

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

332
A



FROM: Don Kent, Treasurer/Tax Collector

SUBMITTAL DATE:
October 3, 2012

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

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

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

(Continued on Page 2)


Don Kent, Treasurer-Tax Collector

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

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

C.E.O. RECOMMENDATION:

APPROVE

BY: 
Karen L. Johnson

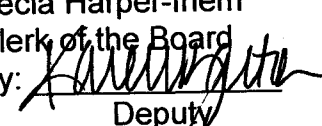
County Executive Office Signature

- Policy
- Policy
- Consent
- Consent

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Buster, seconded by Supervisor Tavaglione 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: October 16, 2012
xc: Treasurer

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

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

Prev. Agn. Ref.: | District: 4/4 | Agenda Number:

3.50

FORM APPROVED COUNTY COUNSEL
BY: SALEA GARDNER
DATE: 9/27/12
Departmental Concurrence
ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

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

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

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

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

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

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

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

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

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RESOLUTION NO. 2012-211

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

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RESOLUTION NO. 2012-211

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Board" means the Board of Supervisors of the County.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Underwriter” means RBC Capital Markets, LLC.

Section 5. Terms of the Bonds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 **Section 11. Redemption.**

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

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

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

22 With respect to redemption by lot, that the portion of any Current Interest
23 Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any
24 integral multiple thereof, the portion of any Capital Appreciation Bond to be
25 redeemed in part shall be in integral multiples of the Accreted Value per \$5,000
26 Maturity Value thereof, and the portion of any Convertible Capital Appreciation
27 Bond to be redeemed in part shall be in integral multiples of the Accreted Value per
28 \$5,000 Conversion Value thereof

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3 (i) Covenant Regarding Investment of Proceeds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25 **Section 23. Other Actions.**

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

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

29 **Section 24. Supplemental Resolutions.**

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

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

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

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

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

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

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

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

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

1 **Section 25. Insurance.** In the event the District purchases bond insurance for the
2 Bonds, and to the extent that the Bond Insurer makes payment of the Principal or Accreted
3 Value of or interest on the Bonds, such Bond Insurer shall become the owner of such Bonds
4 with the right to payment of Principal, Accreted Value or interest on the Bonds, and shall be
5 fully subrogated to all of the Owners' rights, including the Owners' rights to payment
6 thereof. To evidence such subrogation (i) in the case of subrogation as to claims that were
7 past due interest, the Paying Agent shall note the Bond Insurer's rights as subrogee on the
8 registration books for the Bonds maintained by the Paying Agent upon receipt of a copy of
9 the cancelled check issued by the Bond Insurer or other evidence satisfactory to the Paying
10 Agent for the payment of such interest to the Owners of the Bonds, and (ii) in the case of
11 subrogation as to claims for past due Principal, Accreted Value or interest, the Paying Agent
12 shall note the Bond Insurer as subrogee on the registration books for the Bonds maintained
13 by the Paying Agent upon surrender of the Bonds by the Owners thereof to the Bond Insurer
14 or the insurance trustee for the Bond Insurer. The Paying Agent shall request payment
15 pursuant to the terms of any bond insurance policy to the extent required to pay the Principal
16 or Accreted Value of and interest on the Bonds when due if amounts on deposit in the Debt
17 Service Fund are not adequate for that purpose.

11 **Section 26. Resolution to Constitute Contract.** In consideration of the purchase
12 and acceptance of any and all of the Bonds authorized to be issued hereunder by those who
13 shall own the same from time to time, this Resolution shall be deemed to be and shall
14 constitute a contract among the County, the District and the Owners from time to time of the
15 Bonds; and the pledge made in this Resolution shall be for the equal benefit, protection and
16 security of the Owners of any and all of the Bonds, all of which, regardless of the time or
17 times of their issuance or maturity, shall be of equal rank without preference, priority or
18 distinction of any of the Bonds over any other thereof.

16 **Section 27. Notices.** All notices or communications herein required or permitted
17 to be given to any party shall be given to each of the following parties and shall be given in
18 writing and shall be deemed to have been sufficiently given or served for all purposes by
19 being delivered or sent by telecopier or by being deposited, postage prepaid, in a post office
20 letter box, to the addresses set forth below, or to such other address as may be provided to the
21 other parties hereinafter listed in writing from time to time, namely:

20 If to the County: County of Riverside
21 4080 Lemon Street, 4th Floor
22 Riverside, California 92502
23 Attention: Treasurer-Tax Collector

23 If to the Paying Agent: U.S. Bank National Association
24 633 West Fifth Street, 24th Floor
25 Los Angeles, California 90071
26 Attention: Corporate Trust Department

25 If to the District: Desert Sands Unified School District
26 47-950 Dune Palms Road
27 La Quinta, CA 92253
28 Attention: Superintendent

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

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

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

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

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

KECIA HARPER-IHEM, Clerk of said Board
By: _____
Deputy

EXHIBIT A
[FORM OF DISTRICT RESOLUTION]

Desert Sands USD

- HOME
- LOGIN
- HELP

MEETINGS CALENDAR POLICIES

SEARCH

GO

SEARCH

Sep 18, 2012 : Regular Board Meeting : GENERAL FUNCTIONS-SECTION

PRINTABLE VERSION

**1. Resolution No. 07/2012-2013,
 Authorizing the Issuance of Desert Sands
 Unified School District, Riverside County,
 California, General Obligation Bonds,
 Election of 2001, Series 2012**

[Status: 6. Superintendent's Review ONLY] [Vote]

PREVIOUS ITEM

NEXT ITEM

EXPAND COLLAPSE

▼ Recommendation

Approve to adopt Resolution No. 07/2012-2013, Authorizing the Issuance of Desert Sands Unified School District, Riverside County, California, General Obligation Bonds, Election of 2001, Series 2012, in the amount of \$74,000,000.00.

▼ Background

On November 6, 2001, the voters in the Desert Sands Unified School District approved Measure K, authorizing the issuance of \$450 million in General Obligation Bonds for the following purposes: to relieve severe classroom overcrowding by constructing new schools and adding classrooms, improve student safety conditions, upgrade electrical wiring for technology, renovate bathrooms, science labs, libraries, school sites and facilities, upgrade lighting and ventilation for energy efficiency, and acquire classrooms and school sites. Measure K funds are being spent for new schools and modernization projects according to the Facilities Master Plan. Measure K General Obligation Bonds were issued in 2004, 2006, and 2008. Cash flow for the current projects require issuing the remaining \$74 million in bonds in order to complete the projects.

Therefore, it is recommended that Resolution No. 07/2012-2013, authorizing the issuance of Desert Sands Unified School District (Riverside County, California) 2012 General Obligation Bonds, in the amount on \$74,000,000.00 be adopted.

▼ Strategic Plan: Strategy

Partnership with Families/Communities

▼ Fiscal Implications

Issuance of \$74,000,000.00 in General Obligation Bonds, Series 2012.

▼ Submitted by

Peggy Reyes, Interim Director, Facilities Services
Cindy McDaniel, Assistant Superintendent, Business Services

▼ Recommended by

Dr. Sharon P. McGehee, Superintendent

▼ Quick Summary / Abstract

Roll Call Vote

▼ Supporting Documents



No 07 2012-2013 Res GO Bonds P2

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POS DSUSD Election 2001 GO Bonds Series 2012

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[PREVIOUS ITEM](#)

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DESERT SANDS UNIFIED SCHOOL DISTRICT

RESOLUTION NO. 07/2012-2013

AUTHORIZING THE ISSUANCE OF DESERT SANDS UNIFIED SCHOOL DISTRICT, RIVERSIDE COUNTY, CALIFORNIA, GENERAL OBLIGATION BONDS, ELECTION OF 2001, SERIES 2012

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

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

WHEREAS, on June 11, 2004, the Board of Supervisors of the County issued on behalf of the District an aggregate principal amount of \$146,000,000 of Desert Sands Unified School District, Riverside County, California General Obligation Bonds, Election of 2001, Series 2004;

WHEREAS, on June 23, 2006, the Board of Supervisors of the County issued on behalf of the District an aggregate principal amount of \$130,000,000 of Desert Sands Unified School District, Riverside County, California General Obligation Bonds, Election of 2001, Series 2006;

WHEREAS, on November 18, 2008, the Board of Supervisors of the County issued on behalf of the District an aggregate principal amount of \$100,000,000 of Desert Sands Unified School District, Riverside County, California General Obligation Bonds, Election of 2001, Series 2008;

WHEREAS, at this time this Board has determined that it is necessary and desirable to request the Board of Supervisors of the County to issue a fourth series of such bonds in an aggregate principal amount not to exceed \$74,000,000 to be styled as "Desert Sands Unified School District, Riverside County, California General Obligation Bonds, Election of 2001, Series 2012" (the "Bonds") on behalf of the District;

WHEREAS, pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"), the Bonds are authorized to be issued by the Board of Supervisors of the County on behalf of the District for the purposes set forth in the ballot submitted to voters at the Election;

WHEREAS, this Board desires to authorize the issuance of the Bonds in one or more series of bonds, and further as any combination of current interest bonds, capital appreciation bonds, or convertible capital appreciation bonds;

WHEREAS, this Board desires to appoint certain professionals to provide services related to the issuance of the 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 this proposed issue of Bonds, is within all limits prescribed by law;

NOW, THEREFORE, it is resolved by the Board of Education of the Desert Sands Unified School District as follows:

SECTION 1. Purpose; Authorization. To raise money for the purposes authorized by voters of the District at the Election and to pay all necessary legal, financial and contingent costs in connection with the issuance of the Bonds, this Board hereby petitions the County Board to authorize the issuance of the Bonds pursuant to the Act and to order such Bonds sold at a negotiated sale such that the Bonds shall be dated as of a date to be determined by said County Board, shall bear interest at a rate not-to-exceed that authorized at the Election, shall be payable upon such terms and provisions as shall be set forth in the Bonds and shall be in an aggregate principal amount not-to-exceed \$74,000,000. The Board hereby approves the sale of the Bonds at a negotiated sale, which is determined to provide more flexibility in the timing of the sale, an ability to implement the sale in a shorter time period, an increased ability to

structure the Bonds to fit the needs of particular purchasers, and a greater opportunity for RBC Capital Markets, LLC (the "Underwriter") to pre-market the Bonds to potential purchasers prior to the sale, all of which will contribute to the District's goal of achieving the lowest overall cost of funds. The Board estimates that the costs associated with the issuance of the Bonds, including compensation to the Underwriter and any such costs which the Underwriter agrees to pay pursuant to the Purchase Contract, will equal approximately 1.25% of the principal amount of the Bonds.

This Board hereby authorizes the issuance of the Bonds as one or more series of bonds, and further any combination of current interest bonds, capital appreciation bonds, and convertible capital appreciation bonds as set forth in the fully-executed Purchase Contract (defined herein), subject to the provisions of a resolution of the County Board relating to the Bonds (the "County Resolution").

The costs of issuance of the Bonds are hereby authorized to be paid either from premium withheld by the Underwriter upon the sale of the Bonds, or from proceeds of the Bonds. To the extent costs of issuance are paid from such proceeds, the County, at the direction of the District, may cause a portion of the proceeds of the Bonds, in lieu of being deposited into the Building Fund held by the County and established pursuant to the County Resolution, to be deposited in a costs of issuance account to be held by a fiscal agent of the District appointed for such purpose.

SECTION 2. Paying Agent. This Board does hereby authorize the appointment of U.S. Bank National Association as the authenticating agent, bond registrar, transfer agent and paying agent (collectively, the "Paying Agent") for the Bonds. The District acknowledges that ongoing expenses and fees of the Paying Agent and all other fees and costs incurred in connection with the Bonds will be paid by the District.

SECTION 3. Tax Covenants. The District hereby covenants with the holders of such Bonds that, notwithstanding any other provisions of this Resolution or the County Resolution, it will (1) comply with all of the provisions of the County Resolution relating to the Rebate Fund (as defined therein) and perform all acts necessary to be performed by the District in connection therewith, and (2) make no use of the proceeds of the Bonds or of any other amounts, regardless of the source, or of any property or take any action, or refrain from taking any action, that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

The District will not make any use of the proceeds of the Bonds or any other funds of the District, or take or omit to take any other action, that would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code. To that end, so long as any Bonds are unpaid, the District, with respect to such proceeds and such other funds, will comply with all requirements of such Sections and all regulations of the United States Department of the Treasury issued thereunder and under Section 103 of the Internal Revenue Code of 1986, as amended, to the extent such requirements are, at the time, applicable and in effect.

The District will not use or permit the use of its facilities or any portion thereof by any person other than a governmental unit, as such term is used in Section 141 of the Code, in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of the interest paid on the Bonds. In furtherance of the foregoing tax covenants of this Section, the District covenants that it will comply with the instructions and requirements of that certain Tax Certificate to be executed and delivered by the District on the date of issuance of such tax-exempt Bonds, which is incorporated herein as if fully set forth herein. These covenants shall survive the payment in full or defeasance of the Bonds.

SECTION 4. Legislative Determinations. This Board determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

SECTION 5. Official Statement. The Preliminary Official Statement relating to the Bonds, substantially in the form on file with the Secretary of the Board is hereby approved and the Superintendent of the District, the Assistant Superintendent, Business Services of the District, and such other officers or employees of the District as may be designated for such purpose (collectively, the "Authorized Officers"), each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deliver such Preliminary Official Statement to Underwriter to be used in connection with the offering and sale of the Bonds. The Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deem the Preliminary Official Statement "final" pursuant to 15c2-12 of the Securities Exchange Act of 1934, prior to its distribution and to execute and deliver to the Underwriter a final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve. The

Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds and is directed to deliver copies of any final Official Statement to the purchasers of the Bonds. Execution of the Official Statement shall conclusively evidence the District's approval of the Official Statement.

SECTION 6. Purchase Contract. The form of a purchase contract by and among Riverside County (the "County"), the District and the Underwriter for the Bonds (the "Purchase Contract") on file with the Secretary of the Board is hereby approved. In connection with the sale of the Bonds, the Board authorizes the Authorized Officers, each alone, on behalf of the District, to execute and deliver to the Underwriter a Purchase Contract for the Bonds, with such terms and conditions as may be acceptable to such official; provided, however, that the interest rate on the Bonds shall not exceed that authorized at the Election, the underwriting discount (excluding original discount) shall not exceed 0.8% of the aggregate principal amount of the Bonds issued, and the aggregate principal amount of the Bonds shall not exceed \$74,000,000.

The Authorized Officers, each alone, are hereby authorized to select a municipal bond insurer to insure payments of interest and principal on the Bonds, so long as such Authorized Officer determines that obtaining the municipal bond insurance policy provided thereby will result in a lower interest rate or yield to maturity on the Bonds.

SECTION 7. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate to be executed by the District and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Any Bondholder 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 Section. Noncompliance with this Section shall not result in acceleration of the Bonds.

SECTION 8. Authorized Actions. Officers of the Board and District officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

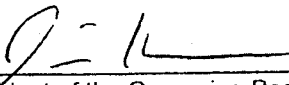
SECTION 9. Professional Services. The District hereby appoints Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California as Bond Counsel and Disclosure Counsel, and RBC Capital Markets, LLC, Los Angeles, California as Underwriter, each in connection with the issuance of the Bonds.

SECTION 10. Recitals. All the recitals in this Resolution above are true and correct and this Board so finds, determines and represents.

SECTION 11. Effective Date. This Resolution shall take effect immediately upon its passage.

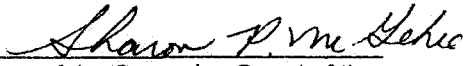
APPROVED, PASSED, AND ADOPTED by the Governing Board of the Desert Sands Unified School District on this 18th day of September, 2012, by the following vote:

AYES: Duran, Tomak, Koedyker, Monica
NOES: 0
ABSENCE: Griffith
ABSTENTIONS: 0



President of the Governing Board of the
Desert Sands Unified School District

Attested to:



Secretary of the Governing Board of the
Desert Sands Unified School District

SECRETARY'S CERTIFICATE

I, Sharon P. McGehee Secretary to the Board of Education of the Desert Sands Unified School District, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Education of said District duly and regularly and legally held at the regular meeting place thereof on September 18, 2012, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: September 18, 2012

By: Sharon P. McGehee
Secretary to the Board of Education

EXHIBIT C

FORM OF CURRENT INTEREST BOND

R- _____

\$ _____

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

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE**

**DESERT SANDS UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, ELECTION OF 2001, SERIES 2012**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
_____%	August 1, _____	_____, 2012	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Desert Sands Unified School District (the "District") in Riverside County, California, for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing February 1, 2013. Interest on this Bond shall be computed on the basis of a 360-day year of twelve 30-day months. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2013, in which event it shall bear interest from the date of delivery. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if

applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the Paying Agent, initially U.S. Bank National Association. Principal is payable upon presentation and surrender of this bond at the designated office of the Paying Agent. Interest is payable by check or draft mailed by the Paying Agent on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the Register at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date (the "Record Date"). The Owner of Current Interest Bonds in the aggregate principal amount of One Million Dollars (\$1,000,000) or more may request in writing to the Paying Agent that the Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

This bond is one of an authorization of \$_____ of bonds approved to raise money for the purposes authorized by voters of the District at the Election, defined below; and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite two-thirds vote of the qualified electors of the District cast at an election held on November 6, 2001 (the "Election"), upon the question of issuing bonds in the amount of \$450,000,000 and resolutions of the Board of Education of the District adopted on September 18, 2012 and by the Board of Supervisors of the County on October 16, 2012 (collectively, the "Bond Resolution"). This bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. This bond and the issue of which this bond is one are general obligations of the District payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252.

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

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

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

The Current Interest Bonds maturing on or before August 1, 20__ are not subject to

redemption prior to their fixed maturity dates. The Current Interest Bonds maturing on or after August 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 20__, at a redemption price equal to the principle amount of the Current Interest Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

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

<u>Redemption Date</u> <u>(August 1)</u>	<u>Principal Amount</u>
Total	

(1) Final Maturity.	

If less than all of the bonds of any one maturity shall be called for redemption, the particular bonds or portions of bonds of such maturity to be redeemed shall be selected by lot by the District in such manner as the District in its discretion may determine; provided, however, that the portion of any bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof. If less than all of the bonds stated to mature on different dates shall be called for redemption, the particular bonds or portions thereof to be redeemed shall be called in any order of maturity selected by the District or, if not so selected, in the inverse order of maturity.

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

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

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

EXHIBIT B
FORM OF CONTRACT OF PURCHASE

§ _____
DESERT SANDS UNIFIED SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds, Election of 2001, Series 2012

PURCHASE CONTRACT

_____, 2012

Board of Supervisors
County of Riverside
4800 Lemon Street, 4th Floor
Riverside, California 92501

Board of Education
Desert Sands Unified School District
47-950 Dune Palms Road
La Quinta, California 92253

Ladies and Gentlemen:

The undersigned, RBC Capital Markets, LLC (the "Underwriter"), acting on its own behalf and not as a fiduciary agent for you, offers to enter into this Purchase Contract (the "Purchase Contract") with the County of Riverside (the "County") and the Desert Sands Unified School District (the "District"), which, upon your acceptance hereof, will be binding upon the County, the District and the Underwriter. By execution of this Purchase Contract, the County, the District and the Underwriter acknowledge the terms hereof and recognize that they will be bound by certain of the provisions hereof, and to the extent binding thereupon, acknowledge and agree to such terms. This offer is made subject to the written acceptance of this Purchase Contract by the County and the District and delivery of such acceptance to us at or prior to 11:59 P.M., California Time, on the date hereof.

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the County for reoffering to the public, and the County hereby agrees to sell in the name and on behalf of the District to the Underwriter for such purpose, all (but not less than all) of \$ _____ in aggregate principal or issue amount of the District's General Obligation Bonds, Election of 2001, Series 2012 (the "Bonds"). The Bonds will be issued as current interest bonds (the "Current Interest Bonds") and as capital appreciation bonds (the "Capital Appreciation Bonds"), shall bear or accrete interest at the rates with the yields to maturity (or yields to the call date), shall mature in the years and shall be subject to redemption as shown on Exhibit A hereto, which is incorporated herein by this reference. The

Bonds shall otherwise be as described in, and shall be issued and secured pursuant to the provisions of the Resolution of the District adopted on September 18, 2012 (the "District Resolution"), the Resolution of the Board of Supervisors of the County adopted on _____, 2012 (the "County Resolution" and, collectively with the District Resolution, the "Resolutions"), and pursuant to Chapter 1.5 of Part 10 of Division 1 of Title 1 of the California Education Code, commencing with Section 15264 *et seq.* (the "Act").

The Underwriter shall purchase the Bonds at a price of \$ _____, consisting of the aggregate principal amount of the Bonds, plus original issue premium of \$ _____, less an Underwriter's discount of \$ _____, and less \$ _____ to be retained by the Underwriter and deposited with U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent") and used to pay costs of issuance relating to the Bonds pursuant to Section 11 hereof. Amounts deposited with the Fiscal Agent for payment of costs of issuance do not constitute compensation to the Underwriter.

Inasmuch as this purchase and sale represents a negotiated transaction, the District understands, and hereby confirms, that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction among the District, the County and the Underwriter; (ii) in connection with such transaction, the Underwriter is acting solely as principal and not as agent, fiduciary or financial advisor of the District; (iii) the Underwriter has not assumed a fiduciary responsibility in favor of the District with respect to: (x) the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the District on other matters); or (y) any other fiduciary or contractual obligation to the District except the obligations expressly set forth in this Contract of Purchase; and (iv) the District has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

2. **The Bonds.** The Bonds shall be dated as of their date of delivery and shall mature on August 1 in the years shown on Exhibit A hereto, with a final maturity as set forth in Exhibit A. Interest on the Current Interest Bonds shall accrue from the date of delivery thereof and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2013; interest on the Capital Appreciation Bonds shall accrete from their dated date, compounded semiannually on February 1 and August 1 of each year, commencing on February 1, 2013. The Current Interest Bonds are issued in denominations of \$5,000 or any integral multiple thereof; the Capital Appreciation Bonds are issued in denominations of \$5,000 maturity value (the "Maturity Value") or any integral multiple thereof. The Bonds shall otherwise be as described in, and shall be issued and secured pursuant to the provisions of the County Resolution, this Purchase Contract and the Act. The Paying Agent for the Bonds, as designated by the County Resolution, shall be U.S. Bank National Association, Los Angeles, California (the "Paying Agent"), as agent of the Treasurer-Tax Collector of the County (the "Treasurer").

The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Contract and the Resolutions. The Bonds shall be in book-entry form, shall bear CUSIP numbers, shall be in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC").

The proceeds of the sale of the Bonds are expected to be applied to (i) pay the costs of projects authorized at the November 6, 2001, election conducted within the District and (ii) pay the costs of issuance of the Bonds.

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

4. **Public Offering of the Bonds.** The Underwriter agrees to make a *bona fide* public offering of all the Bonds at the initial public offering prices or yields to be set forth on the cover or inside cover page of the Official Statement (defined below) and may subsequently change such offering prices without any requirement of prior notice. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated in the Official Statement.

5. **Official Statement.** The District has caused to be drafted and consents to the use of a Preliminary Official Statement, dated _____, 2012 (the "Preliminary Official Statement"), including the cover page, the inside cover page and Appendices thereto, relating to the Bonds. The District represents that it deems the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended (the "Rule"). The Preliminary Official Statement has been prepared for use by the Underwriter in connection with the public offering, sale and distribution of the Bonds.

The District hereby authorizes the preparation of a final Official Statement respecting the Bonds following the execution hereof (the "Official Statement") and the District hereby authorizes the use thereof by the Underwriter in connection with the public offering and sale of the Bonds. The District shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the District's acceptance of this Purchase Contract (but, in any event, not later than seven business days after the execution hereof, and in sufficient time to accompany any confirmation of a sale of Bonds) copies of the Official Statement, which is complete as of the date of its delivery to the Underwriter, in such reasonable quantities as the Underwriter shall request in order to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the "MSRB"). The Underwriter hereby agrees to file the Official Statement with the MSRB.

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 Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail or electronic distribution (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

During the period ending on the 25th day after the End of the Underwriting Period (as defined below) (or such other period as may be agreed to by the District and the Underwriter), the District (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Representative and (ii) shall notify the Underwriter promptly if any event shall occur, or information comes to the attention of the District, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Underwriter, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the District shall prepare and furnish to the Underwriter, at the District's expense, such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the District and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the Closing, the District also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

For purposes of this Purchase Agreement the "End of the Underwriting Period" is used as defined in Rule 15c2-12 and shall occur on the later of (a) the date of Closing or (b) when the Underwriter no longer retains an unsold balance of the Bonds; unless otherwise advised in writing by the Underwriter on or prior to the Closing Date, or otherwise agreed to by the District and the Underwriter, the County and the District may assume that the End of the Underwriting Period is the Closing Date.

6. **Closing.** At 9:00 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 County, the District and the Underwriter (the "Closing"), the County will deliver to the Underwriter, through the facilities of DTC, with the Resolutions, opinions and certificates otherwise called for herein to be delivered at the offices of Stradling Yocca, Carlson & Rauth, a Professional Corporation, in San Francisco, California ("Bond Counsel" and "Disclosure Counsel"), or at such other place as the parties may mutually agree upon, the Bonds in book-entry form, duly executed and registered as provided in Section 2 above, together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to an account or accounts within the United States designated by the County.

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

A. The Underwriter is duly authorized to execute this Purchase Contract and to take any action under this Purchase Contract required to be taken by it.

B. The Underwriter is in compliance with MSRB Rule G-37 with respect to the District, and is not prohibited thereby from acting as underwriter with respect to securities of the District.

C. The Underwriter has, and has had, no financial advisory relationship, as such term is defined in California Government Code Section 53550(c) or MSRB Rule G-23 with the District with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

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

A. The District is a unified school district duly organized and validly existing under the laws of the State of California, with the full legal right, power and authority to (i) request the County to issue the Bonds pursuant to the Act; (ii) enter into, execute and deliver this Purchase Contract and the Continuing Disclosure Certificate appended to the Official Statement (the "Continuing Disclosure Certificate"); (iii) to adopt the District Resolution; and (iv) construct, reconstruct, rehabilitate or replace school facilities, or acquire or lease real property for school facilities, subject to the limitations set forth in the full text of the projects list as described in the Official Statement with the proceeds of the sale of the Bonds.

B. (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 the legal right, power and authority to enter into this Purchase Contract, to adopt the District Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract and the District Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the Continuing Disclosure Certificate, the District Resolution and this Purchase Contract (collectively, the "District Documents") have been duly authorized and such authorization shall be in force and effect at the time of the Closing; (iv) the District Documents constitute valid and legally binding obligations of the District enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and to principles of equity relating to or affecting the enforcement of creditors' rights; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Contract and by the Official Statement.

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

service of process in any jurisdiction in which it is not so subject as of the date hereof.

D. The District has complied with the requirements of the Internal Revenue Code of 1986, as amended, applicable to the Bonds.

E. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of the District Documents, and the compliance with the provisions thereof and hereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

F. As of the time of acceptance hereof no action, suit, hearing or investigation is pending or, to the best knowledge of the District, threatened: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of *ad valorem* taxes available to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract or the District Resolution or contesting the powers of the District or its authority with respect to the Bonds, this Purchase Contract or the Resolution; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Purchase Contract or the Resolutions, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Tax Exempt Bonds from gross income for federal income tax purposes or the exemption of such interest on the Bonds from California personal income taxation.

G. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District nor the County in the name and on behalf of the District, will have issued in the name and on behalf of the District, any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

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

I. With respect to any certificates by the District pursuant to Section 42131 of the Education Code of the State, for the current reporting period the District

received a qualified certification from the County Superintendent of Schools, however, for the next reporting period does not expect to receive, a qualified or negative certification from the County Superintendent of Schools.

J. In accordance with the requirements of the Rule, the District will enter into the Continuing Disclosure Certificate, upon or prior to the sale of the Bonds, in which the District will undertake, for the benefit of the Owners of the Bonds, to provide certain information as set forth therein. The District is not in default with respect to any continuing disclosure obligation it may have incurred prior to the date hereof in connection with the delivery or issuance of any debt instruments, bonds, notes or lease-purchase obligations, and has not failed, in the five years preceding the date hereof, to file annual reports or reports of specified events as required by the Rule and its previous continuing disclosure undertakings, except as may be disclosed in the preliminary Official Statement.

K. The District will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request in order to qualify the Bonds for offering and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and to continue such qualifications in effect so long as may be required for the distribution of the Bonds (provided, however, that the District will not be required to qualify as a foreign corporation or to file any general or special consent to service of process under the laws of any jurisdiction).

L. The Preliminary Official Statement did not, and the Official Statement will not, as of its date (excluding therefrom information relating to The Depository Trust Company, and information provided by the Underwriter) contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If the Official Statement is supplemented or amended, at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading.

M. The financial statements of, and other financial information regarding the District, contained in the Official Statement fairly represent the financial position and operating results of the District as of the dates and for the periods set forth therein. Since the date of the Preliminary Official Statement, there has been no adverse change of a material nature in such financial position, results of operation or condition, financial or otherwise, of the District. The District is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the District, would have a materially adverse effect on the financial condition of the District.

9. **Representations, Warranties and Covenants of the County.** The County represents, warrants and covenants to the Underwriter that:

A. The County has the power under the Constitution and laws of the State to issue the Bonds in the name and on behalf of the District;

B. (i) At or prior to the Closing, the County will have taken all actions required to be taken by it in order to authorize the issuance and delivery of the Bonds; (ii) the County has full legal right, power and authority to enter into this Purchase Contract, to adopt the County Resolution, to issue and deliver the Bonds to the Underwriter on behalf of the District and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract and the County Resolution; (iii) the execution and delivery or adoption of, and the performance by the County of its obligations contained in the Bonds, the County Resolution and this Purchase Contract have been duly authorized, and such authorization shall be in full force and effect at the time of the Closing; and (iv) this Purchase Contract constitutes a valid and legally binding obligation of the County, enforceable against the County in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and to principles of equity relating to or affecting the enforcement of creditors' rights;

C. To the best knowledge of the County, as of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending in which service of process has been completed against the County; (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 sale, issuance or delivery of any of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract or the County Resolution or contesting the powers of the County or its authority with respect to the Bonds, the County Resolution or this Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the consummation of the transactions contemplated by this Purchase Contract or the County Resolution or (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part;

D. Between the date hereof and the Closing, without the prior written consent of the Underwriter, the County will not have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement; and

E. Any certificates signed by an authorized 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

10. **Conditions to Closing.** The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties of the District and the County contained herein and the performance by the District and the County of their respective obligations hereunder and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the date of Closing. Accordingly, the Underwriter's obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds are and shall be conditioned upon the performance by the District and the County, respectively, of their obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject at the option of the Underwriter, to the following further conditions, including the delivery by the District and the County of such documents and instruments as are enumerated herein, in form and substance satisfactory to the Underwriter:

A. The representations and warranties of the District and the County 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 District and the County shall be in compliance with each of the agreements made by them, individually, in this Purchase Contract;

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

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

D. Between the date hereof and the Closing, the market price for the Bonds, or the market for or marketability of the Bonds at the initial offering prices set forth in the Official Statement, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall not have been materially adversely affected in the reasonable professional judgment of the Underwriter (evidenced by a written notice to the District and the County 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 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 of California (the "State"), or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of the United States or the State or by the United States Tax Court, or an order, 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 or other federal or State authority, which would have the purpose or 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

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

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

(3) the declaration of a general banking moratorium by federal, New York or 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 of a determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

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

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

(6) 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 set forth in the Official Statement, or results in an omission 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;

(7) there shall have occurred since the date of this Purchase Contract any materially adverse change in the affairs or financial condition of the District;

(8) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Bonds, including the underlying obligations as contemplated by this Purchase Contract or by the Official Statement, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of the federal securities laws at the Closing, including the Securities Act, the Exchange Act and the Trust Indenture Act;

(9) any state Blue Sky or securities commission, or other governmental agency or body, shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(10) any amendment shall have been made to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the District, its property, income securities (or interest thereon) or the validity or enforceability of the levy of taxes to pay principal of and interest on the Bonds;

(11) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; or

(12) there shall have occurred or any notice shall have been given of any downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service of any of the District's debt or lease obligations.

E. At or prior to the date of the Closing, the Underwriter shall receive the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(1) An approving opinion of Bond Counsel as to the validity and tax-exempt status of the Bonds, dated the date of Closing, addressed to the District;

(2) A reliance letter from Bond Counsel to the effect that the Underwriter may rely upon the approving opinion described in E(1) above;

(3) A supplemental opinion from Bond Counsel, addressed to the Underwriter and the District, to the effect that:

(a) this Purchase Contract has been duly authorized, executed and delivered by the District and the County and, assuming due authorization, execution and delivery by the Underwriter, is a legally valid and binding agreement of the District and the County, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditors' rights or remedies, and is subject to general principles of equity (regardless of whether such enforcement is considered in equity or at law);

(b) the statements contained in the Official Statement in the sections thereof entitled: "THE BONDS" and "TAX MATTERS," insofar as such statements purport to summarize certain provisions of the Bonds and the Resolutions and the form and content of Bond Counsel opinion as to the tax status of the Bonds for federal and State income tax purposes are accurate in all material respects, present a fair and accurate summary of such documents, such tax status and the matters discussed therein; and

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

(4) A certificate signed by an appropriate official of the District to the effect that (i) such official is authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has taken all actions required to be taken by it in order to authorize the issuance and delivery of the Bonds and has complied with all

the terms of the District Resolution and this Purchase Contract to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such official has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statements 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 (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Contract substantially conform to the descriptions thereof contained in the Resolutions and (vi) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, pending or, to his or her knowledge, threatened against the District contesting in any way the completeness or accuracy of the Official Statement, the issuance of the Bonds by the District on behalf of the District or the due adoption of the District Resolution;

(5) A tax certificate of the District in form satisfactory to Bond Counsel;

(6) Evidence satisfactory to the Underwriter that the Bonds shall have been: (i) rated “__” by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) and “___” by Moody’s Investors Service (“Moody’s”) (or such other equivalent rating as such rating agency may give) and that such ratings have not been revoked or downgraded;

(7) A certificate, together with a fully executed copy of the District Resolution, of the Secretary of the Board of Education to the effect that:

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

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

(8) An opinion of County Counsel, addressed to the County, to the District and the Underwriter, in substantially the form attached as Exhibit B hereto;

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

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

- (ii) that the County Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect as of the Closing;
- (10) A “deemed final” certificate of the appropriate official of the District with respect to the Preliminary Official Statement in accordance with the Rule;
- (11) The Continuing Disclosure Certificate, in substantially the form appended to the Preliminary Official Statement, signed by an appropriate official of the District and _____, as Dissemination Agent;
- (12) A certificate of the Paying Agent, signed by a duly authorized officer of the Paying Agent, and in form and substance satisfactory to the Underwriter, to the effect that, to the best of such officer’s knowledge, no litigation is pending or threatened (either in state or federal courts) (A) seeking to restrain or enjoin the delivery by the Paying Agent of any of the Bonds, or (B) in any way contesting or affecting any authority of the Paying Agent for the delivery of the Bonds or the validity or enforceability of the Bonds or any agreement with the Paying Agent;
- (13) A receipt of the County for the net purchase price of the Bonds;
- (14) A certificate signed by an appropriate official of the County to the effect that (i) such official is authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the County herein are true and correct in all material respects as of the date of Closing, (iii) the County has taken all actions required to be taken by it in order to authorize the issuance and delivery of the Bonds; (iv) the County has complied with all the terms of the County Resolution and this Purchase Contract to be complied with by the County prior to or concurrently with the Closing and such documents are in full force and effect, (v) the Official Statement under the caption, “RIVERSIDE COUNTY TREASURY POOL” to the best of his or her knowledge does not contain any untrue statements 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 Contract substantially conform to the descriptions thereof contained in the County Resolution;
- (15) An opinion of counsel to the Underwriter in form and substance satisfactory to the Underwriter; and
- (16) Such additional legal opinions, certificates, proceedings, instruments, and other documents as the Underwriter may reasonably request in order to evidence compliance (i) by the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the

representations of the District herein contained and of the Official Statement, and (iii) the due performance or satisfaction by 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.

If the County or the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be cancelled 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 telecopy, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of 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.

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

12. **Expenses.** The Underwriter shall cause to be paid by the Fiscal Agent the following expenses incident to the offering and sale of the Bonds, up to the amount of \$_____, in accordance with Section 1 above: (i) the fees and disbursements of Bond Counsel and Disclosure Counsel; (ii) the cost of the preparation, printing and delivery of the Bonds; (iii) the fees, if any, for Bond ratings, including all expenses related to obtaining the ratings, such as meals, transportation and lodging, if any; (iv) the cost of the printing and distribution of the Official Statement; (v) the fees of the Paying Agent and Dissemination Agent, if any; (vi) the fees of the California Debt and Investment Advisory Commission; and (vii) all other fees and expenses incident to the issuance and sale of Bonds. Any expenses owing following the depletion of said amount shall be paid from lawfully available funds of the District.

Except as provided above, the Underwriter shall pay (i) the cost of preparation of this Purchase Contract; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by it in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriter.

The District acknowledges that it has had the opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

13. **Notices.** Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the County, to the Treasurer-Tax Collector, County of Riverside, 4080 Lemon Street, 4th Floor, Riverside, California 92501, if to the District, to the Superintendent of Desert Sands Unified School District, 47-950 Dune Palms Road, La Quinta, California 92253, or if to the Underwriter, RBC Capital Markets, LLC, 777 South Figueroa Street, Suite 850, Los Angeles, California, 90017.

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

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

16. **Integration.** This Purchase Contract, including the exhibits hereto, constitutes the entire agreement among the parties and between any of them, relating to the Bonds, and supersedes all prior agreements and understandings, whether oral or written, concerning the purchase, sale, delivery and terms of payment and redemption, of the Bonds.

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

Very truly yours,

RBC CAPITAL MARKETS LLC, as Underwriter

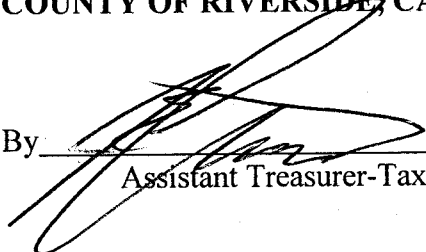
By _____
Managing Director

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

DESERT SANDS UNIFIED SCHOOL DISTRICT

By _____
Deputy Superintendent

COUNTY OF RIVERSIDE, CALIFORNIA

By  _____
Assistant Treasurer-Tax Collector

Approved as to form:

COUNTY COUNSEL

By _____
Deputy County Counsel

Accepted at _____ .m. Pacific Standard Time
on this _____ th day of _____, 2012.

EXHIBIT A

\$ _____
DESERT SANDS UNIFIED SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds, Election of 2001, Series 2012

Current Interest Bonds

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
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*Yield to August 1, 20__ call date.

\$ _____ % Term Bonds maturing August 1, 20__ Priced at ____%

Capital Appreciation Bonds

<u>Maturity Date</u> <u>(August 1)</u>	<u>Denominational</u> <u>Amount</u>	<u>Maturity Value</u>	<u>Price</u>	<u>Accretion Rate</u>
---	--	-----------------------	--------------	-----------------------

TERMS OF REDEMPTION

[The Capital Appreciation Bonds are not subject to redemption prior to their stated maturity dates.]

The Current Interest Bonds are subject to redemption prior to their stated maturity dates as follows:

Optional Redemption. The Current Interest Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Current Interest Bonds maturing on or after August 1, 20__ are subject to redemption prior to their respective maturity dates, from moneys provided at the option of the District, from any source of funds, in whole or in part, on August 1, 20__ or on any date thereafter, at a redemption price equal to the principal amount of the Current Interest Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Current Interest Bonds maturing on August 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

Redemption Date
(August 1)

Mandatory Sinking
Fund Payment

(1) Maturity.

The principal amount of Current Interest Bonds that are Term Bonds to be redeemed in each year shown above will be reduced proportionately, in integral multiples of \$5,000, by any portion of the Term Bonds optionally redeemed prior to the mandatory sinking fund redemption date.

EXHIBIT B

OPINION OF COUNTY COUNSEL

[Closing Date]

County of Riverside
Treasurer-Tax Collector's Office
4080 Lemon Street, 4th Floor
Riverside, California 92501

Board of Education
Desert Sands Unified School District
47-950 Dune Palms Road
La Quinta, California 92253

RBC Capital Markets LLC
777 South Figueroa Street, Suite 850
Los Angeles, California 90017

Re: \$ _____ Desert Sands Unified School District General Obligation
Bonds, Election of 2001, Series 2012

Ladies and Gentlemen:

This opinion is rendered and delivered in connection with the issuance by the Board of Supervisors of the County of Riverside (the "County") on behalf of the Desert Sands Unified School (the "District") of \$ _____ aggregate principal or issue amount of the District's General Obligation Bonds, Election of 2001, Series 2012 (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Board of Supervisors of the County adopted on _____ 2012 (the "County Resolution"), at the request of the District made pursuant to a resolution adopted by its Board of Education on September 18, 2012 (the "District Resolution").

In rendering this opinion, we have examined the County Resolution, the Bond Purchase Contract, dated _____, 2012 (the "Purchase Contract"), by and among the County, the District and RBC Capital Markets, LLC, as Underwriter, and such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

Based upon the foregoing, and solely with respect to the laws of the State of California (the "State"), we are of the opinion, as of the date hereof, that:

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

2. The County Resolution approving and authorizing the execution, sale and delivery of the Purchase Contract and the issuance of the Bonds was duly adopted at a meeting of the governing body of the County, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of

adoption, has not been modified, amended, rescinded or revoked and is in full force and effect on the date hereof.

3. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public agency or body pending, in which service of process has been completed, or threatened against the County (a) affecting the existence of the County or the titles of its officers who have acted with respect to the proceedings for issuance and sale of the Bonds to their respective offices; (b) seeking to prohibit, restrain or enjoin the execution of the Purchase Contract or the issuance of the Bonds or in any way contesting or affecting the validity or enforceability of the Bonds, the Purchase Contract, or the County Resolution; (c) contesting the powers of the County or its authority to enter into, adopt or perform its obligations under the County Resolution or the Purchase Contract; or (d) seeking to restrain or enjoin the levy or collection of tax revenues pledged for payment of the Bonds.

4. The Purchase Contract has been duly authorized, executed and delivered by the County and the Bonds have been duly authorized by the County, executed by the County on behalf of the District and delivered by the County and, assuming due authorization, execution and delivery by the other parties thereto, the Purchase Contract will constitute the legal, valid and binding agreement of the County enforceable against the County in accordance with its terms.

With respect to the opinions we have expressed above, enforcement of the rights and obligations under the County Resolution, the Purchase Contract and the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles if equitable remedies are sought, and by limitations on legal remedies imposed in actions against public entities in the State. We express no opinion as to the availability of equitable remedies in connection with enforcement of the County Resolution, the Purchase Contract or the Bonds.

Very truly yours,

County Counsel

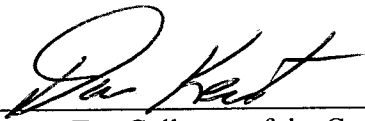
By: _____
Deputy County Counsel

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

Chairman of the Board of Supervisors

COUNTERSIGNED:

Clerk of the Board of Supervisors



Treasurer-Tax Collector of the County of Riverside

(FORM OF CERTIFICATE OF AUTHENTICATION)

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on _____, 2012.

U.S. BANK NATIONAL ASSOCIATION, as Paying Agent

By: _____
Authorized Representative

(FORM OF LEGAL OPINION)

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

Clerk of the Board of Supervisors of the County of
Riverside

(FORM OF STATEMENT OF INSURANCE)

(FORM OF ASSIGNMENT)

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

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

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

Dated: _____

Signature Guaranteed:

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

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

FORM OF CAPITAL APPRECIATION BOND

R-___

\$ _____

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

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE**

**DESERT SANDS UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, ELECTION OF 2001, SERIES 2012**

ACCRETION RATE: MATURITY DATE: DATE OF ISSUANCE: CUSIP
 August 1, _____, 2012

REGISTERED OWNER: CEDE & CO.

DENOMINATIONAL AMOUNT:

MATURITY VALUE:

The Desert Sands Unified School District (the "District") in Riverside County, California, for value received, promises to pay to the Registered Owner named above, or registered assigns, the Maturity Value on the Maturity Date, each as stated above, such Maturity Value being comprised of the Denominational Amount and interest accreted thereon. This bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing February 1, 2013 at the Accretion Rate specified above to the Maturity Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the Denomination Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months. Accreted Value and redemption premium, if any, are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the Paying Agent, initially U.S. Bank National Association. Accreted Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the designated office of the Paying Agent.

This bond is one of an authorization of \$ _____ of bonds approved to raise money for the purposes authorized by voters of the District at the Election, defined below; and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite two-thirds vote of the qualified electors of the District cast at an election held on November 6, 2001 (the "Election"), upon the question of issuing bonds in the amount of \$450,000,000 and resolutions of the Board of Education of the District adopted on September 18, 2012 and by the Board of Supervisors of the County on October 16, 2012 (collectively, the "Bond Resolution"). This bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. This bond and the issue of which this bond is one are general obligations of the District payable as to both principal and interest from the proceeds of the levy of ad valorem taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252.

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

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

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

[The Capital Appreciation Bonds are not subject to redemption prior to their stated maturities.]

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

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

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

[REMAINDER OF PAGE LEFT BLANK]


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

COUNTERSIGNED:

By:

Chairman of the Board of Supervisors

Clerk of the Board of Supervisors



Treasurer-Tax Collector of the County of
Riverside

CERTIFICATE OF AUTHENTICATION

This Bond is one of the bonds described in the Bond Resolution referred to herein, which has been authenticated and registered on _____, 2012.

U.S. BANK NATIONAL ASSOCIATION, as Paying Agent

By: _____
Its: Authorized Officer

(FORM OF LEGAL OPINION)

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

Clerk of the Board of Supervisors of the County of Riverside

(FORM OF STATEMENT OF INSURANCE)