2)
NET COMBINED TOTAL DEBT \$243,187,973

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

Ratios to 2011-12 Assessed Valuation:
 Direct Debt (\$109,948,827) 1.47%
 Total Direct and Overlapping Tax and Assessment Debt..... 2.11%

Ratios to Adjusted Assessed Valuation:
 Combined Direct Debt (\$158,798,827)..... 3.92%
 Gross Combined Total Debt..... 6.01%
 Net Combined Total Debt 6.01%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$0

Source: California Municipal Statistics, Inc.

STATE FUNDING OF EDUCATION

As noted above, California school districts receive a significant portion of their general purpose funding from State appropriations. Variations in the level of State funding of school districts may affect this source of security for payment of the Bonds.

Propositions 98 and 111 -- Minimum Funding Guarantee

Proposition 98, a constitutional and statutory amendment adopted by California voters in 1988 and amended by Proposition 111 in 1990, guarantees a minimum level of funding for public education from kindergarten through community college (K-14).

Proposition 98 guarantees a level of funding based on the greater of two amounts determined under three different methods of calculation. The first amount is based on a percentage of General Fund revenues. This amount is defined under "Test 1" as the amount produced by applying the same percentage of General Fund revenues appropriated to K-14 education in 1986-87, or about 40%. (This percentage has been adjusted to approximately 39% to account for subsequent redirection of local property taxes, since such property tax shifts affect the share of districts' revenue limits that are to be provided by State General Fund revenues.) The second amount is determined under one of two methods, "Test 2" or "Test 3," the choice of which is determined based on the relative growth of per capita income and General Fund revenues.

In years of high or normal growth of General Fund revenues, Test 2 applies. Test 2 is designed to maintain prior-year service levels. The amount determined under Test 2 is the amount required to ensure that K-14 schools receive from State funds and local tax revenues the same amount received in the prior year, adjusted for changes in enrollment and for increases in per capita personal income. Test 3 is operative in years in which General Fund revenue growth per capita is more than 0.5% below growth in per capita personal income. The amount determined under Test 3 is the prior-year total level of funding from state and local sources, adjusted for enrollment growth and for growth in General Fund revenues per capita, plus 0.5% of the prior year level. If Test 3 is used in any year, the difference between the amount determined under Test 3 and Test 2 will become a credit (called the "maintenance factor") to be paid to K-14 schools in future years when State General Fund growth exceeds personal income growth.

The State's estimate of the total guaranteed amount varies through the stages of the annual budgeting process, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as various factors change. The guaranteed amount will increase as enrollment and per capita personal income grow. If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount may be suspended for one year at a time by enactment of an urgency statute. In subsequent years in which State General Fund revenues are growing faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount.

In recent years, the State's response to fiscal difficulties has had a significant impact on Proposition 98 funding and settle-up treatment. In 1992-93, 1993-94, 2004-05, and 2005-06 the State required counties, cities, and special districts to shift property tax revenues to school districts, thereby relieving the State General Fund of some of the burden of the Proposition 98 guarantee. Proposition 1A, adopted by the voters in November 2004, prohibits the State from shifting property taxes from other local governments to school or community college districts without a two-thirds vote of both houses of the State Legislature. Proposition 22, approved by the voters on November 2, 2010, eliminated the State's authority to shift property taxes temporarily during a severe financial hardship of the State that had been permitted by Proposition 1A. Legislation enacted in June 2011 (and upheld by the California Supreme Court in December 2011) dissolved every redevelopment agency in the State effective February 1, 2012, which may make more property tax revenues available to school districts.

The State has also sought to avoid or delay paying settle-up amounts when State revenues have lagged. The State has also sought to avoid increases in the base guaranteed amount through several devices: by treating any excess appropriations as advances (or loans) against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily or permanently deferring year-end apportionments of Proposition 98 funds from one fiscal year to the next to reduce the ending Fiscal Year's base; by suspending Proposition 98, as the State did in 2010-11; and by proposing to amend the Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The California Teachers' Association, the State Superintendent and others sued the State or the Governor in 1995, 2005, 2009, and 2011 to force them to fund the full settle-up amounts. In November 2010, the Legislative Analyst estimated settle-up obligations to total about \$1.8 billion. While legislation adopted to implement the settlements of these suits requires the State to pay down the obligation in annual installments, the repayments have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

State Budget Process

The State Constitution requires the Governor to propose a budget to the State Legislature no later than January 10 of each year and requires the Legislature to adopt a final budget no later than June 15. The latter deadline was frequently missed when passage of the budget required a 2/3 majority of each house of the Legislature. In the first year operating under the new simple majority approval rule, the Legislature approved the budget on June 15, but the Governor vetoed it, and the Legislature then adopted a revised budget on June 28, which the Governor signed on June 30. The budget becomes law upon the signature of the Governor, who retains veto power over specific items of expenditure. School district budgets must be adopted by the district's governing board by July 1 and then revised within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget.

Possible Delays in Apportionments. If the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding may be treated differently. In 2002, a California Court of Appeal held in White v. Davis (also referred to as Jarvis v. Connell) that the State Controller cannot disburse State funds after the beginning of the

fiscal year until the adoption of the budget bill or an emergency appropriation, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the State constitution, such as appropriations for salaries of elected State officers, or (iii) required by federal law, such as payments to State workers (but at no more than minimum wage). The court specifically held that pre-budget disbursements of Proposition 98 funding for school districts are invalid. In 2003, the California Supreme Court upheld the decision of the Court of Appeal. During the 2003-04 State budget impasse, the State Controller nonetheless treated revenue limit apportionments to school districts as continuous legislative appropriations under statute. The State Controller did not disburse certain categorical and other funds to school districts until the 2003-04 Budget Act was enacted.

Additional Delays in Apportionments. For fiscal year 2010-11 and again for fiscal year 2011-12, the Legislature authorized deferrals of certain payments during the fiscal year for K-12 schools. For fiscal year 2011-12, the July 2011 and August 2011 payments of \$1.4 billion are deferred and the October 2011 payment of \$2.4 billion is deferred. In September 2011, \$700 million of the July deferral was paid, in January 2012, \$4.5 billion from the remaining July, August, and October deferrals were paid, and in March 2012, \$1.4 billion was deferred and paid in April 2012. The District is authorized to borrow temporary funds to cover its annual cash flow deficits and, as a result of this or similar future legislation, the District might find it necessary to increase the size or frequency of its cash flow borrowings in future years.

Fiscal Year 2011-12 Budget

The 2011-12 State budget, as adopted on June 28, 2011, reduced the General Fund share of Proposition 98 funding by \$900 million, that being the net effect of all budget actions on the General Fund share of the minimum guarantee – including redirection of a portion of State sales tax for realignment of local government services, the shift of redevelopment agency revenues to schools, and adjustments (or “rebenching”) of the guarantee. (According to the State Legislative Analyst’s Office (“LAO”), the legality of the rebenchings is uncertain, because the California Constitution is silent on whether the Proposition 98 minimum guarantee can be adjusted to account for policy changes.). However, the net effect of increases in baseline revenues, deferral of \$2.1 billion in K-12 spending, and the reduction in General Fund spending left total funding for K-14 education virtually unchanged from 2010-11. Because the adopted budget was balanced based on a forecast of increased State revenues, it included provisions to reduce expenditures if those revenues fell short of the forecast.

On December 13, 2011, the Governor announced that State revenues had fallen \$2.2 billion below projections made at the adoption of the 2011-12 State budget, thus triggering automatic spending reductions. Reductions in education spending amounted to approximately \$330 million. The majority of reductions (\$248 million) will affect the State’s home-to-school transportation funding. Additional reductions of approximately \$79.6 million will affect Proposition 98 apportionments. Shortly after the reductions to the home-to-school transportation program were announced, the Los Angeles Unified School District filed a lawsuit against the State to challenge the transportation cuts. [The District anticipates reductions of approximately \$ _____ as a result of these spending reductions, and has reserved State categorical program carryover amounts in anticipation of such reductions.]

The 2011-12 State budget also included a two-year extension of existing K-12 fiscal relief options. It extended "categorical flexibility" from 2012-13 through 2014-15. With this flexibility, school districts could use the funding associated with about 40 categorical programs for any educational purpose. The budget also extended the existing K-3 Class Size Reduction rules from 2011-12 through 2013-14. (These rules applied more modest funding reductions to K-3 classes that exceed 20 students.) Additionally, the budget extended for two years the existing statutory provisions that reduce routine maintenance requirements, suspending deferred maintenance requirements, postponing instructional materials purchases, and lowering unrestricted budget reserve requirements.

Litigation Regarding Proposition 98 Guarantee Amount

On September 28, 2011, the California School Boards Association, the Association of California School Administrators and several school districts filed a lawsuit challenging the State's redefinition of State sales and use tax revenues diverted to counties and cities as "not General Fund revenues" and their consequent exclusion from the calculation of the Proposition 98 minimum funding guarantee in the 2011-12 State budget. The plaintiffs allege that the minimum funding requirement set forth in the 2011-12 State budget is at least \$2.1 billion less than the amount required by Proposition 98. The State budget provides that the modified calculation may be terminated if voters approve certain ballot measures at the statewide election in November 2012. In the alternative, the State may adopt a five year repayment plan. The plaintiffs allege that neither option satisfies the minimum guarantee under Proposition 98 and have requested a judicial declaration directing the State to recalculate the minimum guarantee. The District cannot predict whether or to what extent the plaintiffs' lawsuit will succeed or, if successful, how any final court decision with respect to the lawsuit would affect the financial status of the District.

Proposed 2012-13 Budget. On January 5, 2012, the Governor released his proposed State budget for fiscal year 2012-13 (the "Proposed Budget"). The Governor estimates that, absent corrective action, the State will end 2011-12 with a total deficit of \$4.1 billion. For fiscal year 2012-13, the administration projects that State expenditures will exceed baseline revenues by approximately \$5.1 billion, bringing the total deficit to \$9.2 billion.

To bridge the gap, the Proposed Budget includes \$10 billion of proposed measures affecting both fiscal years 2011-12 and 2012-13. These measures include \$4 billion of expenditure reductions, \$4.6 billion of revenue increases, and \$1.4 billion of other solutions. With the implementation of all measures, the administration projects, for fiscal year 2011-12, a year-end deficit of \$1.7 billion and, for fiscal year 2012-13, a year-end reserve of \$1.1 billion. As with the 2011-12 Budget, the administration's proposal assumed approval of some of the Governor's proposals by the Legislature by March 1, 2012, which has not occurred.

A critical component of the Governor's budget plan is voter approval of temporary tax increases at the November 2012 election. The Governor proposes to temporarily increase personal income tax rates on the State's wealthiest taxpayers and to temporarily increase the State sales and use tax by 0.5%. These tax increases are projected to generate an additional \$2.2 billion in fiscal year 2011-12 and \$4.7 billion in fiscal year 2012-13.

The Proposed Budget would also authorize \$5.4 billion in automatic spending reductions, to be triggered if these proposed tax increases are rejected by the voters. Among others, the cuts would include a total reduction to the Proposition 98 minimum funding guarantee of \$4.8 billion. If implemented, these cuts would become effective as of January 1, 2013.

The administration estimates that the Proposition 98 minimum funding guarantee for fiscal year 2011-12 would be \$47.6 billion, assuming the passage of the Governor's tax proposals. For fiscal year 2012-13, the Proposed Budget would set total Proposition 98 funding at \$52.5 billion, which is the administration estimate of the minimum guarantee, again assuming the passage of the Governor's tax proposals. The year-to-year funding increase under the Proposed Budget is dedicated largely to reducing the size of existing K-14 payment deferrals.

To arrive at these funding levels, the administration proposes to adjust (or "rebench") the Proposition 98 minimum funding guarantee in three significant ways. The Governor would permanently rebench the guarantee to account for an assumed \$1 billion shift in local property taxes redevelopment agencies to school districts and community college districts. The minimum funding guarantee would also be decreased by \$544 million by eliminating existing provisions that require the State to rebench for the "gas tax swap" (the elimination of the sales tax on gasoline and its replacement by an excise tax). And the Governor proposes to recalculate last year's rebenchings using the "1986-87 methodology." This change (which applies to child care, student mental health, and redevelopment revenues) would increase the 2012-13 guarantee by \$217 million.

Major proposals in the Proposed Budget that relate to the funding of education include the following:

- *No Cost-of-Living Adjustment.* The Proposed Budget would not provide a cost-of-living adjustment for any K-14 program during fiscal year 2012-13.
- *Deferral Reduction.* The Proposed Budget would pay down \$2.4 billion in existing K-14 deferrals. This would reduce the State's outstanding deferrals from \$10.4 billion to \$8 billion.
- *Categorical Program Flexibility; Transition to Weighted Per-Pupil Funding.* The Governor would suspend requirements for almost all categorical programs, essentially phasing out most existing categorical programs beginning in 2012-13 (except for certain federally required programs such as special education and child nutrition). In lieu of the existing revenue limit and categorical program funding model, the administration's proposes that all districts and charter schools receive an equal base per-pupil amount, plus additional general purpose funding intended to serve their disadvantaged students to be phased in over the next five fiscal years. Schools districts and charter schools with larger disadvantaged student populations would receive supplemental funding. School districts would have local discretion in deciding how to spend weighted per-pupil funding.
- *K-14 Mandates.* The administration proposes to replace the existing mandate system with a discretionary block grant program. The Governor would eliminate

31 of 57 existing K-14 educational mandates and suspend the remaining 26 mandates, though districts would need to undertake the activities that are the subject of the suspended mandates in order to access the proposed block grant funding. The Proposed Budget would provide \$200 million for the block grants. Districts that choose to receive block grant funding would receive a per-student allocation.

- *Non-implementation of Transitional Kindergarten Program.* The Proposed Budget would eliminate the requirement that school districts provide an additional year of public school education to children who will just miss the new cutoff dates for enrollment in kindergarten (which are being moved back from December 1 to September 1 one month at a time over a three-year period). As a result, the administration assumes a savings of \$224 million in fiscal year 2012-13, growing to approximately \$675 million by 2014-15.

LAO Economic and Revenue Update. On February 27, 2012, the LAO released its “Economic and Revenue Update” report, which presents the LAO’s forecast of economic conditions and State General Fund revenues through fiscal year 2016-17.

The LAO’s forecast for State General Fund revenues in fiscal year 2011-12 is approximately \$3 billion lower than the administration’s projections that are reflected in the Proposed Budget. For fiscal year 2012-13, the LAO’s forecast is \$3.5 billion lower, for a total difference of \$6.5 billion across two fiscal years. The LAO’s forecast reflects the projected effects of the Governor’s proposed tax initiatives and an initial estimate of the effect on State revenues by a possible initial public offering (“IPO”) by Facebook, Inc. However, the LAO states that, because of numerous and significant uncertainties in the timing and amount of potential State revenues from a Facebook IPO, there is a large range of error around its estimates. If the Facebook-related revenues were omitted from its forecast, the LAO’s projection of General Fund revenues would be approximately \$8.5 billion lower than the administration’s.

The LAO’s lower estimates of future revenues is based, in part, on its analysis of actual 2010 tax payments by Californians and lower-than-expected estimated personal income tax payments for December 2011 and January 2012. The LAO also differs from the administration regarding forecasted personal income tax growth over the next few fiscal years, particularly that derived from capital gains. The LAO indicates that, although a strong performance by the stock and housing markets could produce some of the capital gains estimates reflected in the Proposed Budget, in the LAO’s view, the economic conditions supporting such an outcome are not yet evident.

Additional Information on State Finances

The full text of proposed and adopted State budgets may be found at the internet website of the California Department of Finance, www.dof.ca.gov, under the heading “California Budget.” The Legislative Analyst’s Office budget overviews and other analyses may be found at www.lao.ca.gov under the heading “Products.” In addition, various State of California official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer,

www.treasurer.ca.gov or through the Municipal Securities Rulemaking Board's EMMA website at emma.msrb.org.

Periodic reports on revenues and/or expenditures during the Fiscal Year are issued by the Governor's Office, the State Controller's Office and the LAO. The Department of Finance issues a monthly Bulletin, which reports the most recent revenue receipts as reported by state departments, comparing them to Budget projections. The Governor's Office also formally updates its budget projections three times during each Fiscal Year, in January, May and at budget enactment. These bulletins and other reports are available on the Internet.

The information referred to above is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Future State Budgets

The District cannot predict what actions will be taken in the future by the Legislature and the Governor to deal with 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 as budgeted.

Legal Challenge to State's Funding Method

From time to time, litigation is filed challenging the constitutionality of various aspects of the system of financing for public schools in California. In the latest such case, Maya Robles-Wong, et al. v. State of California, filed May 20, 2010, a plaintiff class of California public school students, several school districts, and the California Congress of Parents, Teachers & Students, the Association of California School Administrators and the California School Boards Association seeks a permanent injunction compelling the State to abandon the existing system of public school finance in favor of one that would provide equal educational opportunity to all school-aged children in the State.

On January 14, 2011, the Superior Court dismissed major portions of the case, allowing the plaintiffs to proceed only on the question of whether State's public education funding scheme provides equal opportunities to students throughout the State but rejecting that part that claimed that the State constitution mandates an overall qualitative standard for public education. On July 26, 2011, the Superior Court rejected the plaintiffs' amended complaint as not stating an equal protection claim. On January 25, 2012, filed a notice of appeal of the trial court's decision.

The District is not a party to the case. The District cannot predict the outcome of the *Robles-Wong* litigation. However, if successful, the lawsuit could result in a change in how education funding is implemented in the State.

LIMITATIONS ON LOCAL TAX REVENUES

Debt service on the Bonds will be funded from the proceeds of an ad valorem tax levied by Riverside County and Imperial County for their payment. (See "The Bonds – Security.") Articles XIII A and XIII B, XIII C and XIII D of the Constitution, Propositions 98, 111, and 218, and certain other provisions of law discussed below, 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. It should not be inferred from the inclusion of this information that these laws impose any limitation on the ability of Riverside County and Imperial County to levy taxes for payment of debt service on the Bonds. The tax levied by Riverside County and Imperial County for payment of the Bonds was approved by the District's voters in compliance with Article XIII A and all applicable laws.

Article XIII A of the California Constitution

On November 7, 1978, California voters approved Proposition 13, which added Article XIII A to the California Constitution ("Article XIII A"). Article XIII A, as amended, limits the amount of any ad valorem taxes on real property to 1% of the "full cash value", and provides that such tax shall be collected by the counties and apportioned according to State law. Section 1(b) of Article XIII A provides that the 1% limitation does not apply to ad valorem taxes levied to pay interest and redemption charges on (i) indebtedness approved by the voters prior to July 1, 1978, or (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds or more of the votes cast on the proposition, or (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the voters of the district, but only if certain accountability measures are included in the proposition. The tax for payment of the District's outstanding general obligation bonds falls within the exception for bonds approved by a two-thirds vote.

Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year until new construction or a change of ownership occurs.

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

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Article XIII B of the California Constitution

The voters of California approved Proposition 4, an initiative constitutional amendment entitled "Limitation of Government Appropriations," on November 6, 1979. Under the amendment, which added Article XIII B to the California Constitution ("Article XIII B"), state and local governmental entities are subject to an annual "appropriations limit" and are prohibited from spending "appropriations subject to limitations" (consisting of tax revenues, state subventions and certain other funds) above that limit. Propositions 98 and 111 substantially modified Article XIII B. Article XIII B does not affect the appropriation of moneys that are excluded from the definition of "appropriations subject to limitation," such as appropriations for voter-approved debt service, appropriations required to comply with certain mandates of the courts or the federal government, and appropriations for qualified capital outlay projects (as defined by the Legislature).

The appropriations limit for each agency in each year is based on the agency's limit for the prior year, adjusted annually for changes in the cost of living and changes in population, and adjusted where applicable for transfer to or from another governmental entity of financial responsibility for providing services. With respect to school districts, "change in cost of living" is defined as the change in percentage change in California per capita income from the preceding year and "change in population" means the percentage change in average daily attendance for the preceding year.

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 an agency over such two-year period above the combined appropriations limit for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years. Under current statutory law, a school district that receives any proceeds of taxes in excess of the allowable limit need only notify the State Director of Finance and the District's appropriations limit is increased and the State's limit is correspondingly decreased by the amount of the excess.

Proposition 218

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

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

Article XIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The initiative power is, however, limited by the United States Constitution's prohibition against state or local laws "impairing the obligation of contracts." The District's general obligation bonds represent a contract between the District and the bondholder secured by the collection of *ad valorem* property taxes. While not free from doubt, it is likely that, once the District's outstanding general obligation bonds are issued, the taxes securing them would not be subject to reduction or repeal. Legislation adopted in 1997 provides that Article XIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure 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.

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

Future Initiatives

Article XIIA, Article XIIB and Propositions 98, 111, and 218 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 District revenues or the District's ability to expend revenues.

LEGAL MATTERS

Tax Matters

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

The opinions of Bond Counsel set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each

such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

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

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the recipient's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the recipient's particular tax status and other items of income or deduction. Bond Counsel expresses no other opinion regarding or concerning any other tax consequences related to the ownership or disposition of the accrual or receipt of interest on the Bonds.

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with an approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to the effect on any Bond or the interest thereon if any such change occurs or action is taken upon advice or approval of bond counsel other than Bond Counsel.

See APPENDIX A – "Proposed Form of Opinion of Bond Counsel" for the proposed form of the opinion of Bond Counsel.

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

Original Issue Discount; Premium Bonds. The initial public offering price of the Bonds is less than the amount payable with respect to such Bonds at maturity. An amount not less than the difference between the initial public offering price of a Bond and the amount payable at the maturity of such Bond constitutes original issue discount. Original issue discount on a tax-exempt obligation, such as the Bonds, accrues on a compounded basis. The amount of original issue discount that accrues to the owner of a Bond issued with original issue discount will be excludable from such owner's gross income and will increase the owner's adjusted basis in such Bond potentially affecting

the amount of gain or loss realized upon the owner's sale or other disposition of such Bond. The amount of original issue discount that accrues in each year is not included as a tax preference for purposes of calculating alternative minimum taxable income and may therefore affect a taxpayer's alternative minimum tax liability. Consequently, taxpayers owning the Bonds issued with original issue discount should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability although the taxpayer has not received cash attributable to such original issue discount in such year.

Purchasers should consult their personal tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount properly accruable with respect to the Bonds, other federal income tax consequences of owning tax-exempt obligations with original issue discount and any state and local consequences of owning the Bonds.

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

Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption. Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation as to which Bond Counsel expresses no opinion.

Internal Revenue Service Audit of Tax-Exempt Bond Issues. The Internal Revenue Service has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and target audits. It is possible that the Bonds will be selected for audit by the Internal Revenue Service. 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 or securities).

Information Reporting and Backup Withholding. Information reporting requirements apply to interest (including original issue discount) paid after March 31, 2007, on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the

payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

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

Legal Opinion

The opinion of Bowie, Arneson, Wiles & Giannone, Newport Beach, Bond Counsel to the District, approving the validity of the Bonds, in substantially the form appearing in Appendix A hereto, will be supplied to the original purchasers of the Bonds without cost. A copy of the legal opinion will be attached at the end of each Bond.

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

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

Legality for Investment

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 Government Code of the State, are eligible security for deposits of public moneys in the State.

Litigation

No litigation is pending or threatened concerning the validity 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.

RATINGS

The Bonds have been assigned ratings of “___” and “___” by Moody's and Standard & Poor's, respectively [, based upon the issuance by the Insurer of an insurance policy with respect to the Bonds at the time of delivery of the Bonds]. [The Bonds have been assigned underlying ratings of “__” and “__” by Moody's and Standard & Poor's, respectively.] The ratings reflect only the views of the respective rating agency, and any explanation of the significance of any rating may be obtained only from Moody's at www.moodys.com and S&P at standardandpoors.com. There is no assurance that any rating will be retained for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of the rating agency, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

George K. Baum & Company (the “Underwriter”) has agreed, pursuant to a purchase contract between the District, Riverside County and the Underwriter, to purchase all of the Bonds for a purchase price of \$ _____ (which represents the principal amount of the Bonds of \$ _____, plus net original issue premium of \$ _____, less Underwriter's discount of \$ _____, and less certain amounts retained by the Underwriter to pay costs of issuance of the Bonds [(including the bond insurance premium allocable to the Bonds)] in the amount of \$ _____). The purchase contract provides that the Underwriter will purchase all of the Bonds to be purchased thereunder if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the respective purchase contracts, the approval of certain legal matters by Bond Counsel and certain other conditions. The initial offering prices stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

CONTINUING DISCLOSURE

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 Report”) not later than nine months days 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, if material. The Annual Report and notices of material events will be filed by the District with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System (EMMA). The specific nature of the information to be contained in the Annual Report or the notices of material events is included as

Appendix C — “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The District failed to file in a timely manner certain sections of its annual reports required under the Rule in connection with its previously issued general obligation bonds. [The District has since filed all required portions of such reports and is now current with respect to all filings required by its prior continuing disclosure undertakings.] *[verify]*

PROFESSIONALS INVOLVED IN THE OFFERING

Bowie, Arneson, Wiles & Giannone, located at 4920 Campus Drive, Newport Beach, California 92660, is acting as Bond Counsel and District Counsel to the District with respect to the Bonds. Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, located at 400 Capitol Mall, 27th Floor, Sacramento, California 95814, is acting as Disclosure Counsel to the District with respect to the Bonds. U.S. Bank National Association, located at 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, is acting as Paying Agent for the Bonds. Bowie, Arneson, Wiles & Giannone and Kronick, Moskovitz, Tiedemann & Girard, a Professional Corporation, will receive compensation from the District contingent upon the sale and delivery of the Bonds.

AUTHORIZATION

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

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

By: _____
Dr. Darryl S. Adams, Superintendent

APPENDIX A

PROPOSED FORM OF OPINION OF BOND COUNSEL

APPENDIX B

2010-11 AUDITED FINANCIAL STATEMENTS

APPENDIX C

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT (Riverside County and Imperial County, California) GENERAL OBLIGATION BONDS, 2005 ELECTION, SERIES D

This **CONTINUING DISCLOSURE CERTIFICATE** (“Disclosure Certificate”) dated [closing date], 2012, is executed and delivered by the Coachella Valley Unified School District (“District”), Riverside County and Imperial County, California, in connection with the issuance of \$ _____ principal amount of its General Obligation Bonds, 2005 Election, Series D (the “Bonds”). The Bonds are being issued pursuant to the provisions of the California Constitution and California law and pursuant to resolution adopted by the Board of Trustees of the District on May 15, 2012, and a resolution adopted by the Board of Supervisors of Riverside County on June 5, 2012. The foregoing resolutions are referred to herein collectively as the Resolutions. The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Beneficial Owners and bondholders in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

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

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

“**Dissemination Agent**” shall mean the District, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“**Listed Events**” shall mean any of the events listed in subsection (a) or (b) of Section 5 of this Disclosure Certificate.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the final Official Statement relating to the Bonds dated June __, 2012.

“Opinion of Bond Counsel” shall mean a written opinion of a law firm or attorney experienced in matters relating to obligations the interest on which is excludable from gross income for federal income tax purposes.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean MSRB or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

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

Section 3. Provision of Annual Reports.

(a) Delivery of Annual Report to Repository. The District shall, or shall cause the Dissemination Agent (if other than the District) to, not later than nine months after the end of each fiscal year (which fiscal year currently ends on June 30), commencing no later than March 31, 2013, for the 2011/2012 fiscal year (which ends on June 30, 2012), provide to the Participating Underwriter and to the Repository an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference any other information (as provided in Section 4 hereof); provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) Change of Fiscal Year. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(e).

(c) Delivery of Annual Report to Dissemination Agent. Not later than fifteen (15) Business Days prior to that date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the Dissemination Agent has not received a copy of the Annual Report on or before fifteen (15) Business Days prior to March 31 in any year, the Dissemination Agent shall notify the District of such failure to receive the Annual Report. The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report.

(d) Report of Non-Compliance. If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a notice to the Repository in substantially the form attached as Exhibit A.

(e) Annual Compliance Certification. The Dissemination Agent shall submit any Annual Report received by it to the Repository as provided for herein and shall file a report with the District (if the Dissemination Agent is other than the District) certifying that the Annual Report has been provided pursuant to this Disclosure Certificate and stating the date it was provided.

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

(a) Annual Financial Information

The audited financial statements of the District for the most recent ended fiscal year, prepared in accordance with generally accepted accounting principles applicable from time to time to the District. If the audited financial statements are not available at the time the Annual Report is to be provided or made available, unaudited financial statements will be provided or made available by the District, and the audited financial statements will be provided or made available when complete.

The approved budget for the District for the then-current fiscal year.

(b) Additional Financial Data

Updates of the following information for the most recently ended fiscal year in the same form as included in the Official Statement, to the extent not provided in subsection (a) above: (i) the name, office held, and date of expiration of term of each member of the Board of Trustees, (ii) a schedule of changes in long-term debt; (iii) average daily attendance and enrollment; and (iv) the assessed valuation of property in the District.

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

Section 5. Reporting of Significant Events.

(a) Listed Events Reportable Without Regard to Materiality. Pursuant to the provisions of this Section, the District shall give, or cause to be given, notice pursuant to Sections 5(d) and 5(e) of the occurrence of any of the following events with respect to the Bonds not later than ten (10) business days after the occurrence of 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) defeasances;
- (6) rating changes;
- (7) adverse tax opinions or the issuance by the IRS of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701-TEB);

- (8) tender offers;
- (9) bankruptcy, insolvency, receivership or similar event of the District.

(b) Listed Events Reportable if Material. Pursuant to the provisions of this Section, the District shall give, or cause to be given, notice pursuant to Sections 5(d) and 5(e) of the occurrence of any of the following events with respect to the Bonds, if material, not later than ten (10) business days after the occurrence of the event:

- (1) except as otherwise provided in paragraph 5(a)(7) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax-exempt status of the Bonds;
- (2) non-payment related defaults;
- (3) modifications to rights of Bondholders;
- (4) bond calls;
- (5) release, substitution, or sale of property securing repayment of the Bonds;
- (6) the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the obligated person, or entry into or termination of a definitive agreement relating to the foregoing;
- (7) appointment of a successor or additional trustee or the change of name of a trustee.

(c) Determination of Materiality of Listed Events Reportable if Material. Whenever the District obtains knowledge of the occurrence of an event listed under Section 5(b), the District shall immediately determine if such event would be material under applicable federal securities laws.

(d) Notice to Dissemination Agent. If the District learns of the occurrence of an event listed under Section 5(a) or determines that an event listed under Section 5(b) would be material under applicable federal securities laws, the District shall promptly notify the Dissemination Agent (if other than the District) in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (e).

(e) Notice of Listed Events. The District shall file, or cause the Dissemination Agent to file with the Repository, a notice of the occurrence of a Listed Event to provide notice of specified events in a timely manner not in excess of ten business days after the event's occurrence. Notwithstanding the foregoing, notice of Listed Events described in subsection (b)(4) (bond calls) need not be given under this subsection any earlier than the notice (if any) given to owners of affected Bonds pursuant to the Resolutions.

Section 6. Filings with MSRB. All documents shall be submitted to the Repository in an electronic format and shall be accompanied by identifying information, all as prescribed by the Repository.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5.

Section 8. Dissemination Agent. (a) Appointment of Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out

its obligations under this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the District, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate.

(b) Compensation of Dissemination Agent. The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the District from time to time and all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent may at any time resign by giving written notice of such resignation to the District.

(c) Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent and its officers, directors, employees, attorneys, agents and receivers, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's respective negligence or willful misconduct. The obligations of the District under this section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

The Dissemination Agent may conclusively rely upon the Annual Report provided to it by the District as constituting the Annual Report required of the District in accordance with this Disclosure Certificate and shall have no duty or obligation to review such Annual Report. The Dissemination Agent shall have no duty to prepare the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the District in a timely manner in a form suitable for filing with the Repository. In accepting the appointment under this Disclosure Certificate, the Dissemination Agent is not acting in a fiduciary capacity to the Bondholders or Beneficial Owners of the Bonds, the District, the Participating Underwriter or any other party or person. No provision of this Disclosure Certificate shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the District that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

(b) Compliance as of Issue Date. This Disclosure Certificate, as amended or taking into account such waiver, would have complied with the requirements of the Rule at the time of the

original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and the District obtains an Opinion of Bond Counsel to that effect; and

(c) **Consent of Beneficial Owners; Non-impairment Opinion.** The amendment or waiver either (i) is approved by the Beneficial Owners in the same manner as provided in the Resolutions for amendments to the Resolutions with the consent of Bondholders, or (ii) does not materially impair the interests of the Beneficial Owners and the District obtains an Opinion of Bond Counsel to that effect.

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

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial 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 this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

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

Section 13. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Section 14. State of California Law Governs. The validity, interpretation and performance of this Disclosure Certificate shall be governed by the laws of the State of California.

Date: [closing date], 2012

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

EXHIBIT A

FORM OF NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Coachella Valley Unified School District

Name of Bonds: Coachella Valley Unified School District General Obligation Bonds, 2005

Election, Series D

Date of Issuance: [closing date], 2012

NOTICE IS HEREBY GIVEN that Coachella Valley Unified School District (the "District") has not provided an Annual Report with respect to the above-named Bonds (the "Bonds") for the fiscal year ended June 30, _____, as required by a Continuing Disclosure Certificate executed on [closing date], 2012, with respect to the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

APPENDIX D

ECONOMIC PROFILE OF RIVERSIDE COUNTY

General

The County of Riverside (the "County") is the fourth largest county in the State of California (the "State"), encompassing approximately 7,243 square miles. It is located in the southern portion of the State and is bordered by San Bernardino County on the north, Los Angeles and Orange Counties on the west, the State of Arizona and the Colorado River on the east, and San Diego and Imperial Counties on the south. The County was formed in 1893 and has its County seat in the City of Riverside.

Population

The following table presents population figures for the County and the State from 2000 through 2010.

**COUNTY OF RIVERSIDE
AND STATE OF CALIFORNIA
Population
2000 Through 2010⁽¹⁾**

Year	Riverside County	State of California
2000 ⁽²⁾	1,545,387	33,873,086
2001	1,589,708	34,256,789
2002	1,655,291	34,725,516
2003	1,730,219	35,163,609
2004	1,814,485	35,570,847
2005	1,895,695	35,869,173
2006	1,975,913	36,116,202
2007	2,049,902	36,399,676
2008	2,102,741	36,704,375
2009	2,140,626	36,966,713
2010 ⁽²⁾	2,189,641	37,253,956

(1) Latest information available.

(2) Decennial Census.

Source: *State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State 2001-2010, with 2000 and 2010 Census Counts, dated September 2011*

Employers

Employment and unemployment figures for the District are unavailable. For the past five years the unemployment rate in the County has been above the unemployment rate of the State and above the unemployment rate of the United States. For a summary of the labor force, employment and unemployment figures over the past five years for the County, the State and the United States as a whole see "Labor Force" herein.

The following listing sets forth the top 25 employers in the County as of 2011:

COUNTY OF RIVERSIDE

Top 25 Employers

Company Name	Number of Employees	Location	Industry
County of Riverside	17,702	Countywide	County Government
March Air Reserve Base	9,000	March ARB	Military Reserve Base
Stater Bros. Markets	6,900	Countywide	Supermarkets
University of California, Riverside	5,790	Riverside	University
Wal-Mart	5,360	Countywide	Retailer
Corona-Norco Unified School District	4,686	Corona	School District
Kaiser Permanente Riverside Medical Center	4,000	Riverside	Hospital
Pechanga Resort & Casino	4,000	Riverside	Resort Casino
Riverside Unified School District	3,796	Riverside	School District
Moreno Valley Unified School District	3,500	Moreno Valley	School District
Hemet Unified School District	3,238	Hemet	School District
Abbot Vascular	2,938	Temecula	Surgical & Medical Instruments Manufacturer
Temecula Valley Unified School District	2,730	Temecula	School District
Eisenhower Medical Center	2,517	Rancho Mirage	Hospital
City of Riverside	2,500	Riverside	City Government
Riverside County Regional Medical Center	2,500	Moreno Valley	Hospital
Agua Caliente Band of Cahuilla Indians	2,403	Palm Springs & Rancho Mirage	Tribal Government/Casinos
Desert Sands Unified School District	2,403	La Quinta	School District
Lake Elsinore Unified School District	2,131	Lake Elsinore	School District
Jurupa Unified School District	2,106	Jurupa Valley	School District
Riverside Community College District	2,011	Riverside	Community College District
Palm Springs Unified School District	2,000	Palm Springs	School District
Murrieta Valley Unified School District	1,920	Murrieta	School District
Morongo Casino, Resort & Spa	1,915	Cabazon	Resort Casino
Riverside Community Hospital	1,800	Riverside	Hospital

Source: Riverside County Economic Development Agency.

Building Activity

The following table shows residential and non-residential construction valuation information for the County for 1997 through 2011.

COUNTY OF RIVERSIDE Construction Valuation (in 000's) 1997 - 2011

<u>Year</u>	<u>Residential Valuation</u>	<u>Non-Residential Valuation</u>	<u>Totals</u>
1997	\$1,440,470	\$ 517,241	\$1,957,711
1998	1,925,704	588,313	2,514,017
1999	2,476,024	607,496	3,083,520
2000	2,716,143	766,914	3,483,057
2001	3,300,710	656,897	3,957,607
2002	3,910,879	716,379	4,627,257
2003	5,175,088	899,068	6,074,156
2004	6,537,305	1,339,866	7,877,171
2005	6,992,304	1,266,008	8,256,713
2006	5,000,389	1,529,833	6,530,223
2007	2,587,832	1,458,141	4,045,973
2008	1,576,983	1,041,815	2,618,798
2009	1,053,694	376,822	1,430,516
2010	1,079,639	539,380	1,619,019
2011	886,520	559,415	1,445,935

Source: Construction Industry Research Board.

Employment and Industry

The labor force and distribution of employment by industry in the County of Riverside are presented in the following table. Overall, between 2006 and 2010, total employment decreased approximately 4.46%, while population increased approximately 10.82% in the County for the same period.

COUNTY OF RIVERSIDE Annual Average Labor Force and Industry Employment 2006 – 2010⁽¹⁾

	2006	2007	2008	2009	2010
<u>Wage and Salary Employment⁽²⁾</u>					
Agriculture	14,200	13,000	13,100	12,400	12,800
Mining & Logging	700	700	500	500	400
Construction	80,700	68,900	54,700	40,400	35,600
Manufacturing	57,000	54,400	48,400	39,000	38,000
Wholesale Trade	20,500	21,100	20,400	18,700	19,100
Retail Trade	85,900	88,000	84,900	78,800	78,200
Transportation, Warehousing & Utilities	17,000	20,900	21,200	19,700	19,500
Information	7,700	7,800	7,700	8,500	10,200
Financial Activities	23,600	23,000	22,300	20,700	19,300
Professional and Business Services	62,600	63,000	58,000	53,600	50,600
Education and Health Services	53,500	56,900	58,100	57,900	58,600
Leisure and Hospitality Services	71,900	73,700	72,800	68,700	68,500
Other Services	20,500	20,100	19,400	18,100	18,100
Government	<u>104,800</u>	<u>108,800</u>	<u>110,600</u>	<u>109,300</u>	<u>107,800</u>
Total All Industries ⁽³⁾	620,500	620,200	592,000	546,300	536,600
<u>Total Civilian Labor Force⁽⁴⁾</u>	883,400	903,400	912,700	916,500	937,500
Total Employment	839,000	848,900	835,000	793,900	801,600
Total Unemployment	44,400	54,500	77,700	122,600	135,900
Unemployment Rate	5.0%	6.0%	8.5%	13.4%	14.5%

(1) Latest information available.

(2) Based on place of work.

(3) Totals may not add due to rounding.

(4) Based on place of residence.

Source: California Employment Development Department, Labor Market Information. March 2011 Benchmark.

Labor Force

The following table summarizes the labor force, employment and unemployment figures from 2006 through 2011 for the County, the State of California and the United States.

LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT Riverside County, State of California and United States 2006 - 2011

	Area	Labor Force	Employment	Unemployment Rate
2006	Riverside County	883,400	839,000	5.0%
	California	17,686,700	16,821,300	4.9%
	United States	151,428,000	144,427,000	4.6%
2007	Riverside County	903,400	848,900	6.0%
	California	17,921,000	16,960,700	5.4%
	United States	153,124,000	146,047,000	4.6%
2008	Riverside County	912,700	835,000	8.5%
	California	18,203,100	16,890,000	7.2%
	United States	154,287,000	145,362,000	5.8%
2009	Riverside County	916,500	793,900	13.4%
	California	18,208,300	16,144,500	11.3%
	United States	154,142,000	139,877,000	9.3%
2010	Riverside County	937,500	801,600	14.5%
	California	18,316,400	16,051,500	12.4%
	United States ⁽³⁾	153,889,000	139,064,000	9.6%
2011	Riverside County	938,400	810,600	13.6%
	California	18,384,900	16,226,600	11.7%
	United States ⁽³⁾	153,617,000	139,869,000	8.9%

Note: Data are not seasonally adjusted.

Sources: U.S. Department of Labor, Bureau of Labor Statistics; California Employment Development Department, Labor Market Information, March 2011 Benchmark and Census 2000 population controls at the state level.

Personal Income

Total personal income in the County increased by 65.4% between 2000 and 2009, representing an average annual compound growth rate of ___%. Per capita personal income in the County grew by 21.3% during this time, representing an average annual compound growth rate of ___%. The following table summarizes personal income for the County for the period from 2000 to 2009.

PERSONAL INCOME 2000 - 2009⁽¹⁾ (in thousands)

<u>Year</u>	<u>Riverside County</u>	<u>Annual Percent Change</u>
2000	\$38,238,713	--
2001	41,362,723	8.17%
2002	43,619,440	5.46
2003	46,998,865	7.75
2004	50,899,043	8.30
2005	55,177,252	8.41
2006	60,450,090	9.56
2007	63,749,464	5.46
2008	64,496,632	1.17
2009	63,228,086	-1.97

(1) Latest information available.

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

The following table summarizes per capita personal income for the County, the State of California and the United States for the period from 2000-2009.

PER CAPITA PERSONAL INCOME 2000 - 2009⁽¹⁾

<u>Year</u>	<u>Riverside County⁽²⁾</u>	<u>California</u>	<u>United States</u>
2000	\$24,526	\$33,404	\$30,319
2001	25,616	33,896	31,157
2002	25,922	34,049	31,481
2003	26,647	34,975	32,295
2004	27,578	36,887	33,909
2005	28,777	38,731	35,452
2006	30,303	41,518	37,725
2007	31,008	43,211	39,506
2008	30,890	44,003	40,947
2009	29,748	41,301	38,846

(1) Latest information available.

(2) Per capita personal income was computed using U.S. Census Bureau midyear population estimates. Estimates for 2000-2009 reflect county population estimates available as of April 2010.

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

Taxable Sales

The following table summarizes the annual volume of taxable transactions in the County from 2006 to 2010 (the latest available annual period):

TAXABLE SALES Riverside County 2006 - 2010⁽¹⁾ (In Thousands)

Type of Business ⁽²⁾	2006	2007	2008	2009	2010
Apparel Stores	\$1,080,385	\$1,171,013	\$1,121,543	\$1,293,271	\$1,391,174
Health and Personal Care	--	--	--	389,620	400,207
Sporting Goods/Hobby/Book/Music	--	--	--	411,301	428,121
Food Stores	1,309,782	1,352,609	1,254,366	--	--
Food and Beverage Stores	--	--	--	1,251,220	1,267,758
Eating and Drinking	2,316,422	2,388,039	2,340,554	2,266,853	2,317,486
Home Furnishings & Appliances	948,217	843,945	816,379	--	--
Furniture and Home Furnishings	--	--	--	381,643	412,325
Electronics and Appliances	--	--	--	476,455	470,784
Building Materials Group	2,390,236	1,961,911	1,435,337	--	--
Building Materials/Garden Equip/Supplies	--	--	--	1,237,518	1,232,145
Automotive & Service Stations	7,372,647	7,137,075	6,126,512	--	--
Motor Vehicle and Parts Dealers	--	--	--	2,449,747	2,620,568
Gasoline Stations	--	--	--	2,300,247	2,685,840
General Merchandise	3,553,554	3,593,134	3,389,936	2,855,733	2,947,905
Specialty Stores	2,262,442	1,210,642	924,809	--	--
Miscellaneous Store Retailers	--	--	--	641,954	652,273
Nonstore Retailers	--	--	--	101,925	92,916
Other Retail Stores	<u>608,660</u>	<u>1,584,148</u>	<u>1,279,813</u>	<u>6,170,390</u>	<u>6,233,280</u>
Total Retail and Food Services	\$21,842,345	\$21,242,516	\$18,689,249	\$16,057,488	\$16,919,500
Business & Personal Services	1,151,861	1,112,407	1,045,714	--	--
All Other Outlets	<u>6,822,031</u>	<u>6,668,686</u>	<u>6,268,632</u>	<u>6,170,390</u>	<u>6,233,280</u>
Total Taxable Sales	<u>\$29,816,237</u>	<u>\$29,023,609</u>	<u>\$26,003,595</u>	<u>\$22,227,877</u>	<u>\$23,152,780</u>

(1) Latest information available.

(2) "Type of Business" categories revised by the California State Board of Equalization in 2009.

Source: California State Board of Equalization.

APPENDIX E
[SPECIMEN MUNICIPAL BOND INSURANCE POLICY]

APPENDIX F
[TABLE OF ACCRETED VALUES]

APPENDIX G

BOOK-ENTRY-ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest 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. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent takes any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, 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 the Bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing

Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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