

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

1 **IN WITNESS WHEREOF**, the County of Riverside, California, has caused this Bond to
2 be executed on behalf of the District and in their official capacities by the manual or facsimile
3 signatures of the Chair of the Riverside County Board of Supervisors and the Treasurer and Tax
4 Collector of the County, and to be countersigned by the manual or facsimile signature of the
5 Clerk of the Riverside County Board of Supervisors, and has caused the seal of the County to be
6 affixed hereto, all as of the date stated above.

7
8 [SEAL]

RIVERSIDE COUNTY, CALIFORNIA

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12 **-EXHIBIT-**

13 By: _____

14 Chairperson, Board of Supervisors

15
16
17
18 **-EXHIBIT-**

19 By: _____

20 Treasurer and Tax Collector

21
22 COUNTERSIGNED:

23
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25
26 **-EXHIBIT-**

27 By: _____

28 Clerk to the Board of Supervisors

1 **CERTIFICATE OF AUTHENTICATION**

2
3 This Bond is one of the Bonds described in the County Resolution referred to herein.
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5
6 Date of Registration and Authentication: _____
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8 **U.S. BANK NATIONAL ASSOCIATION**, Paying Agent, as authenticating agent:
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12 ***-EXHIBIT-***

13 By: _____

14 Authorized Signatory
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1 **FORM OF ASSIGNMENT**

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3 For value received, the undersigned sells, assigns and transfers unto:
4
5 _____
6 _____
7 _____

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

14 Date: _____
15
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17 **-EXHIBIT-**
18 _____

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

23 Signature Guaranteed:
24
25

26 **-EXHIBIT-**
27 _____

28 Signature must be guaranteed by an eligible guarantor institution.

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

[Text of Opinion]

EXHIBIT "D"

FORM OF CONVERTIBLE CAPITAL APPRECIATION BOND

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

REGISTERED

REGISTERED

NO.

\$

(CONVERSION VALUE)

TEMECULA VALLEY UNIFIED SCHOOL DISTRICT

GENERAL OBLIGATION BONDS, 2012 ELECTION, SERIES 2013-A

(Riverside County, California)

**ACCRETION
RATE TO
CONVERSION
DATE**

**CONVERSION
DATE**

**INTEREST RATE
AFTER THE
CONVERSION DATE**

**MATURITY
DATE**

**DATED
AS OF**

CUSIP®

X.XXX%

_____, 20__

X.XXX%

August 1, 20__

_____, 2013

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \$ _____

CONVERSION VALUE: DOLLARS

The **TEMECULA VALLEY UNIFIED SCHOOL DISTRICT** ("District") in
Riverside County ("County"), California, for value received, promises to pay to the Registered
Owner named above, or registered assigns, the Conversion Value on the Maturity Date, each as

1 stated above, such Conversion Value comprising the principal amount and interest accreted
2 thereon to the Conversion Date. Prior to the Conversion Date, this bond will not bear current
3 interest but will accrete interest, compounded on each February 1 and August 1, commencing
4 August 1, 2013, at the Accretion Rate specified above to the Conversion Date, assuming that in
5 any such semiannual period the sum of such compounded accreted interest and the principal
6 amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on
7 the basis of a 360-day year consisting of twelve 30-day months. After the Conversion Date, the
8 District promises to pay to the Registered Owner named above, interest on the Conversion Value
9 from the Conversion Date until the Conversion Value is paid or provided for at the Interest Rate
10 stated above, on February 1 and August 1 of each year ("Bond Payment Dates"), commencing
11 _____ 1, 20___. This bond will bear such interest from the Bond Payment Date next preceding
12 the date of authentication hereof unless it is authenticated as of a day during the period from the
13 16th day of the month next preceding any Bond Payment Date to the Bond Payment date,
14 inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is
15 authenticated on or before _____ 15, 20__, in which event it will bear interest from the
16 Conversion Date. Conversion Value and interest are payable in lawful money of the United
17 States of America, without deduction for the paying agent services, to the person in whose name
18 this bond (or, if applicable, one or more predecessor bonds) is registered ("Registered Owner")
19 on the register maintained by the Paying Agent, initially U.S. Bank National Association.
20 Accreted Value and redemption premium, if any, are payable upon presentation and surrender of
21 this bond at the principal office of the Paying Agent.

22 This Bond is one of an aggregate amount of \$ _____ of Bonds issued to be used for
23 the acquisition and construction of school facilities to serve the District under authority of and
24 pursuant to the laws of the State of California, and more than the requisite fifty-five percent
25 (55%) favorable vote of the electors of the District obtained at an election held on November 6,
26 2012, upon the question of issuing Bonds in the amount of \$165,000,000, the resolution of the
27 Board of Education of the District, adopted on January 22, 2013 ("District Resolution"), and the
28

1 resolution of the Riverside County Board of Supervisors, adopted on _____, 20____
2 ("County Resolution"). This Bond and the issue of which this Bond is one are payable as to both
3 principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to
4 such taxes in the District, which taxes are unlimited as to rate or amount. The Bonds of this
5 issue are general obligations of the District and do not constitute an obligation of the County of
6 Riverside. No part of any fund of the County is pledged or obligated to the payment of the
7 Bonds of this issue.

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

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

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

7
8 The Convertible Capital Appreciation Bonds are subject to redemption prior to maturity.
9 If less than all of the Bonds of any one maturity shall be called for redemption, the particular
10 Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot by the
11 Paying Agent in such manner as the Paying Agent in its discretion may determine; provided,
12 however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000
13 or some multiple thereof and that, in selecting Bonds for redemption, the Paying Agent shall
14 treat each Bond as representing that number of Bonds which is obtained by dividing the principal
15 amount of such Bond by \$5,000. If less than all of the Bonds shall be called for redemption, the
16 particular Bonds or portions thereof to be redeemed shall be called by lot in any manner which
17 the District in its discretion shall determine.

18
19 The Paying Agent shall give notice of the Redemption of the Bonds at the expense of the
20 District. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be
21 redeemed; (b) the serial or registration numbers and CUSIP® numbers, if any, of the Bonds to be
22 redeemed; (c) the date of notice and the date of redemption; (d) the place or places where the
23 redemption will be made; and (e) descriptive information regarding the issue of Bonds and the
24 specific bonds redeemed, including the dated date, interest rate and stated maturity date of each.
25 Such notice shall further state that on the specified date there shall become due and payable upon
26 each Bond to be redeemed, together with interest accrued to said date, the redemption premium,
27 if any, and that from and after such date interest with respect thereto shall cease to accrue.
28

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

11
12 Neither the District, the County nor the Paying Agent will be required (a) to issue or
13 transfer any Bond during a period beginning the day after the Record Date next preceding any
14 Interest Payment Date or beginning the 16th business day preceding any date of selection of
15 Bonds to be redeemed and ending with the close of business on the Interest Payment Date or day
16 on which the applicable notice of redemption is given, as applicable, or (b) transfer any Bonds
17 which have been selected or called for redemption in whole or in part.

18
19 The rights and obligations of the District and of the Registered Owners of the Bonds may
20 be amended at any time, and in certain cases without the consent of the Registered Owners to the
21 extent and upon the terms and conditions provided in the County Resolution.

22
23 The County Resolution contains provisions permitting the District to make provision for
24 the payment of the interest on, and the principal and premium, if any, of any of the Bonds so that
25 the Bonds shall no longer be deemed to be outstanding under the terms of the County Resolution.

26
27 Reference is made to the County Resolution for a more complete description of the
28 provisions, among others, with respect to the nature and extent of the security for the Bonds of

1 this series, the rights, duties and obligations of the District, the County, the Paying Agent and the
2 Registered Owners, and the terms and conditions upon which the Bonds are issued and secured.
3 The Registered Owner of this Bond assents, by acceptance hereof, to all of the provisions of the
4 County Resolution.

5
6 **IT IS CERTIFIED AND RECITED** that all acts and conditions required by the
7 Constitution and laws of the State of California to exist, to occur and to be performed or to have
8 been met precedent to and in the issuing of the Bonds by the County in order to make them legal,
9 valid and binding general obligations of the District, have been performed and have been met in
10 regular and due form as required by law; that payment in full for the Bonds has been received;
11 that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in
12 issuing the Bonds; and that due provision has been made for levying and collecting *ad valorem*
13 property taxes on all of the taxable property within the District in an amount sufficient to pay
14 principal and interest when due.

15
16 This Bond shall not be valid or obligatory for any purpose and shall not be entitled to any
17 security or benefit under the County Resolution until the Certificate of Authentication below has
18 been signed.
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1 **IN WITNESS WHEREOF**, the County of Riverside, California, has caused this Bond to
2 be executed on behalf of the District and in their official capacities by the manual or facsimile
3 signatures of the Chair of the Riverside County Board of Supervisors and the Treasurer and Tax
4 Collector of the County, and to be countersigned by the manual or facsimile signature of the
5 Clerk of the Riverside County Board of Supervisors, and has caused the seal of the County to be
6 affixed hereto, all as of the date stated above.

7
8 [SEAL]

RIVERSIDE COUNTY, CALIFORNIA

9
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11
12 ***-EXHIBIT-***

13 By: _____

14 Chairperson, Board of Supervisors
15
16

17
18 ***-EXHIBIT-***

19 By: _____

20 Treasurer and Tax Collector
21

22 COUNTERSIGNED:
23
24

25
26 ***-EXHIBIT-***

27 By: _____

28 Clerk to the Board of Supervisors

1 **CERTIFICATE OF AUTHENTICATION**

2

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

4

5

6 Date of Registration and Authentication: _____

7

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

9

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11

12 ***-EXHIBIT-***

13 By: _____

14 Authorized Signatory

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1 **FORM OF ASSIGNMENT**

2

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

4

5 _____

6 _____

7 _____

8

9 (print/type name, address, zip code, tax identification or Social Security number of assignee) the

10 within Bond and do(es) irrevocably constitute and appoint _____,

11 attorney, to transfer the same on the registration books of the Paying Agent, with full power of

12 substitution in the premises.

13

14 Date: _____

15

16

17 ***-EXHIBIT-***

18 _____

19 Notice: The assignor's signature to this assignment must correspond with the name as it appears

20 upon the face of the within Bond in every particular, without alteration or any change what so

21 ever.

22

23 Signature Guaranteed:

24

25

26 ***-EXHIBIT-***

27 _____

28 Signature must be guaranteed by an eligible guarantor institution.

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

[FORM OF BOND COUNSEL OPINION]

[Text of Opinion]

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RESOLUTION NO. 2012-13/19

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

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

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

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

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

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

WHEREAS, Sections 53506 *et seq.* of the California Government Code ("Government Code") and Section 15140 of the Education Code of the State of California authorize the Board of Supervisors of County ("County Board") to borrow funds through the issuance of general

obligation bonds in the name and for the benefit of the District pursuant to resolutions adopted by the District Board and the County Board; and

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

WHEREAS, the District Board has previously selected Stifel, Nicolaus & Company, Incorporated, dba Stone & Youngberg, a Division of Stifel Nicolaus, to act as its Underwriter ("Underwriter"), and has retained Bowie, Arneson, Wiles & Giannone as Bond Counsel ("Bond Counsel"), McFarlin & Anderson LLP as Disclosure Counsel ("Disclosure Counsel") and Fieldman, Rolapp & Associates as Financial Advisor ("Financial Advisor") to the District in connection with the issuance and sale of the Series 2013-A Bonds; and

WHEREAS, Proposition 39, and related California statutory provisions, require that the District comply with various accountability measures, as further described below, which the District has either previously complied with, or will comply with, during the course of issuing the Series 2013-A Bonds and/or expending the Series 2013-A Bond proceeds; and

WHEREAS, based upon documentation presented to the District Board, the District Board is prepared to make certain findings and determinations concerning the issuance and sale of the Series 2013-A Bonds and the levy of taxes to pay principal and interest on the Series 2013-A Bonds pursuant to State law; and

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

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

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

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

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

District, in an amount sufficient to pay the principal and interest on the Series 2013-A Bonds as such shall become due; and

WHEREAS, all acts, conditions and things required by law to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of general obligation bonds of the District, and the indebtedness of the District, including Series 2013-A Bonds, is within all limits prescribed by law; and

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

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

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

Section 2. Conditions Precedent. The District Board determines that all acts and conditions necessary to be performed by the District Board or to have been met precedent to and in the issuing and sale of the Series 2013-A Bonds in order to make them legal, valid and binding general obligations of the District secured by the levy of *ad valorem* taxes have been performed and have been met, or will at the time of delivery of the Series 2013-A Bonds have been performed and met, in regular and due form as required by law; that the County Board has the power and is obligated to levy *ad valorem* taxes for the payment of the Series 2013-A Bonds and the interest thereon without limitation as to rate or amount upon all property within the District subject to taxation (except for certain classes of personal property); and that no statutory or Constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Series 2013-A Bonds.

Section 3. Amount and Purpose of Bonds. The Series 2013-A Bonds of the District in the aggregate principal amount of not to exceed \$40,000,000 shall be offered for sale, the proceeds of which are to be used for the purposes set out in District Resolution No. 2012-13/4 and as approved at the Bond Election and to pay all necessary and appropriate costs or expenses incurred in the issuance of the Series 2013-A Bonds pursuant to Government Code Section 53509.5(b), and, as applicable, Education Code Sections 15145 and 15146 and applicable State law.

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

Section 5. Sale of Bonds: Designation.

(a) The County Board is hereby authorized and directed to issue and sell an aggregate principal amount of not to exceed \$40,000,000 of Series 2013-A Bonds authorized at the aforementioned Bond Election to be designated as **"Temecula Valley Unified School District General Obligation Bonds, 2012 Election, Series 2013-A"** or such other designation as the Superintendent of the District ("Superintendent") or the Superintendent's designee(s) (as described herein), may approve. The resolution of the County Board providing for the issuance and sale of the Series 2013-A Bonds is in certain instances herein referred to as the "County Resolution."

(b) The proceeds of the Series 2013-A Bonds shall be expended for the purposes set forth in the ballot submitted to the voters, approved in the Bond Election and subject to State law and to pay costs of issuance of the Series 2013-A Bonds. The Series 2013-A Bonds shall otherwise conform to the requirements set forth herein and in the County Resolution.

Section 6. Negotiated Sale. The County Board is hereby requested to issue the Series 2013-A Bonds to be sold at a negotiated sale in accordance with the terms and conditions, including provisions for the optional redemption of the Series 2013-A Bonds, in substantially the form set forth in the Bond Purchase Agreement ("Purchase Agreement") by and among the County, the District and the Underwriter, the form of which is attached hereto as Exhibit "A" and incorporated herein by this reference.

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

(a) The form of the Purchase Agreement is hereby approved. The Superintendent and such other officers of the District as may be authorized by the District Board or Superintendent (each a "Designated Officer") are, and each of them acting alone hereby is, authorized to execute and deliver, with the County Treasurer ("Treasurer"), to the Underwriter the Purchase Agreement on behalf of the District, with such changes therein as the Designated Officer executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District and subject to the terms and conditions set forth in the County Resolution. Such approval shall be conclusively evidenced by such Designated Officer's execution and delivery thereof. The Designated Officer, in consultation with the Financial Advisor, Underwriter, Bond Counsel and the Treasurer, is authorized and directed to establish or modify the terms of redemption of the Series 2013-A Bonds and establish the final principal amount of the Series 2013-A Bonds, provided, however, that such principal amount shall not exceed \$40,000,000. The Designated Officer is also authorized and directed to negotiate, in cooperation with the County Treasurer and Fieldman, Rolapp & Associates, Inc., as Financial Advisor, with the Underwriter the interest rates on the Series 2013-A Bonds, not-to-exceed a true interest cost of six percent (6.00%), and the Underwriter's discount shall not exceed one and one-tenths percent (1.10%) of the principal amount of the Series 2013-A Bonds (exclusive of any premium paid on the Series 2013-A Bonds, costs of issuance of the Series 2013-A Bonds which may be paid by the Underwriter, and/or original issue discount, if any, which original issue discount shall not exceed 5.00%). True interest cost for purposes of this Section means that nominal interest rate that, when compounded semiannually and used to discount the debt service payments on the Series 2013-A Bonds to the dated date(s) of the Series 2013-A Bonds, results in an amount equal to the purchase price of the Series 2013-A Bonds, excluding interest accrued to

the date of delivery. For purposes of this calculation, the premium paid for the policy of municipal bond insurance, if any, shall be treated as interest paid on the Series 2013-A Bonds on the date of delivery.

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

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

(d) The Series 2013-A Bonds may be issued and sold in full or in part as Current Interest Bonds, Capital Appreciation Bonds, and/or Convertible Capital Appreciation Bonds (each as further described in the County Resolution)."

Section 8. Book-Entry Form. The Series 2013-A Bonds shall be initially issued in book-entry form, to be lodged with The Depository Trust Company ("DTC") in New York, New York, which shall be the registered owner of the Series 2013-A Bonds issued at the closing in the form of a single, certificated Bond for each maturity. The Designated Officer is hereby authorized to take all actions necessary or appropriate to facilitate such filing and lodgment. The Underwriter is requested to assist the District and County in qualifying the Series 2013-A Bonds for deposit with DTC. The District Board hereby authorizes and directs the Designated Officer to execute and deliver such documents and letter as are necessary or desirable to qualify the Series 2013-A Bonds as part of such book-entry form and system.

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

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

Bonds, as applicable, when due in accordance with the terms of the Series 2013-A Bonds and the County Resolution.

Section 11. Tax Covenants.

(a) The District, in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2013-A Bonds, hereby covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code, as set forth in the nonarbitrage (tax) certificate to be provided to the District by Bond Counsel, and executed by the District, on the date of initial delivery of the Series 2013-A Bonds and incorporated herein by this reference, as a source of guidance for compliance with such provisions.

(b) The District hereby covenants that it shall not, directly or indirectly, use or permit the use of any proceeds of any of the Series 2013-A Bonds, or of any of the property financed with the proceeds of the Series 2013-A Bonds, or other funds of the District, or take or omit to take any action that would cause the Series 2013-A Bonds to be deemed "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the District shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury promulgated under that section or any successor section to the extent that such requirements are in effect and applicable to the Series 2013-A Bonds.

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

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

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

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

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

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

Section 14. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement (as defined below). Notwithstanding any other provisions of this Resolution, failure of the District to comply with the provisions of the Continuing Disclosure Agreement shall not be considered a default by the District hereunder or under the Series 2013-A Bonds; however, any underwriter or any holder or beneficial Owner of the Series 2013-A Bonds may take such actions as may be necessary and appropriate to compel performance therewith, including seeking mandate or specific performance by court order.

For purposes of this Section, "Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement executed by the District in connection with the issuance and sale of the Series 2013-A Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. A form of the Continuing Disclosure Agreement is attached hereto as Exhibit "B" and incorporated by reference herein. The Designated Officer(s) are hereby authorized to approve, execute and deliver the final form of the Continuing Disclosure Agreement with such changes, insertions and deletions as may be approved by the Designated Officer, Bond Counsel and Disclosure Counsel, as applicable, which approval shall be conclusively evidenced by execution and delivery thereof.

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

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

Section 16. Compliance with Proposition 39. The District hereby determines that it has complied, or will comply, with the applicable requirements prescribed by Proposition 39, and related applicable State statutory provisions, as follows:

(a) Pursuant to Section 1(b)(3) of Article XIII A of the California Constitution, the proceeds of the sale of the Series 2013-A Bonds (exclusive of costs of issuance and delivery of the Series 2013-A Bonds) ("Bond Proceeds" or "Series 2013-A Bond Proceeds") shall be used for the purposes specified in the list of specific school facilities projects set forth in Resolution No. 2012-13/4 and approved by the voters in the Bond Election ("School Facilities Project List") and not for any other purpose, including teacher and administrator salaries and any other school operating expenses.

(b) Pursuant to Section 1(b)(3) of Article XIII A of the California Constitution, the School Facilities Project List was made available to the public for review prior to and during the Bond Election, which included the District Board's evaluation of safety, class size reduction and information technology needs in developing the School Facilities Project List as set forth in Resolution No. 2012-13/4.

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

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

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

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

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

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

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

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

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

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

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

- (i) The amount of the Series 2013-A Bond Proceeds received and expended during the applicable reporting period; and
- (ii) The status of the acquisition, construction or financing of the school facility projects, as identified in the bond measure, with the Series 2013-A Bond Proceeds.

The report(s) required by this Section 17(c) may be combined with other periodic reports which include the same information, including, but not limited to, periodic reports made to the California Debt and Investment Advisory Commission, continuing disclosure reports, financial statements and audits and/or other written reports made in connection with the Series 2013-A Bonds. The requirements of this Section 17(c) shall apply only until all the Series 2013-A Bonds are redeemed or defeased, but if the Series 2013-A Bonds, or any series of bonds, are refunded, such provisions shall apply until all such refunding bonds are redeemed or defeased.

Section 18. Additional Findings and Directives. Pursuant to Education Code Section 15146(b) and (c), the District Board hereby finds, determines and directs as follows:

(a) The Series 2013-A Bonds shall be sold by negotiated sale to the Underwriter as set forth in Sections 5, 6 and 7 of this Resolution and elsewhere herein.

(b) The Series 2013-A Bonds shall be sold by negotiated sale inasmuch as: (i) such a sale to the Underwriter will allow the District to integrate the sale of the Series 2013-A Bonds with other public financings undertaken, or to be undertaken, by the District in order to finance and fund public school facilities and equipment; (ii) such a sale will allow the District to utilize the services of consultants who are familiar with the financial needs, status and plans of the District; (iii) such a sale will allow the District to utilize the services of consultants at a lower cost than selecting, retaining and utilizing the services of consultants who are not familiar with the District, its financing needs and related matters; and (iv) such a sale will allow the District to control the timing of the sale of the Series 2013-A Bonds to the municipal bond market and, potentially, take advantage of interest rate opportunities for favorable sale of the Series 2013-A Bonds to such market.

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

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

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

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

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

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

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

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

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

Section 20. Approval of Actions. All actions heretofore taken by officers, agents and consultants of the District with respect to the sale and issuance of the Series 2013-A Bonds are hereby approved, confirmed and ratified. The President and Clerk of the District Board and the Superintendent and the Designated Officer(s) are each authorized and directed in the name and on behalf of the District to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which they, or any of them, might deem necessary or appropriate in order to consummate the lawful issuance, sale and delivery of the Series 2013-A Bonds. Whenever in this Resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in case such officer shall be absent or unavailable.

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

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

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


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

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


[Remainder of this page is blank]

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

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

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

ATTEST:

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

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

I, Richard Shafer, Clerk of the Board of Education of the Temecula Valley Unified School District, do hereby certify that the foregoing resolution was duly adopted by the Board of Education of the Temecula Valley Unified School District at a meeting thereof held on the 22nd day of January, 2013, at which meeting a quorum of such Board was present and acting throughout and for which notice and an agenda was prepared and posted as required by law, and that such Resolution was so adopted by the following vote:

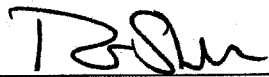
AYES: 4
NOES: 0
ABSTAIN: 0
ABSENT: 1

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

STATE OF CALIFORNIA)
)
COUNTY OF RIVERSIDE) ss.

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

Dated this 22nd day of January, 2013.

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

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY __, 2013

NEW ISSUE – FULL BOOK-ENTRY

RATINGS: Fitch: “ ”
Standard & Poor's: “ ”
(See “RATINGS” herein.)

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

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

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

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

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

The Series 2013-A Bonds shall be issued in denominations of \$5,000 principal, maturity or accreted amount, as applicable, or any integral multiple thereof. The Series 2013-A Bonds are being issued as current interest bonds (the “Current Interest Bonds”), capital appreciation bonds (the “Capital Appreciation Bonds”) and convertible capital appreciation bonds (the “Convertible Capital Appreciation Bonds”), as further described herein. Interest on the Current Interest Bonds is payable on [August] 1, 2013, and thereafter on each February 1 and August 1 to maturity. Principal of the Current Interest Bonds is payable on August 1 in each of the years and in the amounts set forth on the inside front cover hereof.

The Capital Appreciation Bonds will not pay interest on a current, periodic basis but will accrete in value to their maturity value payable only at maturity on August 1 in each of the years and in the amounts set forth on the inside front cover hereof. The Capital Appreciation Bonds will be compounded on each February 1 and August 1 to maturity, commencing [August] 1, 2013.

The Convertible Capital Appreciation Bonds will initially constitute capital appreciation bonds and will convert to current interest bonds on their respective conversion dates as set forth on the inside front cover hereof (each a “Conversion Date”). Prior to the Conversion Date thereof, the Convertible Capital Appreciation Bonds will not pay interest on a current, periodic basis but will accrete in value to their stated accreted value at the Conversion Date thereof payable only at maturity on August 1 in each of the years and in the amounts set forth on the inside front cover hereof. Prior to the Conversion Date of a Convertible Capital Appreciation Bond, interest on such Convertible Capital Appreciation Bond will be compounded on each February 1 and August 1, commencing August 1, 2013. From and after the Conversion Date of a Convertible Capital Appreciation Bond, such Convertible Capital Appreciation Bond will bear current interest on the accreted value thereof at the rates set forth on the inside front cover page of this Official Statement, payable on each February 1 and August 1 to maturity, commencing on the February 1 or August 1 immediately following such Conversion Date.

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

*Preliminary, subject to change.

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

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

As more fully described herein, the School District may obtain a municipal bond insurance policy from Assured Guaranty Municipal Corp. pursuant to a commitment that has been issued by it to the School District. The policy, if obtained, would guarantee the scheduled payment of principal (or, in the case of Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, the maturity or accreted value) of and interest on the Series 2013-A Bonds covered thereby (see "MUNICIPAL BOND INSURANCE" herein). The School District's decision whether or not to obtain such a policy will be made at or about the time of the pricing of the Series 2013-A Bonds and will be based upon, among other things, market conditions at the time of such pricing. No assurance can be given as to whether the School District will obtain such a policy, and, if so, whether such policy will cover all or less than all of the Series 2013-A Bonds.

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

MATURITY SCHEDULE
on inside cover.

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

[INSERT LOGO:]

STONE & YOUNGBERG

A DIVISION OF STIFEL NICOLAUS

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

\$[]*

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

Base CUSIP^{®(1)}: [87970H]

MATURITY SCHEDULE

\$ _____ 2013 Serial Current Interest Bonds

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

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

\$ _____ Serial Capital Appreciation Bonds

<u>Maturity (August 1)</u>	<u>Initial Principal Amount</u>	<u>Accretion Rate</u>	<u>Yield to Maturity</u>	<u>Maturity Value</u>	<u>CUSIP Number[†]</u>
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\$ _____ Term Convertible Capital Appreciation Bonds

<u>Maturity (August 1)</u>	<u>Initial Principal (Denominational) Amount</u>	<u>Accretion Rate to (but excluding) Conversion Date</u>	<u>Conversio n Date (August 1)</u>	<u>Interest Rate from and after Conversion Date</u>	<u>Stated Accreted Value at Conversion Date</u>	<u>Reoffering Yield</u>	<u>CUSIP Number[†]</u>
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⁽¹⁾ CUSIP[®] A registered trademark of the American Bankers Association. Copyright © 1999-2013 Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. CUSIP[®] data herein is provided by Standard & Poor's CUSIP[®] Service Bureau. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP[®] Service Bureau. CUSIP[®] numbers are provided for convenience of reference only. Neither the Community Facilities District nor the Underwriter takes any responsibility for the accuracy of such numbers.

*Preliminary, subject to change.

TEMECULA VALLEY UNIFIED SCHOOL DISTRICT

BOARD OF EDUCATION

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

DISTRICT ADMINISTRATION

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

PROFESSIONAL SERVICES

BOND COUNSEL/DISTRICT COUNSEL

Bowie, Arneson, Wiles & Giannone
Newport Beach, California

DISCLOSURE COUNSEL

McFarlin & Anderson LLP
Laguna Hills, California

FINANCIAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

UNDERWRITER

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

UNDERWRITER'S COUNSEL

Nossaman LLP
Irvine, California

PAYING AGENT

U.S. Bank National Association
Los Angeles, California

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

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

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

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District since the date hereof.

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

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Series 2013-A Bonds or the advisability of investing in the Series 2013-A Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE" and in APPENDIX K - "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

In connection with offering the Series 2013-A Bonds, the Underwriter may overallocate or effect transactions which stabilize or maintain the market prices of the Series 2013-A Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2013-A Bonds to certain securities dealers and dealer banks and banks acting as agent and others at prices lower than the public offering prices stated on the inside cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

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

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

INTRODUCTION

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

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

The School District

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

Sources of Payment for the Series 2013-A Bonds

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

* Preliminary, subject to change.

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

Purpose of Issue

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

Description of the Series 2013-A Bonds

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

Payments. Interest on the Current Interest Bonds accrues from the date of delivery of the Series 2013-A Bonds at the rates set forth on the inside cover page of this Official Statement and is payable semiannually on each February 1 and August 1, commencing August 1, 2013. The Capital Appreciation Bonds will not pay interest on a current, periodic basis but will accrete in value to their maturity value payable only at maturity on August 1 in each of the years and in the amounts set forth on the inside front cover hereof. The Capital Appreciation Bonds will be compounded on each February 1 and August 1 to maturity, commencing August 1, 2013. The Convertible Capital Appreciation Bonds will initially constitute capital appreciation bonds and will convert to current interest bonds on their respective conversion dates as set forth on the inside front cover hereof (each a "Conversion Date"). Prior to the Conversion Date thereof, the Convertible Capital Appreciation Bonds will not pay interest on a current, periodic basis but will accrete in value to their stated accreted value at the Conversion Date thereof payable only at maturity on August 1 in each of the years and in the amounts set forth on the inside front cover hereof. Prior to the Conversion Date of a Convertible Capital Appreciation Bond, interest on such Convertible Capital Appreciation Bond will be compounded on each February 1 and August 1, commencing August 1, 2013. From and after the Conversion Date of a Convertible Capital Appreciation Bond, such Convertible Capital Appreciation Bond will bear current interest on the accreted value thereof at the rates set forth on the inside front cover page of this Official Statement, payable on each February 1 and August 1 to maturity, commencing on the February 1 or August 1 immediately following such Conversion Date. The principal or maturity value, as applicable, of the Series 2013-A Bonds is payable at maturity upon surrender of the Series 2013-A Bonds for payment. See "THE SERIES 2013-A BONDS – Payment" herein.

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

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

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

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

Bond Insurance. As more fully described in "MUNICIPAL BOND INSURANCE" herein, the School District may obtain a municipal bond insurance policy from Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") pursuant to a commitment that has been issued by it to the School District. The policy, if obtained, would guarantee scheduled payment of principal (or, in the case of Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, the maturity or accreted value) of and interest on the Series 2013-A Bonds covered thereby (see "MUNICIPAL BOND INSURANCE" herein). The School District's decision whether or not to obtain such a policy will be made at or about the time of the pricing of the Series 2013-A Bonds and will be based upon, among other things, market conditions at the time of such pricing. No assurance can be given as to whether the School District will obtain such a policy, and, if so, whether such policy will cover all or less than all of the Series 2013-A Bonds.

Tax Exemption

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

Authority for Issuance of the Series 2013-A Bonds

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

*Preliminary, subject to change.

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

Offering and Delivery of the Series 2013-A Bonds

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

Continuing Disclosure

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

Professionals Involved in the Bond Offering

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

Other Information

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

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

The information from sources other than the School District set forth herein has been obtained from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the School District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District since the date hereof. This Official Statement is submitted in connection with the sale of the Series 2013-A Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

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

THE SERIES 2013-A BONDS

Authority for Issuance

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

Security

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

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

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

property in the School District may cause the annual tax rate to fluctuate. Economic and other factors beyond the School District's control, such as general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified educational, hospital, charitable or religious purposes) or the complete or partial destruction of taxable property caused by a natural or manmade disaster, such as earthquake, flood, or toxic contamination, could cause a reduction in the assessed value of taxable property within the School District and necessitate a corresponding increase in the annual tax rate. In future years, the School District expects to issue additional series of bonds up to the remaining Authorization and the School District may issue additional bonds for refunding purposes. For further information regarding the School District's assessed valuation, tax rates, overlapping debt and other matters concerning taxation, see "TAX BASE FOR REPAYMENT OF SERIES 2013-A BONDS" herein.

Description of the Series 2013-A Bonds

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

The Series 2013-A Bonds shall be issued in denominations of \$5,000 principal, maturity or accreted amount, as applicable, or any integral multiple thereof. The Series 2013-A Bonds are being issued as current interest bonds (the "Current Interest Bonds"), capital appreciation bonds (the "Capital Appreciation Bonds") and convertible capital appreciation bonds (the "Convertible Capital Appreciation Bonds"), as further described herein. Interest on the Current Interest Bonds is payable on [August] 1, 2013, and thereafter on each February 1 and August 1 to maturity. Principal of the Current Interest Bonds is payable on August 1 in each of the years and in the amounts set forth on the inside front cover hereof.

The Capital Appreciation Bonds will not pay interest on a current, periodic basis but will accrete in value to their maturity value payable only at maturity on August 1 in each of the years and in the amounts set forth on the inside front cover hereof. The Capital Appreciation Bonds will be compounded on each February 1 and August 1 to maturity, commencing [August] 1, 2013.

The Convertible Capital Appreciation Bonds will initially constitute capital appreciation bonds and will convert to current interest bonds on their respective conversion dates as set forth on the inside front cover hereof (each a "Conversion Date"). Prior to the Conversion Date thereof, the Convertible Capital Appreciation Bonds will not pay interest on a current, periodic basis but will accrete in value to their stated accreted value at the Conversion Date thereof payable only at maturity on August 1 in each of the years and in the amounts set forth on the inside front cover hereof. Prior to the Conversion Date of a Convertible Capital Appreciation Bond, interest on such Convertible Capital Appreciation Bond will be compounded on each February 1 and August 1, commencing August 1, 2013. From and after the Conversion Date of a Convertible Capital Appreciation Bond, such Convertible Capital Appreciation Bond will bear current interest on the accreted value thereof at the rates set forth on the inside front cover page of this Official Statement, payable on each February 1 and August 1 to maturity, commencing on the February 1 or August 1 immediately following such Conversion Date.

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

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

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

Book-Entry-Only System

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

Paying Agent

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

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

Payment

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

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

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

Capital Appreciation Bonds. The Capital Appreciation Bonds will be dated as of their date of delivery. The Capital Appreciation Bonds will not bear interest on a periodic basis; instead, each Capital Appreciation Bond will increase in value by the accumulation of earned interest from its initial principal amount on the date of issuance (as stated on the inside front cover page of this Official Statement) to its maturity value on the date of maturity ("Maturity Value"), as stated on the inside front cover page of this Official Statement. Interest commences to accrue on the date of delivery, and is compounded on each Interest Payment Date, commencing on August 1, 2013, computed using a year of 360 days, comprising twelve 30-day months, and payable only at maturity.

Convertible Capital Appreciation Bonds. The Convertible Capital Appreciation Bonds will be dated as of their date of delivery. The Convertible Capital Appreciation Bonds will initially constitute capital appreciation bonds and will convert to current interest bonds on their conversion date as set forth on the inside front cover hereof (the "Conversion Date"). Prior to the Conversion Date thereof, the Convertible Capital Appreciation Bonds will not pay interest on a periodic basis; instead, each Convertible Capital Appreciation Bond will accrete in value daily (on the basis of a 360-day year consisting of twelve 30-day months) from its initial principal amount on the date of issuance thereof (as stated on the inside front cover page of this Official Statement) to its accreted value at the Conversion Date thereof, as stated on the inside front cover page of this Official Statement, on the basis of a constant interest rate compounded on each Interest Payment Date, commencing on August 1, 2013. From and after the Conversion Date of a Convertible Capital Appreciation Bond, such Convertible Capital Appreciation Bond will bear current interest on the accreted value thereof (on the basis of a 360-day year consisting of twelve 30-day months) at the interest rate applicable thereto set forth on the inside front cover page of this Official Statement, payable on each Interest Payment Date, commencing on the February 1 immediately following such Conversion Date.

Accreted Values. The rate of interest at which a Capital Appreciation Bond's Maturity Value or Convertible Capital Appreciation Bond's accreted value at the Conversion Date thereof is discounted to its initial principal amount is known as the "Accretion Rate," and is stated on the inside front cover page of this Official Statement. For any Capital Appreciation Bond, the value of principal plus accrued interest on any given Interest Payment Date prior to maturity may be calculated by discounting the Maturity Value of the Capital Appreciation Bond from its maturity date to that Interest Payment Date at a discount rate equal to the Accretion Rate, assuming a year of 360 days comprising twelve 30-day months. The accreted value on any other date may be calculated on the basis of a straight-line interpolation between the values calculated for the Interest Payment Dates immediately preceding and following the date in question.

For any Convertible Capital Appreciation Bond, the value of principal plus accrued interest on any given Interest Payment Date prior to the Conversion Date thereof may be calculated by discounting the accreted value at the Conversion Date of the Convertible Capital Appreciation Bond from its Conversion Date to that Interest Payment Date at a discount rate equal to the Accretion Rate, assuming a year of 360 days comprising twelve 30-day months. The accreted value on any other date may be calculated on the basis of a straight-line interpolation between the values calculated for the Interest Payment Dates immediately preceding and following the date in question.

The Underwriter has prepared the Tables of Accreted Values shown in Appendices I and J hereto, in order to provide the imputed value per \$5,000 of Maturity Value for each Capital Appreciation Bond on each Interest Payment Date prior to maturity and the value per \$5,000 of accreted value at the Conversion Date for each Convertible Capital Appreciation Bond on each Interest Payment Date prior to the Conversion Date thereof. See "TAX MATTERS" herein for Bond Counsel's discussion of the federal tax treatment of accrued interest on the Capital Appreciation Bonds and Convertible Capital Appreciation Bonds.

The principal, Maturity Value and accreted value of the Series 2013-A Bonds is payable upon the surrender thereof at the principal corporate trust office of U.S. Bank National Association, acting in its capacity as paying agent, registrar, authenticating agent and transfer agent with respect to the Series 2013-A Bonds (the "Paying Agent"), at the maturity thereof or upon redemption prior to maturity. Payment of interest on any Current Interest Bond and on any Convertible Capital Appreciation Bond after its Conversion Date on each Interest Payment Date (or on the following business day, if the Interest Payment Date does not fall on a business day) shall be made to the person appearing on the registration books of the Paying Agent, as the registered owner thereof (the "Owner") as of the preceding Record Date, such interest to be paid by check mailed by first class mail to the Owner at the Owner's address as it appears on the registration books. The Owner of an aggregate principal amount or aggregate accreted value amount of \$1,000,000 or more of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds may request in writing prior to the close of business on the Record Date preceding each Interest Payment Date to the Paying Agent that such Owner be paid interest by wire transfer to the bank within the continental United States and account number on file with the Paying Agent as of the applicable Record Date.

The principal, Maturity Value and accreted value of and interest and premiums, if any, on the Series 2013-A Bonds shall be payable in lawful money of the United States of America from moneys on deposit in the interest and sinking fund of the School District within the County treasury (the "Debt Service Fund"), consisting of *ad valorem* taxes collected and held by the Treasurer and Tax Collector of the County (the "County Treasurer"), together with any premium and accrued interest received by the School District upon issuance of the Series 2013-A Bonds. So long as all outstanding Series 2013-A Bonds are held in book-entry form and registered in the name of a securities depository or its nominee, all payments of principal, Maturity Value and accreted value of, premium, if any, and interest on the Series 2013-A Bonds and all notices with respect to such Series 2013-A Bonds shall be made and given to such securities depository or its nominee and not to beneficial owners. So long as the Series 2013-A Bonds are held by Cede & Co., as nominee of DTC, payment shall be made by wire transfer. See APPENDIX H – "BOOK-ENTRY-ONLY SYSTEM."

Optional Redemption*

[Review/Update:]

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

[The Capital Appreciation Bonds shall not be subject to optional redemption prior to maturity.]

[The Convertible Capital Appreciation Bonds are subject to optional redemption prior to their stated maturity date, at the option of the School District, from any source of available funds, as a whole or in part, on any date on or after August 1, 20__, at a redemption price equal to the accreted value amount of the Convertible Capital Appreciation Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium].

Mandatory Redemption*

The \$ _____ term Current Interest Bonds maturing on August 1, 20__, are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, without premium:

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

†

† Maturity.

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

The \$ _____ term Convertible Capital Appreciation Bonds maturing on August 1, 20__, are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective accreted value amounts as set forth in the following schedule, at a redemption price equal to 100% of the accreted value thereof to be redeemed, without premium:

*Preliminary, subject to change.

Mandatory Sinking Fund
Redemption Date
(August 1)

Accreted Value Amount
to be Redeemed

†

† Maturity.

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

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

Selection of Series 2013-A Bonds for Redemption

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

Notice of Redemption

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

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

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

Partial Redemption of Series 2013-A Bonds

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

Effect of Notice of Redemption

Notice having been given pursuant to the Resolution, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside in the Debt Service Fund, the Series 2013-A Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Series 2013-A Bonds to be redeemed as provided in the Resolution; together with interest accrued to such redemption date, shall be available therefor on such redemption date, and if notice of redemption thereof shall have been given pursuant to the Resolution, then from and after such redemption date, interest with respect to the Series 2013-A Bonds to be redeemed shall cease to accrue. All money held for the redemption of Series 2013-A Bonds shall be held in trust for the account of the Owners of the Series 2013-A Bonds so to be redeemed.

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

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

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

Defeasance

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

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

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

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

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

Registration, Transfer and Exchange of Series 2013-A Bonds

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

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

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

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

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

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

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources:

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

Uses:

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

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

DEBT SERVICE SCHEDULE

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

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

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

APPLICATION OF PROCEEDS OF SERIES 2013-A BONDS

Building Fund

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

Debt Service Fund

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

Permitted Investments

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

RIVERSIDE COUNTY TREASURY POOL

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

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

TAX BASE FOR REPAYMENT OF SERIES 2013-A BONDS

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

Ad Valorem Property Taxation

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

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

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

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

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

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

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

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

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

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

Taxation of State-Assessed Utility Property. A portion of property tax revenue of the School District is derived from utility property subject to assessment by the SBE. State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions that are assessed as part of a "going concern" rather than as individual pieces of real or personal property. This may include railways, telephone companies and companies transmitting or selling gas or electricity. The assessed value of unitary and certain other state-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the School District) according to statutory formulae generally based on the distribution of taxes in the prior year. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year. Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as occurred under electric power deregulation in California, affects how those assets are assessed, and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the School District to non-utility companies will increase the assessed value of property in the School District, since the property's value will no longer be divided among all taxing jurisdictions in the County. The transfer of property located and taxed in the School District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the School District, as the value is shared among the other jurisdictions in the County. The School District is unable to predict future transfers of State-assessed property in the School District and the County, the impact of such transfers on its utility property tax revenues, or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property, or the method by which tax revenues of utility property is allocated to local taxing agencies, including the School District

Tax Collections and Delinquencies. A school district's share of the 1% county-wide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in Fiscal Year 1978-79, as adjusted according to a complicated statutory scheme enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness are reserved to the taxing jurisdiction that approved and issued the debt, and may only be used to repay that debt.

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

Teeter Plan

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

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

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

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

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

Assessed Valuations

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

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

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

Source: California Municipal Statistics, Inc.

As indicated above, assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the School District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year.

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs.

The second type of appeal, commonly referred to as a Proposition 8 appeal (which Proposition 8 was approved by the voters in 1978), can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (escalated to the inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIII A of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. According to representatives of the County assessor's office, the County has in the past, pursuant to Article XIII A of the State Constitution, ordered blanket reductions of assessed property values and corresponding property tax bills on single family residential properties when the value of the property has declined below the current assessed value as calculated by the County.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future. See APPENDIX A – "INFORMATION RELATING TO THE DISTRICT'S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING SCHOOL DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" for a discussion of other limitations on the valuation of real property with respect to *ad valorem* taxes.

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

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

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

⁽¹⁾ Before deduction of redevelopment incremental valuation.

Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

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

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

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

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

Source: California Municipal Statistics, Inc.

Tax Rates

The State Constitution permits the levy of an *ad valorem* tax on taxable property not to exceed 1% of the full cash value of the property, and State law requires the full 1% tax to be levied. The levy of special *ad valorem* property taxes in excess of the 1% levy is permitted as necessary to provide for debt service payments on school bonds and other voter-approved indebtedness.

The rate of tax necessary to pay fixed debt service on the Series 2013-A Bonds in a given year depends on the assessed value of taxable property in that year. (The rate of tax imposed on unsecured property for repayment of the Series 2013-A Bonds is based on the prior year's secured property tax rate.) Economic and other factors beyond the School District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, flood, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the School District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal and Accreted Value of and interest on the Series 2013-A Bonds. Issuance of additional authorized bonds in the future might also cause the tax rate to increase.

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

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

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

Source: California Municipal Statistics, Inc.

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

Largest Taxpayers

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

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

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

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

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use

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

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

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

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

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Homes

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

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

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

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

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

Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

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

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

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

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

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

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

⁽¹⁾ Excludes issue to be sold.

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

Ratios to 2012-13 Assessed Valuation:

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

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

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

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

MUNICIPAL BOND INSURANCE

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

If the School District obtains a commitment to issue the Insurance Policy from the Insurer, no assurance can be given as to (a) whether the School District will decide to obtain the Insurance Policy from the Insurer in connection with the issuance of the Series 2013-A Bonds, or (b) whether the School District will insure all or less than all of the Series 2013-A Bonds. The decision as to whether or not the Insurance Policy will be obtained from the Insurer with respect to all or a portion of the Series 2013-A Bonds will be made at or about the time of the pricing of the Series 2013-A Bonds and will be based upon, among other things, market conditions existing at such time. If the School District does decide to obtain the Insurance Policy from the Insurer, it will be a condition to the issuance of the Series 2013-A Bonds that such policy be issued concurrently with the issuance of the Series 2013-A Bonds. Any such Series 2013-A Bonds that are so insured are hereinafter referred to as the "Insured Bonds."

There follows under this caption certain information concerning the terms of the Insurance Policy and the Insurer that has been supplied by the Insurer for inclusion in this Preliminary Official Statement. No representation is made by the School District as to the accuracy, completeness or adequacy of such information, nor as to the absence of material adverse changes in such information subsequent to the date of this Preliminary Official Statement. The School District has not made any independent investigation of the Insurer or the Insurance Policy, and reference is made to the information set forth below and in Appendix K hereto for a description thereof.

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

Insurance Policy

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

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL,

through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM's financial strength is rated "AA-" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (on review for possible downgrade) by Moody's Investors Service, Inc. ("Moody's"). An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On March 20, 2012, Moody's issued a press release stating that it had placed AGM's "Aa3" insurance financial strength rating on review for possible downgrade. On October 30, 2012, Moody's indicated that it anticipated resolving its review during the first half of November 2012. AGM can give no assurance as to any further ratings action that Moody's may take. Reference is made to the press release, a copy of which is available at www.moody's.com for the complete text of Moody's comments.

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

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, and its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012.

Capitalization of AGM

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

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

Incorporation of Certain Documents by Reference

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

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

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the Series 2013-A Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

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

AGM makes no representation regarding the Series 2013-A Bonds or the advisability of investing in the Series 2013-A Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE."

TAX MATTERS

Opinion of Bond Counsel

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

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

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

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

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

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

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

Premium Bonds

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

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

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

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

Internal Revenue Service Audit of Municipal Bond Issues

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

Information Reporting and Backup Withholding

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

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

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

OTHER LEGAL MATTERS

Continuing Disclosure

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

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

Legality for Investment in California

Under provisions of the California Financial Code, the Series 2013-A Bonds are legal investments for commercial banks in California to the extent that the Series 2013-A Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the California Government Code, are eligible for security for deposits of public moneys in California.

Absence of Material Litigation

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

RATINGS

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

UNDERWRITING

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

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

ADDITIONAL INFORMATION

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

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

**TEMECULA VALLEY UNIFIED SCHOOL
DISTRICT**

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

APPENDIX A

INFORMATION RELATING TO THE SCHOOL DISTRICT'S OPERATIONS AND BUDGET

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

THE SCHOOL DISTRICT

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

General Information

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

Administration

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

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

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

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

Superintendent and Administrative Personnel

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

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

Allocation of State Funding to School Districts

Under California Education Code Section 42238 and following, each school district is determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance ("A.D.A."). The base revenue limit is calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc. Generally, the amount of State funding allocated to each school district is the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increase due to growth in local property assessed valuation, the additional revenue is offset by a decline in the State's contribution.

Enrollment can fluctuate due to factors such as population growth or decline, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the district to make adjustments in fixed operating costs.

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

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

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

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

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

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

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

⁽³⁾Estimated.

Source: Temecula Valley Unified School District.

Labor Relations

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

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

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

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

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

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

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

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

*FTE: Full-Time Employees.

Source: Temecula Valley Unified School District.

Retirement Programs

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

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

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

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

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

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

Governor's Pension Reform

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

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

GASB 25 and 27

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

Post-Retirement Health Care Benefits

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

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

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

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

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

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

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

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

Risk Management

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

Outstanding Debt; Financial Obligations

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

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

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

[Discuss adding footnotes]

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

Source: Temecula Valley Unified School District.

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