

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

524
A




FROM: Don Kent, Treasurer/Tax Collector

SUBMITTAL DATE:
February 13, 2013

SUBJECT: Resolution No. 2013-044 – Desert Sands Unified School District Fiscal Year 2012-13 Tax and Revenue Anticipation Notes (Vote on Separately)

RECOMMENDED MOTION: That your Honorable Board approve and adopt Resolution No. 2013-044 for the issuance and sale of Tax and Revenue Anticipation Notes for the Desert Sands Unified School District (the "District") in a principal amount not to exceed \$32,000,000.

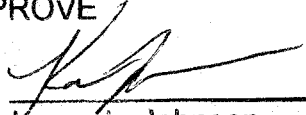
BACKGROUND: Government Code Section 53853 provides that a school district's tax and revenue anticipation notes are to be issued by the Board of Supervisors of Riverside County when the Riverside County Superintendent of Schools has jurisdiction over that district. The Riverside County Superintendent of Schools has jurisdiction over the District, therefore the District has requested, by resolution, that the Board of Supervisors issue Desert Sands Unified School District, Riverside County, State of California, 2012-13 Tax and Revenue Anticipation Notes (the "Notes") on behalf of the District. The District requests the issuance of the Notes to fund its short-term operating cash requirements during the 2012-13 fiscal year. (Continued on page two.)


Don Kent, Treasurer/Tax Collector

FORM APPROVED COUNTY COUNSEL
BY: DALE A. GARDNER
DATE: 2/17/13
Departmental Concurrence

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

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

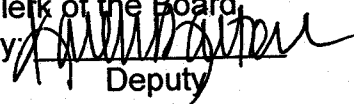
C.E.O. RECOMMENDATION: APPROVE
BY: 
Karen L. Johnson
County Executive Office Signature

Policy
 Policy
 Consent
 Consent

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: February 26, 2013
xc: Treasurer

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

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

Prev. Agn. Ref.: District: 5/5 **Agenda Number:**

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

3-83

Resolution No. 2013-044 authorizes the issuance of Desert Sands Unified School District, Riverside County, State of California, 2012-13 Tax and Revenue Anticipation Notes in a principal amount not to exceed \$32,000,000. The District has pledged certain of its unrestricted revenues to be received or accrued during fiscal year 2012-13 for the repayment of the Notes.

When issued, the notes will represent a general obligation of the District. The Notes will not constitute an obligation of the County. No funds of the County are pledged to the repayment of the Notes.

The Office of County Counsel has reviewed Resolution No. 2013-044 and has approved it as to form.

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RESOLUTION NO. 2013-044

RESOLUTION OF THE BOARD OF SUPERVISORS OF RIVERSIDE
COUNTY PROVIDING FOR THE ISSUANCE OF DESERT SANDS
UNIFIED SCHOOL DISTRICT, RIVERSIDE COUNTY, STATE OF
CALIFORNIA, 2012-13 TAX AND REVENUE ANTICIPATION NOTES

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1 BOARD OF SUPERVISORS,
2 RIVERSIDE COUNTY, STATE OF CALIFORNIA

3 RESOLUTION NO. _____

4 RESOLUTION OF THE BOARD OF SUPERVISORS OF RIVERSIDE
5 COUNTY PROVIDING FOR THE ISSUANCE OF DESERT SANDS
6 UNIFIED SCHOOL DISTRICT, RIVERSIDE COUNTY, STATE OF
7 CALIFORNIA, 2012-13 TAX AND REVENUE ANTICIPATION NOTES

8 WHEREAS, pursuant to Section 53850 *et seq.* of the Government Code of the State
9 of California (the "Act") contained in Article 7.6 thereof, entitled "Temporary Borrowing,"
10 on or after the first day of any fiscal year (being July 1), a school district may borrow money
11 by issuing notes for any purpose for which the school district is authorized to expend
12 moneys, including but not limited to, current expenses, capital expenditures, investment and
13 reinvestment, and the discharge of any obligation or indebtedness of the school district; and

14 WHEREAS, Section 53853 of the Act requires that such notes must be issued in the
15 name of the school district by the board of supervisors of the county, the county
16 superintendent of which has jurisdiction over the school district, as soon as possible
17 following the receipt of a resolution of the governing board of such school district requesting
18 the borrowing; and

19 WHEREAS, the Riverside County Superintendent of Schools (the "County
20 Superintendent") has jurisdiction over the Desert Sands Unified School District (the
21 "District"), and this Board of Supervisors of Riverside County (the "County Board") has
22 received a resolution of the Board of Education of the District (the "District Board"), being
23 the governing board of the District, dated February 5, 2013, entitled "RESOLUTION OF
24 THE BOARD OF EDUCATION OF THE DESERT SANDS UNIFIED SCHOOL
25 DISTRICT AUTHORIZING THE ISSUANCE OF 2012-13 TAX AND REVENUE
26 ANTICIPATION NOTES AND REQUESTING THE BOARD OF SUPERVISORS OF
27 THE COUNTY OF RIVERSIDE TO ISSUE SAID NOTES" (the "District Resolution")
28 which District Resolution requests the borrowing of not exceeding Thirty-Two Million
Dollars (\$32,000,000) at an interest rate not to exceed that allowed by law, through the
issuance by the County Board of 2012-13 Tax and Revenue Anticipation Notes (the "Notes")
in the name of the District; and

WHEREAS, such Notes shall be payable on such date that is not later than thirteen
months after the date of delivery thereof; and

WHEREAS, pursuant to Section 53856 of the Act, the District may pledge any taxes,
income, revenue (including, but not limited to, revenue from state and federal governments),
cash receipts or other moneys of the District (including moneys deposited in inactive or term
deposits, but excepting certain moneys encumbered for a special purpose); and the District
Resolution specifies that certain of such revenues that will be received by the District for the
General Fund thereof shall be pledged for the payment of the Notes; and

FORM APPROVED COUNTY COUNSEL
BY DALE A. GARDNER 2/7/13 DATE

1 WHEREAS, the Notes shall be a general obligation of the District, and to the extent
2 not paid from the Unrestricted Revenues (defined herein) pledged for the payment thereof
3 shall be paid with interest thereon from any other moneys of the District lawfully available
4 therefor, as required by Section 53857 of the Act, and shall not in any way be payable from
5 County money; and

6 WHEREAS, the Notes shall be in denominations of \$5,000 principal amount or
7 integral multiples thereof, as permitted by Section 53854 of the Act; shall be issued on a date
8 provided in the Note Purchase Agreement (defined herein) therefor; and shall be in the form
9 and executed in the manner prescribed in the District Resolution and herein, as required by
10 Section 53853 of the Act; and

11 WHEREAS, the District has found and determined that said \$32,000,000 maximum
12 principal amount of Notes to be issued by the County Board, when added to the interest
13 payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the
14 uncollected taxes, income, revenue (including but not limited to revenue from state and
15 federal governments), cash receipts and other moneys of the District which will be available
16 for the payment of the Notes and interest thereon, as required by Section 53858 of the Act;
17 and

18 WHEREAS, the District has determined that the Notes will not be issued in an
19 amount greater than the maximum anticipated cumulative cash flow deficit to be financed by
20 the anticipated tax or other revenue sources for the period for which such taxes or other
21 revenues are anticipated and during which such Notes are outstanding, all as provided in
22 Section 1.103-14(c) of the Income Tax Regulations of the United States Treasury; and

23 WHEREAS, the District received a qualified certification on its first interim report
24 for fiscal year 2012-13, such that the issuance of the Notes shall be conditioned on the receipt
25 by the District of finding by the County Superintendent, pursuant to Section 42133 of the
26 Education Code, that the District's repayment of the Notes is probable;

27 NOW, THEREFORE, the Board of Supervisors of Riverside County hereby resolves
28 as follows:

Section 1. Authorization of Issuance of Notes; Terms Thereof; Paying Agent.
As required by law, the County Board hereby authorizes the issuance, in the name of the
District, of an amount not-to-exceed \$32,000,000 principal amount of Notes under Sections
53850 *et seq.* of the Act, designated as "Desert Sands Unified School District, County of
Riverside, State of California, 2012-13 Tax and Revenue Anticipation Notes." The Notes are
authorized to be issued in one or more series of Notes, with appropriate series designation,
numbered from 1 consecutively upward in order of issuance, and in the denominations of
\$5,000 principal amount or integral multiples thereof. The Notes shall be dated the date of
delivery thereof; shall mature (with or without option of prior redemption, as set forth in the
Note Purchase Agreement defined herein) on a day (or days, if more than one series of Notes
is issued) in which banks in New York or California are open for business and no later than
thirteen months after the date of issuance (on a 30-day month/360-day year basis); and shall
bear interest, payable on or before maturity and computed on a 30-day month/360-day year
basis, at the per annum rate or rates set forth in the Note Purchase Agreement relating for the
Notes (the "Note Purchase Agreement"), by and among the County, the District and RBC

1 Capital Markets, LLC (the "Underwriter"), but not in excess of the maximum rate allowed by
2 law.

3 Both the principal of and interest on the Notes shall be payable, only upon surrender
4 thereof, in lawful money of the United States of America at the principal corporate trust
5 office of U.S. Bank National Association, which is hereby designated as the paying agent,
6 authentication agent, registrar and transfer agent for the Notes (in such capacity, the "Paying
7 Agent").

8 Section 2. Form of Notes. The Notes shall be issued in registered form, without
9 coupons, and shall be substantially in the form and substance set forth in Exhibit A attached
10 hereto and by reference incorporated herein, the blanks in said form to be filled in with
11 appropriate words and figures. The Notes may be initially registered in the name of "Cede &
12 Co." as nominee of The Depository Trust Company, and shall be evidenced by one note in
13 the full principal amount of the Notes. The Depository Trust Company, New York, New
14 York is hereby appointed depository for the Notes (the "Depository"). Registered ownership
15 may not thereafter be transferred except as set forth in Section 4 hereof. There shall be
16 simultaneously delivered with each Note, the legal opinion of Stradling Yocca Carlson &
17 Rauth, a Professional Corporation, respecting the validity of said Notes.

18 Section 3. Transfer and Exchange of Notes. Subject to the provisions of
19 Section 4 hereof, the registration of any Note may, in accordance with its terms, be
20 transferred, upon the registration books kept by the Paying Agent for such purpose, by the
21 person in whose name it is registered, in person or by his or her duly authorized attorney,
22 upon surrender of such Note for cancellation, accompanied by delivery of a written
23 instrument of transfer, duly executed in a form approved by the Paying Agent.

24 Whenever any Note or Notes shall be surrendered for registration or transfer, the
25 Paying Agent shall execute and deliver a new Note or Notes, for a like aggregate principal
26 amount. The Paying Agent shall require the Note owner requesting such registration of
27 transfer to pay any tax or other governmental charge required to be paid with respect to such
28 transfer. The District may require the owner requesting such registration of transfer to pay
such additional reasonable charge as may be necessary to cover customary expenses incurred
and fees charged by the Paying Agent with respect to such registration of transfer. The
Paying Agent may treat the registered owner of any Note as the absolute owner thereof for all
purposes whatsoever in accordance with this resolution, and the Paying Agent shall not be
affected by any notice to the contrary.

Subject to the provisions of Section 4 hereof, Notes may be exchanged at the
designated corporate trust office of the Paying Agent for a like aggregate principal amount of
Notes in other authorized denominations. The Paying Agent shall require the payment by the
Note owner requesting such exchange of any tax or other governmental charge required to be
paid with respect to such exchange. The District may require the owner requesting such
exchange to pay such additional reasonable charge as may be necessary to cover customary
expenses incurred and fees charged by the Paying Agent or the District with respect to such
exchange.

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Section 4. Use of Depository.

(a) The Notes may be initially registered as provided in Section 2 hereof. Registered ownership of the Notes, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or to any substitute Depository designated pursuant to clause (ii) of this Section 4 (a "Substitute Depository"); provided, that any successor of Cede & Co., as nominee of The Depository Trust Company or a Substitute Depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) To any Substitute Depository not objected to by the Paying Agent, upon (1) the resignation of The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as Depository, or (2) a determination by the District to substitute another Depository for The Depository Trust Company (or its successor) because The Depository Trust Company or its successor (or any Substitute Depository or its successor) is no longer able to carry out its functions as Depository; provided, that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or Substitute Depository or its successor) from its functions as Depository, or (2) a determination by the Paying Agent to remove The Depository Trust Company or its successor (or any Substitute Depository or its successor) from its functions as Depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) of this Section 4, upon receipt of the outstanding Notes by the Paying Agent, together with a request of the District to the Paying Agent, a new Note shall be executed and delivered in the aggregate principal amount of the Notes registered in the name of such successor or such Substitute Depository, or their nominees, as the case may be, all as specified in such request of the District. In the case of any transfer pursuant to clause (iii) of subsection (a) of this Section 4, upon receipt of the outstanding Notes by the Paying Agent together with a request of the District to the Paying Agent, new Notes shall be executed and delivered in such denominations numbered in the manner determined by the Paying Agent and registered in the names of such persons as are requested in such a request of the District; provided, the Paying Agent shall not be required to deliver such new Notes within a period less than sixty (60) days from the date of receipt of such a request of the County. Thereafter, Notes shall be transferred pursuant to Section 3 hereof.

(c) The Paying Agent shall be entitled to treat the person in whose name any Note is registered as the owner thereof for all purposes of this resolution and any applicable laws, notwithstanding any notice to the contrary received by the Paying Agent, the District or the County; and the Paying Agent shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners

1 of the Notes and neither the County, the District nor the Paying Agent will have any
2 responsibility or obligations, legal or otherwise, to the beneficial owners or to any other
3 party, including The Depository Trust Company or its successor (or Substitute Depository or
its successor), except for the registered owner (the "Owner") of any Notes.

4 (d) So long as the outstanding Notes are registered in the name of Cede &
5 Co. or its registered assigns, the Paying Agent shall cooperate with Cede & Co., as sole
6 registered Owner, or its registered assigns in effecting payment of the principal of and
interest on the Notes by arranging for payment in such manner that funds for such payments
are properly identified and are made immediately available on the date they are due.

7 Section 5. Deposit and Investment of Note Proceeds; No Arbitrage. The moneys
8 so borrowed shall be deposited into a segregated account within the general fund of the
9 District and shall be pledged to the payment of the Notes to the extent sufficient Pledged
10 Revenues (as defined below) and other legally available Revenues are not deposited into the
11 Repayment Fund (as defined below). The District has covenanted that it will make no use of
12 the proceeds of the Notes that would cause the Notes to be "arbitrage bonds" under Section
13 148 of the Internal Revenue Code of 1986, as amended (the "Code"); and, to that end, so long
14 as any of the Notes are outstanding, the District, and all of its officers having custody or
15 control of such proceeds, shall comply with all requirements of said section, including
restrictions on the use and investment of proceeds of the Notes and the rebate of a portion of
investment earnings on certain amounts, including proceeds of the Notes, if required, to the
Federal government, and of the Income Tax Regulations of the United States Treasury
promulgated thereunder or under any predecessor provisions, to the extent that such
regulations are, at the time, applicable and in effect, so that the Notes will not be "arbitrage
bonds."

16 Section 6. Payment of Notes.

17 (a) Source of Payment. The principal amount of the Notes, together with
18 the interest thereon, shall be payable from taxes, income, revenue (including, but not limited
19 to, revenue from state and federal governments), cash receipts and other moneys of the
20 District (including moneys deposited in inactive term deposits but excepting therefrom
moneys encumbered for a special purpose), as provided in Section 53856 of the Act, and
which are generally available for the payment of current expenses and other obligations of
the District (collectively, the "Unrestricted Revenues").

21 To the extent the Notes mature during the fiscal year succeeding fiscal year 2012-13,
22 the Notes shall be payable only from Unrestricted Revenues which are received in or accrued
23 to fiscal year 2012-13. The District has determined that included in such revenues are State
24 apportionments which otherwise would be received between July 2012 through June 2013
25 but, due to the deferral of the State monies thereby, will not be received until after June 30,
2013 (collectively, the "Deferred Revenues"). The District has further determined that the
Deferred Revenues are accrued to the District's 2012-13 fiscal year, and lawfully available to
pay the principal of and interest on the Notes.

26 The Notes shall be a general obligation of the District, and to the extent the Notes are
27 not paid from the Unrestricted Revenues pledged to the repayment thereof described herein,
28 shall be paid with interest thereon from any other moneys of the District lawfully available

1 therefor, as provided herein and by law.

2 Notwithstanding anything to the contrary contained herein or in any document
3 mentioned herein or related to the Notes, the County shall not have any monetary or other
4 liability hereunder or by reason hereof or in connection with the transactions contemplated
5 hereby and the Notes shall be payable solely from the moneys of the District available
6 therefor as set forth in this Section and in Section 4 of the District Resolution. Further, the
7 County shall have no responsibility for or liability as a result of the use of the proceeds of the
8 sale of the Notes.

9 (b) Pledged Revenues. Except as otherwise provided in the Purchase
10 Contract or the Notes, as security for the payment of the principal of and interest on the
11 Notes, as provided in the District Resolution, the District has pledged an amount equal to
12 thirty-four percent (34%) of the principal of and interest due on the Notes from the first
13 Unrestricted Revenues received by the District in the month ending June 30, 2013; an amount
14 equal to thirty-three percent (33%) of the principal of and interest due on the Notes from the
15 first Unrestricted Revenues received by the District in the month ending July 31, 2013, and
16 an amount equal to thirty-three percent (33%) of the principal of and interest due on the
17 Notes, as well as any deficiency in the amount required to be deposited during any prior
18 month, from the first Unrestricted Revenues received by the District in the month ending
19 August 31, 2013 (such pledged amounts being hereinafter called the "Pledged Revenues").
20 Except as otherwise provided in the Purchase Contract or the Notes, the Pledged Revenues
21 shall be deposited by the District no later than the last day of each month specified above into
22 the Repayment Fund (defined herein).

23 The principal of the Notes and the interest thereon shall be a first lien and charge
24 against and shall be payable from the first moneys received by the District from such Pledged
25 Revenues as provided by law.

26 In the event that there are insufficient Unrestricted Revenues received by the District
27 to permit the deposit into the Repayment Fund of the full amount of Pledged Revenues to be
28 deposited from such Unrestricted Revenues, then the amount of any such deficiency shall be
satisfied and made up from any other moneys of the District lawfully available for the
repayment of the Notes and the interest thereon.

29 (c) Covenant Regarding Additional Short term Borrowing. The District
30 has covenanted and warranted that, during the term that provision for the payment of
31 principal and interest of the Notes has not been made, the District will not request the County
32 Treasurer-Tax Collector (the "Treasurer-Tax Collector"), to make temporary transfers of
33 funds in the custody of the Treasurer-Tax Collector, to meet any obligations of the District
34 during the 2012-13 fiscal year pursuant to the authority of Article XVI, Section 6 of the
35 Constitution of the State of California or any other legal authority.

36 (d) Deposit of Pledged Revenues in Repayment Fund. The Pledged
37 Revenues shall be held (in accordance with the District Resolution) in a special fund
38 designated as the "Desert Sands Unified School District, Riverside County, State of
39 California, 2012-13 Tax and Revenue Anticipation Notes Repayment Fund" (herein called
40 the "Repayment Fund") and applied as directed in this Resolution and the District Resolution.
41 Any moneys placed in the Repayment Fund shall be for the benefit of the holders of the

1 Notes, and until the Notes and all interest thereon are paid or until provision has been made
2 for the payment of the Notes at maturity with interest to maturity, the moneys in the
3 Repayment Fund shall be applied only for the purposes for which the Repayment Fund is
4 created.

4 (e) Disbursement and Investment of Moneys in Repayment Fund. From
5 the date this Resolution takes effect, all Pledged Revenues shall, when received, be deposited
6 and accounted for in the Repayment Fund. After such date as the amount of Pledged
7 Revenues deposited in the Repayment Fund shall be sufficient to pay in full the principal of
8 and interest on the Notes, when due, any moneys in excess of such amount remaining in or
9 accruing to the Repayment Fund shall be transferred to the General Fund of the District upon
10 the request of the District. On the maturity date of the Notes, the moneys in the Repayment
11 Fund shall be used to pay the principal of and interest on the Notes and any excess remaining
12 in the Repayment Fund after payment of Notes shall be transferred to the District.

9 Moneys in the Repayment Fund shall be invested in accordance with the District
10 Resolution, at the request of the District in investment securities or other investments
11 permitted by applicable California law, as it is now in effect and as it may be amended,
12 modified or supplemented from time to time, including investments authorized by Section 12
13 hereof; to the extent that moneys invested or held by the County are subject to arbitrage
14 rebate, neither the County nor any officer or employee of the County shall assume hereunder
15 or under the provisions of any rebate certificate any duty or obligation to make the actual
16 calculations of arbitrage rebate liability of the District, or to pay any such rebate or any
17 penalties in regard thereto if the District miscalculates or fails to pay or cause such rebate or
18 such penalties to be paid.

15 Section 7. Execution of Notes. The Chair of the Board of Supervisors is hereby
16 authorized to sign the Notes by manual signature; the Treasurer-Tax Collector to sign the
17 Notes by manual signature, and the Clerk of the Board (the "Clerk") to countersign the Notes
18 by manual signature; the Clerk is hereby authorized to affix the seal of the County Board
19 thereto; and said officers are hereby authorized to cause the blank spaces thereof to be filled
20 in as may be appropriate. The County also authorizes the Paying Agent to authenticate the
21 Notes. No Note shall be valid or obligatory for any purpose or shall be entitled to any
22 security or benefit hereunder unless and until the certificate of authentication printed on the
23 Bond is signed by the Paying Agent as authenticating agent. Authentication by the Paying
24 Agent shall be conclusive evidence that the Bond so authenticated has been duly issued,
25 signed and delivered under this Resolution and is entitled to the security and benefit of this
26 Resolution.

22 Section 8. Approval of Note Purchase Agreement. Pursuant to the District
23 Resolution, the District Board has authorized the sale of the Notes at a negotiated sale. The
24 form of Note Purchase Agreement for the Notes by and among the District, the County and
25 RBC Capital Markets, LLC (the "Underwriter"), substantially in the form presented to this
26 meeting and on file with the Clerk of the County, is hereby approved. The Superintendent,
27 the Assistant Superintendent, Business Services or the Director of Fiscal Services of the
28 District or a designated deputy thereof (the "District Officers), each alone, have been
authorized by the District Resolution, and the Treasurer-Tax Collector or the Treasurer-Tax
Collector's designee are hereby authorized to execute and deliver the Note Purchase
Agreement, and each of the District Officers and the Treasurer-Tax Collector are hereby

1 authorized and requested to acknowledge such Note Purchase Agreement, but with such
2 changes therein, deletions therefrom and modifications thereto as each shall approve, such
3 approval to be conclusively evidenced by his or her execution and delivery thereof; provided,
4 however, that the maximum interest rate on the Notes shall not exceed that authorized by
5 law, and that the Underwriter's discount shall not exceed 0.5 %, of the par amount of the
6 Notes. The Treasurer-Tax Collector or the Treasurer-Tax Collector's designee, in
7 conjunction with the District Officers, are hereby further authorized to determine the
8 maximum principal amount of Notes to be specified in the Note Purchase Agreement, up to
9 \$32,000,000 and to enter into and execute the Note Purchase Agreement with the
10 Underwriter, if the conditions set forth in this Resolution and the District Resolution are
11 satisfied.

12 Section 9. Authorization of Preliminary Official Statement and Official
13 Statement. Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond and
14 Disclosure Counsel, has been authorized by the District to prepare a Preliminary Official
15 Statement and an Official Statement relating to the Notes, to be used in connection with the
16 offering and sale of the Notes.

17 Section 10. Delivery of Notes. The proper officers of the County Board are
18 hereby authorized and directed to deliver the Notes to the Underwriter in accordance
19 herewith and with the Note Purchase Agreement. All actions heretofore taken by the officers
20 and agents of the County Board with respect to the sale and issuance of the Notes are hereby
21 approved, confirmed and ratified, and the officers of the County Board are hereby authorized
22 and directed, for and in the name and on behalf of the County Board, to do any and all things
23 and take any and all actions and execute and deliver any and all certificates, agreements and
24 other documents which they, or any of them, may deem necessary or advisable in order to
25 consummate the lawful issuance and delivery of the Notes in accordance with this Resolution
26 and the District Resolution.

27 Section 11. Further Actions Authorized. It is hereby covenanted that the County,
28 and its appropriate officials, have duly taken all proceedings necessary to be taken by them,
and will take any additional proceedings necessary to be taken by them, for the levy,
collection and enforcement of the secured property taxes pledged under the District
Resolution in accordance with the law and for carrying out the provisions of the District
Resolution and of this Resolution.

Section 12. Investment of Note Proceeds. Notwithstanding anything to the
contrary contained herein, the proceeds of the Notes shall be pledged to the payment of the
Notes in the event and to the extent sufficient Pledged Revenues of the District and other
legally available revenues are not deposited into the Repayment Fund. In addition to
investments in the Treasurer-Tax Collector's Investment Pool, pursuant to Section 53601(1)
of the Government Code of the State of California, the following are hereby designated as
additional authorized investments for the proceeds of the Notes and the Repayment Fund: (i)
a guaranteed investment contract with a financial institution or insurance company which has
or its guarantor has at the date of execution thereof one or more outstanding issues of
unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated not
lower than the second highest rating category (without regard to subcategories) by Standard
& Poor's Ratings Services and Moody's Investors Service; or (ii) the Local Agency
Investment Fund (LAIF) administered by the State of California.

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Section 13. Other Actions.

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

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

Section 14. Recitals. All the recitals in this Resolution above are true and correct and this County Board so finds, determines and represents.

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Section 15. Effective Date. This Resolution shall take effect immediately upon its passage.

The foregoing resolution was adopted by the Board of Supervisors of the County of Riverside on February 26, 2013.

ROLL CALL:

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

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

KECIA HARPER-IHEM, Clerk of said Board

By: _____
Deputy

EXHIBIT A
FORM OF NOTE

REGISTERED
No. ___

REGISTERED
\$

DESERT SANDS UNIFIED SCHOOL DISTRICT
COUNTY OF RIVERSIDE
STATE OF CALIFORNIA
2012-13 TAX AND REVENUE ANTICIPATION NOTE

Rate of Interest: Note Date: Maturity Date: CUSIP:
_____ % _____, 2013 _____, 20__

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

FOR VALUE RECEIVED, the Desert Sands Unified School District (the "District"), Riverside County, State of California, acknowledges itself indebted to and promises to pay the Registered Owner identified above, or registered assigns, at the corporate trust office of U.S. Bank National Association (the "Paying Agent"), the Principal Amount specified above in lawful money of the United States of America, on the Maturity Date specified above, together with interest thereon at the Rate of Interest per annum set forth above (computed on the basis of a 360-day year of twelve 30-day months), in like lawful money of the United States of America from the Note Date specified above until payment in full of said principal sum. Both the principal of and interest on this Note shall be payable only upon surrender of this Note as the same shall fall due; provided, however, no interest shall be payable for any period after maturity during which the Registered Owner fails to properly present this Note for payment.

It is hereby certified, recited and declared that this Note is one of an authorized issue of Notes in the aggregate principal amount of _____ Dollars (\$ _____) all of like date, tenor and effect, made, executed and given pursuant to and by authority of a resolution of the Board of Supervisors of Riverside County (the "County") duly passed and adopted on February 26, 2013 and a Resolution of the Board of Education of the District duly passed and adopted on February 5, 2013, under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5, California Government Code, and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue (including, but not limited to, revenue from state and federal governments), cash receipts and other moneys including moneys deposited in inactive or term deposits (but excepting certain moneys encumbered for a special purpose), received in or accrued to fiscal year 2012-13, and which are generally available for the payment of current expenses and other obligations of the District (the "Unrestricted Revenues"). As security for the payment of the principal of and interest on the Notes the District has pledged an amount equal to thirty-four percent (34%) of the principal of and interest due on the Notes from the first Unrestricted Revenues received by the District in the month ending June 30, 2013; an amount equal to thirty-three percent (33%) of the principal of and interest due on the Notes from the first Unrestricted Revenues received by the District in the month ending July 31, 2013, and an amount equal to thirty-three percent (33%) of the principal of and interest due on the Notes, as well as any deficiency in the amount required to be deposited during any prior month, from the first Unrestricted Revenues received by the District in the month ending August 31, 2013 (such pledged amounts being hereinafter called the "Pledged Revenues"). The principal of the Notes and the interest thereon shall constitute a first lien and charge on such Pledged Revenues, and shall be payable therefrom, and to the extent not so paid shall be paid from any other moneys of the District lawfully available therefor.

This Note is transferable by the Registered Owner hereof in person or by his or her attorney duly authorized in writing at the corporate trust office of the Paying Agent, in Los Angeles, California, but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Note except that this Note shall not be transferred or exchanged later than the 15th day prior to the maturity date hereof. Upon such transfer a new Note or Notes of authorized denominations and for the same aggregate principal amount will be issued to the transferees in exchange herefor.

The County, the District and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the County, District nor the Paying Agent shall be affected by any notice to the contrary.

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

IN WITNESS WHEREOF, Riverside County has caused this Desert Sands Unified School District, Riverside County, State of California, 2012-13 Tax and Revenue Anticipation Note to be executed by the Chairman of its Board of Supervisors and by the Clerk of its Board of Supervisors by manual or facsimile signature and countersigned by the Treasurer-Tax Collector by manual signature and has caused a facsimile of its official seal to be printed hereon this ___ day of _____, 2013.

RIVERSIDE COUNTY

By: _____ [Facsimile Signature]
Chairman of the Board of Supervisors

By: _____ [Manual Signature]
Treasurer-Tax Collector

Countersigned

By: _____ [Signature]
Clerk of the Board of Supervisors

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the Resolutions referred to herein which has been authenticated and registered on _____, 2013.

U.S. BANK NATIONAL ASSOCIATION, as Paying Agent

By: _____
Authorized Signatory

LEGAL OPINION

I HEREBY CERTIFY that the following is a true and correct copy of the legal opinion upon the Notes therein described that was provided by Stradling Yocca Carlson & Rauth, a Professional Corporation, and was dated as of the date of delivery of and payment for said Notes.

[Facsimile Signature]

Superintendent, Desert Sands Unified
School District

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto the _____ within-mentioned registered Note and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

Dated: _____

Signature Guaranteed by:

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

NOTE: The signature to the assignment must correspond to the name as it appears upon the face of this Note in every particular, without any alteration or change whatsoever.

RESOLUTION NO. 29/2012-2013

**RESOLUTION OF THE BOARD OF EDUCATION OF THE DESERT SANDS
UNIFIED SCHOOL DISTRICT AUTHORIZING THE ISSUANCE OF 2012-
2013 TAX AND REVENUE ANTICIPATION NOTES AND REQUESTING
THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE TO
ISSUE SAID NOTES**

WHEREAS, pursuant to Sections 53850 *et seq.* of the Government Code of the State of California (the "Act") contained in Article 7.6 thereof, entitled "Temporary Borrowing" on or after the first day of any fiscal year (being July 1), a school district may borrow money by issuing notes for any purpose for which the school district is authorized to use and expend moneys, including but not limited to, current expenses, capital expenditures, investment and reinvestment, and the discharge of any obligation or indebtedness of the school district; and

WHEREAS, Section 53853 of the Act provides that such notes must be issued in the name of the school district by the board of supervisors of the county, the county superintendent of schools of which has jurisdiction over such school district, as soon as possible following the receipt of a resolution of the governing board of such school district requesting the borrowing; and

WHEREAS, the County Superintendent of Schools (the "County Superintendent") of the County of Riverside (the "County") has jurisdiction over the Desert Sands Unified School District (the "District"), and this Board of Education (the "Board"), being the governing board of the District, hereby requests the borrowing of not-to-exceed Thirty-Two Million Dollars (\$32,000,000) at an interest rate not to exceed the maximum rate allowed by law, through the issuance by the Board of Supervisors of the County (the "County Board") of 2012-2013 Tax and Revenue Anticipation Notes (the "Notes") in the name of the District, such Notes to be sold by negotiated sale as authorized hereby; and

WHEREAS, such Notes may be made payable no later than thirteen months after the date of delivery thereof; and

WHEREAS, pursuant to Section 53856 of the Act, the District may pledge to the payment of the Notes any taxes, income, revenue (including but not limited to, revenue from State and federal governments), cash receipts or other moneys, including moneys deposited in inactive or term deposits (but excepting moneys encumbered for a special purpose); and this Resolution specifies that certain of such revenues which will be received by the District for the General Fund thereof shall be pledged for the payment of the Notes; and

WHEREAS, the Notes shall be a general obligation of the District, and, to the extent not paid from Unrestricted Revenues (defined herein) pledged for the payment thereof, shall be paid with interest therein from any other moneys of the District lawfully available therefor, as required by Section 53857 of the Act, and shall not in any way be payable from County moneys; and

WHEREAS, the Notes shall be in denominations of \$5,000 principal amount, or integral multiples thereof, as permitted by Section 53854 of the Act; and the Note shall further be issued on a date to be designated pursuant to, and shall be in the form and executed in the manner prescribed in this Resolution, and the County Resolution (defined herein), all as permitted and required by Section 53853 of the Act; and

WHEREAS, the Board has found and determined that said \$32,000,000 maximum principal amount of Notes to be issued in the name of the District by the County Board in fiscal year 2012-2013, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including but not limited to revenue from state and federal governments), cash receipts and other moneys of the District which will be available for the payment of the Notes and interest thereon, as required by Section 53858 of the Act; and

WHEREAS, the Notes will not be issued in an amount greater than the maximum anticipated cumulative cash flow deficit to be financed by the anticipated tax or other revenue sources for the period for which such taxes or other revenues are anticipated and during which such Notes are outstanding, all as provided in Section 1.103-14(c) of the Income Tax Regulations of the United States; and

WHEREAS, the District received a qualified certification on its first interim report for fiscal year 2012-13, such that the issuance of the Notes shall be conditions on the receipt by the District of finding by the County Superintendent, pursuant to Section 42133 of the Education Code, that the District's repayment of the Notes is probable;

NOW, THEREFORE, the Board of Education of the Desert Sands Unified School District hereby resolves as follows:

Section 1. Authorization of Issuance of Notes; Terms Thereof; Paying Agent. The Board hereby requests the County Board to issue, in the name of the District, an amount not to exceed \$32,000,000 principal amount of Notes under Sections 53850 *et seq.* of the Act, designated "Desert Sands Unified School District, County of Riverside, State of California, 2012-2013 Tax and Revenue Anticipation Notes." The Notes are authorized to be issued in one or more series of Notes, with appropriate series designation, numbered from 1 consecutively upward in order of issuance, and in the denominations of \$5,000 principal amount or integral multiples thereof. The Notes shall be dated the date of delivery thereof; shall mature (with or without option of prior redemption, as set forth in the Note Purchase Agreement defined herein) on a day (or days, if more than one series of Notes is issued) in which banks in New York or California are open for business and no later than thirteen months after the date of issuance (on a 30-day month/360-day year basis); and shall bear interest, payable on or before maturity and computed on a 30-day month/360-day year basis, at the per annum rate or rates set forth in the Note Purchase Agreement relating for the Notes (the "Note Purchase Agreement"), by and among the County, the District and RBC Capital Markets, LLC (the "Underwriter"), but not in excess of the maximum rate allowed by law.

Both the principal of and interest on the Notes shall be payable, only upon surrender thereof, in lawful money of the United States of America at the principal corporate trust office of U.S. Bank National Association, which is hereby designated as the paying agent, authentication agent, registrar and transfer agent for the Notes (in such capacity, the "Paying Agent"). For purposes of the Notes, the Paying Agent shall be deemed to be a "fiscal agent" within the meaning of Section 53601 of the Government Code of the State of California. This Board hereby approves the payment of the reasonable fees and expenses of the Paying Agent as they shall become due and payable.

Section 2. Form of Notes. The Notes shall be issued in registered form and shall be substantially in the form set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures. The Notes shall be initially

registered in the name of "Cede & Co." as nominee of The Depository Trust Company, and shall be evidenced by one or more note certificates, in the full principal amount of the Notes. The Depository Trust Company, New York, New York is hereby appointed depository for the Notes. Registered ownership may not thereafter be transferred except as set forth in the resolution of the County Board authorizing the issuance of the Notes by the County pursuant to Section 53853 of the Act (the "County Resolution"). There shall be attached to each Note, the legal opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, respecting the validity of said Notes.

Section 3. Deposit of Note Proceeds; No Arbitrage. The moneys so borrowed shall be deposited in the General Fund of the District. The District hereby covenants that it will make no use of the proceeds of the Notes that would cause the Notes to be "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"); and, to that end, so long as any of the Notes are outstanding, the District, and all of its officers having custody or control of such proceeds, shall comply with all requirements of said section, including restrictions on the use and investment of proceeds of the Notes and the rebate of a portion of investment earnings on certain amounts, including proceeds of the Notes, if required, to the Federal government, and of the Income Tax Regulations of the United States Treasury promulgated thereunder or under any predecessor provisions, to the extent that such regulations are, at the time, applicable and in effect, so that the Notes will not be "arbitrage bonds."

Section 4. Payment of Notes.

(A) **Source of Payment.** The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue (including but not limited to revenue from state and federal governments), cash receipts and other moneys including moneys deposited in inactive or term deposits (but excepting certain moneys encumbered for a special purpose), as provided in Section 53856 of the Act, and which are generally available for the payment of current expenses and other obligations of the District (collectively, the "Unrestricted Revenues").

To the extent the Notes mature during the fiscal year succeeding fiscal year 2012-2013, the Notes shall be payable only from Unrestricted Revenues which are received in or accrued to fiscal year 2012-13. Included in such revenues are State apportionments which otherwise would have been or would be received between July 2012 through June 2013 but which, due to the deferral of the State monies thereby, will not be received until after June 30, 2013 (collectively, the "Deferred Revenues"). The Deferred Revenues are hereby determined to be accrued to the District's 2012-13 fiscal year, and are further determined to be lawfully available to pay the principal of and interest on the Notes.

The Notes shall be a general obligation of the District, and to the extent the Notes are not paid from the Unrestricted Revenues pledged to the repayment thereof described herein, the Notes shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as provided herein and by law.

(B) **Pledged Revenues.** Unless otherwise provided for in the Note Purchase Agreement or in the Note, as security for the payment of the principal of and interest on the Notes, the District hereby pledges an amount equal to 25% of the principal of and interest due on the Notes from the first Unrestricted Revenues received by the District in the month ending June 30, 2013; an amount equal to 37.5% of the principal of and interest due on the Notes from the first Unrestricted Revenues received by the District in the month ending July 31, 2013, and an amount equal to 37.5%

of the principal of and interest due on the Notes, as well as any deficiency in the amount required to be deposited during any prior month, from the first Unrestricted Revenues received by the District in the month ending August 31, 2013 (such pledged amounts being hereinafter called the "Pledged Revenues"). Unless otherwise provided for in the Note Purchase Agreement or in the Note, the Pledged Revenues identified above shall be deposited by the District no later than the last day of June, November and December 2013, respectively, into the Repayment Fund (defined herein).

The principal of the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys received by the District from such Pledged Revenues, as provided by law.

In the event that there are insufficient Unrestricted Revenues received by the District to permit the deposit into the Repayment Fund, of the full amount of Pledged Revenues to be deposited from such Unrestricted Revenues, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully available for repayment of the Notes and the interest thereon.

(C) Covenant Regarding Additional Short-term Borrowing. The District hereby covenants and warrants that, while provision for the payment of principal and interest on the Notes has not been made, the District will not request the County Treasurer-Tax Collector (the "Treasurer-Tax Collector") to make temporary transfers of funds in the custody of the Treasurer-Tax Collector meet any obligations of the District during the 2012-2013 fiscal year pursuant to the authority of Article XVI, Section 6 of the Constitution of the State of California or any other legal authority.

(D) Deposit of Pledged Revenues in Repayment Fund. The Pledged Revenues shall be held in a special fund designated as the "Desert Sands Unified School District, 2012-2013 Tax and Revenue Anticipation Notes Repayment Fund" (herein called the "Repayment Fund") and applied as directed in this Resolution. The District, in consultation with the Treasurer-Tax Collector, shall direct the moneys in the Repayment Fund to be invested, as provided in Section 4(E) of this Resolution. Any moneys accounted for in the Repayment Fund shall be for the benefit of the holders of the Notes, and until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at maturity with interest to maturity, the moneys in the Repayment Fund shall be applied only for the purposes for which the Repayment Fund is created.

(E) Disbursement and Investment of Moneys in Repayment Fund. From the date this Resolution takes effect, all Pledged Revenues shall, when received, be accounted for in the Repayment Fund. After such date as the amount of Pledged Revenues accounted for in the Repayment Fund shall be sufficient to pay in full the principal of and interest on the Notes, when due, any moneys in excess of such amount remaining in or accruing to the Repayment Fund shall be transferred to the general fund of the District upon the request of the District. On the maturity date of the Notes, the moneys in the Repayment Fund shall be used, to the extent necessary, to pay the principal of and interest on the Notes.

Moneys accounted for in the Repayment Fund, to the greatest extent possible, shall be invested at the request of the District in either investment securities by the Treasurer-Tax Collector (or independent fiscal agent), or otherwise as permitted by applicable California law and Section 9 hereof, as it is now in effect and as it may be amended, modified or supplemented from time to time including the investments authorized in this Resolution; provided that no such investments shall have a maturity date later than the maturity date of the Notes.

Section 5. Execution of Notes. The District hereby requests the Chairman of the County Board of Supervisors to sign the Notes manually or by facsimile signature; the Treasurer-Tax Collector to sign the Notes manually; the Executive Officer-Clerk of the County Board (the "Clerk") to countersign the Notes manually or by facsimile signature; the Clerk to affix the seal of the County thereto by facsimile impression thereof; and said officers to cause the blank spaces thereof to be filled in as may be appropriate. The District also authorizes the Paying Agent to authenticate the Notes. No Note shall be valid or obligatory for any purpose or shall be entitled to any security or benefit hereunder unless and until the certificate of authentication printed on the Bond is signed by the Paying Agent as authenticating agent. Authentication by the Paying Agent shall be conclusive evidence that the Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution.

Section 6. Section 6. Authorization of Preliminary Official Statement, Official Statement. The Preliminary Official Statement relating to the Notes, substantially in the form on file with the Secretary or Clerk of the Board is hereby approved and the Superintendent, the Assistant Superintendent, Business Services and the Director, Fiscal Services, or a designee thereof (collectively, the "Authorized Officers"), each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deliver such Preliminary Official Statement to the Underwriter to be used in connection with the offering and sale of the Notes. The Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deem the Preliminary Official Statement "final" pursuant to 15c2-12 of the Securities Exchange Act of 1934, prior to its distribution and to execute and deliver to the Underwriter a final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Notes and is directed to deliver copies of any final Official Statement to the purchasers of the Notes. Execution of the Official Statement shall conclusively evidence the District's approval of the Official Statement.

Section 7. Approval of Note Purchase Agreement. The Board hereby approves the sale of the Notes at a negotiated sale. The form of Note Purchase Agreement for the Notes, by and among the District, the County and the Underwriter, substantially in the form presented to this meeting and on file with the Secretary or Clerk to the Board, is hereby approved. The Authorized Officers, each alone, are hereby authorized to execute and deliver the Note Purchase Agreement, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; provided, however, that the maximum interest rate on the Notes shall not exceed that authorized by law and that the Underwriter's discount shall not exceed 0.5% of the par amount of the Notes. The Authorized Officers are hereby further authorized to determine the maximum principal amount of Notes to be specified in the Note Purchase Agreement, up to \$32,000,000 and to enter into and execute the Note Purchase Agreement with the Underwriter and the County, if the conditions set forth in this Resolution and the County Resolution are satisfied.

Section 8. Delivery of Notes. The proper officers of the County Board are hereby requested to deliver the Notes to the purchaser thereof. All actions heretofore taken by the officers and agents of the Board, including the Authorized Officers or their designees, with respect to the Notes are hereby approved, confirmed and ratified, and the officers of the Board, including the Authorized Officers, are hereby authorized and directed to do any and all things and take any and all actions

which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with this Resolution and the County Resolution.

Section 9. Proceeds of Notes Conditionally Pledged; Investment of Note Proceeds; Authorization to Invest Note Proceeds. Notwithstanding anything to the contrary contained herein, the proceeds of the Notes shall be pledged to the payment of the Notes in the event and to the extent sufficient Pledged Revenues of the District and other legally available revenues are not deposited into the Repayment Fund. In addition to investments in the Pooled Investment Fund maintained by the Treasurer-Tax Collector, pursuant to Section 53601(1) of the Government Code of the State of California, the following are hereby designated as additional authorized investments for the proceeds of the Notes and the Repayment Fund: (i) a guaranteed investment contract with a financial institution or insurance company which has or its guarantor has at the date of execution thereof one or more outstanding issues of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated not lower than the second highest rating category (without regard to subcategories) by Standard & Poor's Ratings Services and Moody's Investors Service; or (ii) the Local Agency Investment Fund (LAIF) administered by the State of California.

Section 10. Continuing Disclosure. The Board hereby covenants and agrees that it will comply with and carry out, and authorizes and directs the Authorized Officers, each alone, to comply and carry out, all of the provisions of that certain Continuing Disclosure Certificate dated the date of issuance and delivery of the Notes, as originally executed and as it may be amended from time to time in accordance with the terms thereof (the "Continuing Disclosure Certificate"). Notwithstanding any other provision of this Resolution, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an event of default under this Resolution; however, any Noteholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. The preparation of a Continuing Disclosure Certificate is hereby approved, and the Authorized Officers, each alone, hereby authorized and directed to execute and deliver to the purchaser of the Notes such Continuing Disclosure Certificate, with such changes therein as any such official may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 11. Transmittal of Resolution. The Superintendent or a designee of the District is hereby directed to send a certified copy of this Resolution to the County Board, the Treasurer-Tax Collector and the County Superintendent.

Section 12. Further Actions Authorized.

(A) RBC Capital Markets, LLC, is hereby designated as the Underwriter to the District in connection with the issuance of the Notes. Stradling Yocca Carlson & Rauth, a Professional Corporation, is hereby designated as Bond Counsel and Disclosure Counsel to the District in connection with the issuance of the Notes.

(B) Officers of the Board and District officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Notes and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved. It is hereby covenanted that the Board and its appropriate officials will cause the County,

to take all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them for carrying out the provisions of this Resolution.

(C) The provisions of this resolution as they relate to the terms of the Notes may be amended by the Note Purchase Agreement.

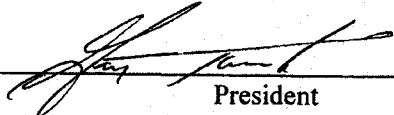
PASSED AND ADOPTED by the Board of Education of the Desert Sands Unified School District this 5th day of February 2013, by the following vote:

AYES: Griffith, Jonathan, Monica, Duran, Tomak

NOES: 0

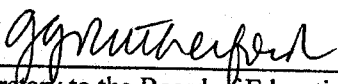
ABSENT: 0

ABSTAIN: 0

By: 

President
Board of Education
Desert Sands Unified School District

ATTEST:

By: 

Secretary to the Board of Education
Desert Sands Unified School District

SECRETARY'S CERTIFICATE

I, Gary Rutherford, Secretary to the Board of Education of the Desert Sands Unified School District, Riverside County, California, hereby certify as follows:

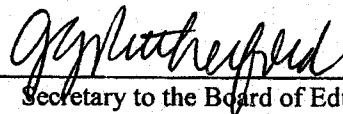
The following is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Education of said District duly and regularly and legally held at the regular meeting place thereof on February 5, 2013, of which meeting all of the members of the Board of Education of said District had due notice and at which a quorum was present.

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

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

Dated: February 5, 2013

By: _____



Secretary to the Board of Education
Desert Sands Unified School District

[\$ _____]
DESERT SANDS UNIFIED SCHOOL DISTRICT
(Riverside County, California)
2012-13 Tax and Revenue Anticipation Notes

PURCHASE CONTRACT

[_____], 2013

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

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

Ladies and Gentlemen:

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

1. **Purchase and Sale of the Notes.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the County for reoffering to the public, and the County hereby agrees to sell in the name and on behalf of the District to the Underwriter for such purpose, all (but not less than all) of [\$ _____] in aggregate principal amount of the District's 2012-13 Tax and Revenue Anticipation Notes (the "Notes"). The Notes shall bear interest at the rate of [_____]% per annum, with a yield to maturity, and shall mature on [_____], 2013. The Notes shall otherwise be as described in, and shall be issued and secured pursuant to the provisions of the Resolution of the District adopted on [_____], 2013 (the "District Resolution"), the Resolution of the Board of Supervisors of the County adopted on [_____],

2013 (the "County Resolution" and, collectively with the District Resolution, the "Resolutions"), and pursuant to Article 7.6 of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (the "Act").

The Underwriter shall purchase the Notes at a price of [\$ _____], consisting of the aggregate principal amount of the Notes in the amount of [\$ _____], plus original issue premium of [\$ _____], and less an Underwriter's discount of [\$ _____].

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

2. **The Notes.** The Notes shall be dated as of their date of delivery and shall mature on [_____], 2013. Interest on the Notes shall accrue from the date of delivery thereof and is payable at maturity. The Notes are issued in denominations of \$5,000 or any integral multiple thereof. The Notes shall otherwise be as described in the Official Statement (defined herein), and shall be issued and secured pursuant to the provisions of the County Resolution, this Purchase Contract and the Act. The Paying Agent for the Notes, as designated by the County Resolution, shall be U.S. Bank National Association, Los Angeles, California (the "Paying Agent").

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

The proceeds of the sale of the Notes are expected to be applied to (i) pay certain costs of the District, as generally set forth in the County Resolution, and (ii) pay the costs of issuance of the Notes.

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

4. **Public Offering of the Notes.** The Underwriter agrees to make a *bona fide* public offering of all the Notes at the initial public offering prices or yields to be set forth on

the cover or inside cover page of the Official Statement (defined below) and may subsequently change such offering prices without any requirement of prior notice. The Underwriter may offer and sell Notes to certain dealers (including dealers depositing Notes into investment trusts) and others at prices lower than the public offering prices stated in the Official Statement.

5. **Official Statement.** The District has caused to be drafted and consents to the use of a Preliminary Official Statement, dated [____], 2013 (the "Preliminary Official Statement"), including the cover page, the inside cover page and Appendices thereto, relating to the Notes. The District represents that it deems the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Notes which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended (the "Rule"). The Preliminary Official Statement has been prepared for use by the Underwriter in connection with the public offering, sale and distribution of the Notes.

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

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

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

supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the District and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the Closing, the District also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

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

6. **Closing.** At 9:00 a.m., California Time, on March 20, 2013, or at such other time or on such other date as shall have been mutually agreed upon by the County, the District and the Underwriter (the "Closing"), the County will deliver to the Underwriter, through the facilities of DTC, with the Resolutions, opinions and certificates otherwise called for herein to be delivered at the offices of Stradling Yocca, Carlson & Rauth, a Professional Corporation, in San Francisco, California ("Bond Counsel" and "Disclosure Counsel"), or at such other place as the parties may mutually agree upon, the Notes in book-entry form, duly executed and registered as provided in Section 2 above, together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to an account or accounts within the United States designated by the District.

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

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

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

C. The Underwriter has, and has had, no financial advisory relationship, as such term is defined in California Government Code Section 53590(c) or MSRB Rule G-23 with the District with respect to the Notes, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

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

A. The District is a unified school district duly organized and validly existing under the laws of the State of California (the "State"), with the full legal right,

power and authority to (i) request the County to issue the Notes pursuant to the Act; (ii) enter into, execute and deliver this Purchase Contract and the Continuing Disclosure Certificate appended to the Official Statement (the "Continuing Disclosure Certificate"); (iii) adopt the District Resolution; and (iv) carry out the transactions as contemplated by the Resolutions.

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

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

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

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

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

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

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

I. [UPDATE.] [With respect to Section 42131 of the Education Code of the State, for the current reporting period, the District received a qualified certification from the County Superintendent of Schools, however, for the next reporting period does not expect to receive a qualified or negative certification from the County Superintendent of Schools.]

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

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

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

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

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

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

B. (i) At or prior to the Closing, the County will have taken all actions required to be taken by it in order to authorize the issuance and delivery of the Notes; (ii) the County has full legal right, power and authority to enter into this Purchase Contract, to adopt the County Resolution, to issue and deliver the Notes to the Underwriter on behalf of the District and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract and the County Resolution; (iii) the execution and delivery or adoption of, and the performance by the County of its obligations contained in the Notes, the County Resolution and this Purchase

Contract have been duly authorized, and such authorization shall be in full force and effect at the time of the Closing; and (iv) this Purchase Contract constitutes a valid and legally binding obligation of the County, enforceable against the County in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and to principles of equity relating to or affecting the enforcement of creditors' rights;

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

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

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

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

A. The representations and warranties of the District and the County contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and

the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and the District and the County shall be in compliance with each of the agreements made by them, individually, in this Purchase Contract;

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

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

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

(1) legislation enacted by the Congress of the United States, or passed by either House of the Congress, or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or by the legislature of the State, or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of the United States or the State or by the United States Tax Court, or an order, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service or other federal or State authority, which would have the purpose or effect of changing, directly or indirectly, the federal income tax consequences or State tax consequences of interest on obligations of the general character of the Notes in the hands of the holders thereof; or

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

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

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

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

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

(6) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information set forth in the Official Statement, or results in an omission to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

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

(8) a decision by a court of the United States shall be rendered, or a stop order, release, regulation or no-action letter by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made, to the effect that the issuance, offering or sale of the Notes, including the underlying obligations as contemplated by this Purchase Contract or by the Official Statement, or any document relating to the issuance, offering or sale of the Notes, is or would be in violation of any provision of the federal securities laws at the Closing, including the Securities Act, the Securities and Exchange Act of 1934, as amended, and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act");

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

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

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

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

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

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

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

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

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

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

(c) the Notes are not subject to the registration requirements of the Securities Act and the Resolutions are exempt from qualification pursuant to the Trust Indenture Act.

(4) A certificate signed by an appropriate official of the District to the effect that (i) such official is authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has taken all actions required to be taken by it in order to authorize the issuance and delivery of the Notes and has complied with all the terms of the District Resolution and this Purchase Contract to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such official has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statements of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading and (v) the Notes being delivered on the date of the Closing to the Underwriter under this Purchase Contract substantially conform to the descriptions thereof contained in the Resolutions and (vi) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, pending or, to his or her knowledge, threatened against the District contesting in any way the completeness or accuracy of the Official Statement, the issuance of the

Notes by the County on behalf of the District or the due adoption of the District Resolution;

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

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

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

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

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

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

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

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

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

(10) A “deemed final” certificate of the appropriate official of the District with respect to the Preliminary Official Statement in accordance with the Rule;

(11) The Continuing Disclosure Certificate, in substantially the form appended to the Preliminary Official Statement, signed by an appropriate official of the District;

(12) A certificate of the Paying Agent, signed by a duly authorized officer of the Paying Agent, and in form and substance satisfactory to the Underwriter, to the effect that, to the best of the Paying Agent’s knowledge, no litigation is pending or threatened (either in state or federal

courts) (A) seeking to restrain or enjoin the delivery by the Paying Agent of any of the Notes, or (B) in any way contesting or affecting any authority of the Paying Agent for the delivery of the Notes or the validity or enforceability of the Notes or any agreement with the Paying Agent;

(13) A receipt of the County for the net proceeds of the Notes;

(14) A certificate signed by an appropriate official of the County to the effect that (i) such official is authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the County herein are true and correct in all material respects as of the date of Closing, (iii) the County has taken all actions required to be taken by it in order to authorize the issuance and delivery of the Notes; (iv) the County has complied with all the terms of the County Resolution and this Purchase Contract to be complied with by the County prior to or concurrently with the Closing and such documents are in full force and effect, (v) the Official Statement under the caption, "RIVERSIDE COUNTY POOLED INVESTMENT FUND" to the best of his or her knowledge does not contain any untrue statements of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; and (vi) the Notes being delivered on the date of the Closing to the Underwriter under this Purchase Contract substantially conform to the descriptions thereof contained in the County Resolution;

(15) An opinion of counsel to the Underwriter in form and substance satisfactory to the Underwriter; and

(16) Such additional legal opinions, certificates, proceedings, instruments, and other documents as the Underwriter may reasonably request in order to evidence compliance (i) by the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained and of the Official Statement, and (iii) the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

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

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

12. **Expenses.** The District shall pay the costs of issuance associated with the Notes, including the following: (i) the fees and disbursements of Bond Counsel and Disclosure Counsel; (ii) the cost of the preparation, printing and delivery of the Notes; (iii) the fees, if any, for ratings agencies, including all expenses related to obtaining the ratings, such as meals, transportation and lodging, if any; (iv) the cost of the printing and distribution of the Official Statement; (v) the fees of the Paying Agent; (vi) the fees of the California Debt and Investment Advisory Commission; and (vii) all other fees and expenses incident to the issuance and sale of Notes. Any expenses owing following the depletion of said amount shall be paid from lawfully available funds of the District. The District hereby directs the Underwriter to wire a portion of the purchase price identified in Section 1 hereof, in an amount equal to [\$_____] to U.S. Bank National Association, for the payment of such costs.

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

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

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

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

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

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

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

Very truly yours,

RBC CAPITAL MARKETS LLC, as Underwriter

By _____
Managing Director

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

DESERT SANDS UNIFIED SCHOOL DISTRICT

By _____
[]

Accepted at _____ p.m. California Time
on this _____ day of [_____], 2013.

COUNTY OF RIVERSIDE, CALIFORNIA

By _____
Treasurer-Tax Collector

Approved as to form:

COUNTY COUNSEL

By _____
Deputy County Counsel

EXHIBIT A
OPINION OF COUNTY COUNSEL

[Closing Date]

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

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

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

Re: [\$ _____] Desert Sands Unified School District 2012-13 Tax and Revenue
 Anticipation Notes

Ladies and Gentlemen:

This opinion is rendered and delivered in connection with the issuance by the Board of Supervisors of the County of Riverside (the "County") on behalf of the Desert Sands Unified School (the "District") of [\$ _____] aggregate principal amount of the District's 2012-13 Tax and Revenue Anticipation Notes (the "Notes"). The Notes are being issued pursuant to a resolution of the Board of Supervisors of the County adopted on [____], 2013 (the "County Resolution"), at the request of the District made pursuant to a resolution adopted by its Board of Education on [____], 2013 (the "District Resolution").

In rendering this opinion, we have examined the County Resolution, the Purchase Contract, dated [____], 2013 (the "Purchase Contract"), by and among the County, the District and RBC Capital Markets, LLC, as Underwriter, and such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

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

1. The County is a political subdivision duly organized and validly existing pursuant to the Constitution and the laws of the State.
2. The County Resolution approving and authorizing the execution, sale and delivery of the Purchase Contract and the issuance of the Notes was duly adopted at a meeting of the governing body of the County, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption, has

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

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

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

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

Very truly yours,

County Counsel

NEW ISSUE FULL BOOK-ENTRY

RATINGS
Standard & Poor's: "_____"
 (See "RATING" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Notes is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Notes.

\$ _____ *

DESERT SANDS UNIFIED SCHOOL DISTRICT
County of Riverside, California
2012-13 Tax and Revenue Anticipation Notes

Interest Rate: _____%; **Yield:** _____% **CUSIP⁽¹⁾:** _____

Dated: Date of Delivery

Due: January 31, 2013*

This cover page contains certain information for general reference only. It is not intended as a summary of this transaction. Investors are advised to read the entire official statement to obtain information essential to making an informed investment decision.

The Desert Sands Unified School District 2012-13 Tax and Revenue Anticipation Notes (the "Notes") are being issued to finance seasonal cash flow requirements of the Desert Sands Unified School District (the "District"), prior to the receipt of anticipated tax payments, income and other revenues thereof. The Notes will be in denominations of \$5,000 principal amount or any integral multiple thereof and will be dated as of the date of their delivery. Principal of and interest on the Notes will be payable in lawful money of the United States of America by the District, upon maturity, at the principal trust office of U.S. Bank National Association, as the designated paying agent, registrar and transfer agent (the "Paying Agent").

The Notes will not be subject to redemption prior to maturity.*

The Notes will be issued in fully registered form, and when delivered will be registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York, which will act as securities depository for the Notes. **Purchasers will not receive physical Notes representing their ownership interest in the Notes.** Principal and interest on the Notes will be payable when due as described under "APPENDIX E - BOOK ENTRY-ONLY SYSTEM."

The Notes are payable from taxes, income, revenue (including but not limited to revenue from state and federal governments), cash receipts and other moneys (including moneys deposited in inactive or term deposits, but excepting certain moneys encumbered for a special purpose), which are generally available for the payment of current expenses and other obligations of the District, and which are received in or accrued to the District's 2012-13 fiscal year (collectively, the "Unrestricted Revenues"). As security for the Notes, the District has pledged (i) the first Unrestricted Revenues received by the District in the month ending _____, 2013* in an amount equal to _____% of the principal of and interest due on the Notes, (ii) the first Unrestricted Revenues received by the District in the month ending _____, 2013* in an amount equal to _____% of the principal of and interest due on the Notes, and (iii) the first Unrestricted Revenues received by the District in the month ending _____, 2013* in an amount equal to _____% of the principal of and interest due on the Notes, as well as any deficiency in any amount required to be set aside for repayment of the Notes during any prior month (collectively, the "Pledged Revenues"). The Pledged Revenues shall be deposited into a repayment fund for the Notes as further described herein. The Notes shall constitute a first lien and charge on such Pledged Revenues and shall be payable therefrom.

Pursuant to State of California law and its resolution authorizing the issuance of the Notes, the District has determined that the Pledged Revenues are Unrestricted Revenues thereof, received in or accrued to its fiscal year 2012-13 and available to pay the Notes. The Notes are a general obligation of the District, and, to the extent not paid from the Pledged Revenues, shall be paid from any other moneys of the District lawfully available therefor, as further described herein. See "SECURITY AND SOURCES OF PAYMENT."

The Notes are offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Certain matters will be passed on for the Underwriter by Nixon Peabody LLP, Los Angeles, California. The Notes, in book-entry form, will be available through the facilities of the Depository Trust Company in New York, New York, on or about _____, 2013.

RBC Capital Markets

The date of this Official Statement is _____, 2013

* Preliminary, subject to change.

⁽¹⁾ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the Underwriter nor the District are responsible for the selection or correctness of the CUSIP numbers set forth herein.

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

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

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

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."

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

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

The District maintains a website. However, the information presented on the District's website is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Notes.

SUMMARY STATEMENT

This summary statement is subject in all respects to more complete information contained in this Official Statement and the offering of the Notes to potential investors is made only by means of the entire Official Statement.

Purpose: The Notes are being sold to fund short term operating cash requirements of the District.

Security for the Notes: The District is required to make Note payments only out of taxes, income, revenue, cash receipts and other moneys of the District received in or accrued to the fiscal year 2012-13 and legally available for payment thereof.

Form of the Notes: The Notes will be issued in registered form. Purchases of the Notes will be made in book-entry form in the denomination of \$5,000 each or any integral multiple thereof.

Redemption: The Notes are not subject to redemption prior to maturity.

Neither the District nor County officers or employees nor any persons executing the Notes shall be personally liable or accountable by reason of the execution and delivery thereof.

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DESERT SANDS UNIFIED SCHOOL DISTRICT

Board of Education

Gary Tomak, *President*
Michael Duran, *Vice President/Clerk*
Donald B. Griffin, *Member*
Wendy Jonathan, *Member*
Matteo Monica, *Member*

District Administration

Dr. Sharon P. McGehee, *Superintendent*
Sherry Johnstone, *Assistant Superintendent, Personnel*
Cynthia McDaniel, *Assistant Superintendent, Business Services*
Kathleen Felci, *Assistant Superintendent, Educational Services*
Karen Stone, *Director, Fiscal Services*

PROFESSIONAL SERVICES

Bond and Disclosure Counsel

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

Underwriter

RBC Capital Markets, LLC
Los Angeles, California

Registrar, Transfer Agent and Paying Agent

U.S. Bank National Association
Los Angeles, California

§ _____*

DESERT SANDS UNIFIED SCHOOL DISTRICT
(County of Riverside, California)
2012-13 Tax and Revenue Anticipation Notes

INTRODUCTION

This introduction is not a summary of the 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.

General

This Official Statement, which includes the cover page, Table of Contents and Appendices thereto, provides certain information in connection with the issuance, sale and delivery by the County of Riverside (the "County"), in the name and on behalf of the Desert Sands Unified School District (the "District"), of \$ _____* aggregate principal amount of the District's 2012-13 Tax and Revenue Anticipation Notes (the "Notes"). The Notes are issued under the authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act") and pursuant to resolutions adopted by the Board of Education of the District on February 5, 2013 (the "District Resolution") and by the Board of Supervisors of the County on February 26, 2013 (the "County Resolution" and together with the District Resolution, the "Resolutions").

The Notes are being issued to provide funds to meet fiscal year 2012-13 general fund expenditures, including operating expenses, capital expenditures, and the discharge of other obligations or indebtedness of the District. See "THE NOTES – Purpose of Issue."

Brief descriptions of the Notes, the security and sources of payment for the Notes, and the District and its financial status follow. Such descriptions do not purport to be comprehensive or definitive. All references herein to various documents are qualified in their entirety by reference to the forms thereof, all of which are available for inspection at the office of the Assistant Superintendent, Business Services of the District.

The District

The District is a unified school district providing elementary and secondary levels of education under a single Board of Education and centralized administration. Established in 1966, the District currently operates 19 elementary schools, one charter elementary school, six middle schools, one charter middle school, four comprehensive high schools, two continuation high schools, one Alternative Education School and one adult school. The District encompasses approximately 752 square miles of the southern part of County, serving the cities of Indio, Coachella, La Quinta, Indian Wells, Palm Desert, Rancho Mirage and the community of Bermuda Dunes. See "DESERT SANDS UNIFIED SCHOOL DISTRICT."

The District is governed by a five-member Board of Education (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years,

* Preliminary, subject to change.

alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other personnel. Dr. Sharon P. McGehee is currently the District Superintendent. See "DESERT SANDS UNIFIED SCHOOL DISTRICT."

Security and Sources of Payment

As provided in Section 53586 of the Act, the principal amount of the Notes, together with the interest thereon, is payable from taxes, income, revenue (including but not limited to, revenue from state and federal governments), cash receipts and other moneys of the District (including moneys deposited in inactive or term deposits, but excepting moneys encumbered for a special purpose), which are generally available for the payment of current expenses and other obligations of the District, and which are received in or accrued to the District's 2012-13 fiscal year (collectively, "Unrestricted Revenues").

As security for the Notes, the District has pledged certain Unrestricted Revenues to the payment thereof, as further described herein. The Notes, in accordance with the Act, are general obligations of the District, and to the extent not paid from Unrestricted Revenues pledged for the payment thereof, shall be paid, with interest thereon, from any other moneys of the District legally available therefor. See "SECURITY AND SOURCES OF PAYMENT OF THE NOTES."

Offering and Delivery of the Notes

The Notes are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Notes in book-entry form will be available for delivery through the facilities of the Depository Trust Company ("DTC") in New York, New York on or about _____, 2013.

Continuing Disclosure

The District has covenanted that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate relating to the filing of notices of certain material events, as executed by the District as of the date of issuance and delivery of the Notes, and as may be amended from time to time in accordance with its terms. See "CONTINUING DISCLOSURE," and APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Notes, and will receive compensation from the District contingent upon the sale and delivery of the Notes. Stradling Yocca Carlson & Rauth, a Professional Corporation, is located at 44 Montgomery Street, Suite 4200, San Francisco, California 94104. Certain matters will be passed on for the Underwriter (defined herein) by Nixon Peabody, LLP, Los Angeles, California.

THE NOTES

Authority for Issuance

The Notes are issued pursuant to the Act and the Resolutions.

Purpose of Issue

Issuance of the Notes will provide funds to meet fiscal year 2012-13 general fund expenditures, including operating expenses, capital expenditures, and the discharge of other obligations or indebtedness of the District. Borrowing is necessitated by District general fund expenditures occurring in relatively level amounts throughout the year with receipts occurring in uneven amounts. This results primarily from an uneven pattern of payments from State and federal sources, including the deferral by the State of certain apportionment payments, and payments of secured property taxes collected by the County, which collectively are the largest sources of District revenues. See "SECURITY AND SOURCES OF PAYMENT OF THE NOTES – Deferred Revenues" and "DISTRICT FINANCIAL INFORMATION." As a result, the District's general fund cash balance is negative during parts of the fiscal year. The Notes are intended to finance such cash deficits and are an alternative to the District borrowing from the County Treasury.

General Provisions

The Notes will be dated the date of their delivery and will mature on _____, 20__* (the "Maturity Date"). The Notes will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of \$5,000 principal amount, or integral multiples thereof. Purchasers of interests in the Notes (the "Beneficial Owners") will not receive certificates representing their interests in the Notes.

Interest on the Notes will be computed on the basis of a 360-day year of twelve, 30-day months. Payments of the principal and interest on the Notes will be made by U.S. Bank National Association, as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Notes. Principal and interest due with respect to the Notes shall be payable at maturity upon presentation at the principal corporate trust office of the Paying Agent.

Redemption

The Notes are not subject to redemption prior to the Maturity Date.*

Authorized Investments

Pursuant to the Resolutions, the District is authorized to invest Note proceeds, and Unrestricted Revenues deposited for the payment of the Notes, in the County of Riverside Treasury Pool (the "County Pool") pursuant to Government Code Section 53601(1), the Local Agency Investment Fund of the California State Treasurer, or a guaranteed investment contract with a financial institution or insurance company which has or its guarantor has at the date of execution thereof one or more outstanding issues of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated not lower than the second highest rating category (without regard to subcategories) by Standard & Poor's Rating Service, a Standard & Poor's Financial Services LLC business ("S&P") and Moody's Investors Service, Inc ("Moody's). The District expects to invest the Note proceeds and repayment funds in the pooled investment fund of the County. See "RIVERSIDE COUNTY POOLED INVESTMENT FUND."

* Preliminary, subject to change.

SECURITY FOR AND SOURCES OF PAYMENT OF THE NOTES

Security for the Notes

Pursuant to Section 53856 of the Act and the District Resolution, the District has pledged the following to the repayment of the Notes (collectively referred to herein as the "Pledged Revenues"): (i) the first Unrestricted Revenues received by the District in the month ending _____, 2013* in an amount equal to ___%* of the principal of and interest due on the Notes, (ii) the first Unrestricted Revenues received by the District in the month ending _____, 2013□ in an amount equal to ___%* of the principal of and interest due on the Notes, and (iii) the first Unrestricted Revenues received in the month ending _____, 2013* in an amount equal to ___%* of the principal of and interest due on the Notes, as well as any deficiency in amounts previously required to be set aside for repayment of the Notes (each such month, a "Pledge Month"). Pursuant to Section 53584 of the Act and the District Resolution, the District has determined that such Pledged Revenues shall be received in or accrued to fiscal year 2012-13 and are available to pay the Notes. See "—Deferred Revenues" herein. The principal of and interest on due the Notes will constitute a first lien and charge against the Pledged Revenues.

Pledged Revenues equal to shall be deposited by the District into the Repayment Fund (defined herein) no later than the last day of _____, 2013, _____, 2013 and _____, 2013. In the event that there are insufficient Pledged Revenues received by the District in each Pledge Month to permit the deposits into the Repayment Fund of the full amounts constituting the aforesaid pledge, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the payment of the principal of and interest on the Notes. See "SECURITY AND SOURCES OF PAYMENT OF THE NOTES – Available Sources of Payment."

All Pledged Revenues will be deposited into a special fund held by the Treasurer designated as the "Desert Sands Unified School District, 2012-13 Tax and Revenue Anticipation Notes Repayment Fund" (the "Repayment Fund"). Moneys in the Repayment Fund will be invested in authorized investments which mature not later than the Maturity Date of the Notes. See "THE NOTES – Authorized Investments." After the date on which the amount of Pledged Revenues deposited in the Repayment Fund are sufficient to pay in full the principal of and interest on the Notes, when due, any moneys in excess of such amount remaining in or accruing to the Repayment Fund shall be transferred to the General Fund of the District upon request of the District.

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* Preliminary, subject to change.

Available Sources of Payment

The Notes, in accordance with the Act, are general obligations of the District, and to the extent not paid from Pledged Revenues, will be paid with interest thereon from any other moneys of the District legally available therefor. The District may, under the Act, issue the Notes only if the principal of and interest on the Notes will not exceed 85% of the estimated uncollected taxes, income, revenue, cash receipts, and other moneys of the District available for the payment of the Notes and the interest thereon. With an interest rate of ____%, the amount needed to repay the Notes and the interest thereon is \$ _____. The District estimates that funds available from its general fund for payment of the Notes will be approximately \$ _____, as indicated in the table on the following page:

**ESTIMATED AVAILABLE REVENUE
Fiscal Year 2012-13
Desert Sands Unified School District**

<u>Sources</u>	<u>Amount</u>
Principal State Apportionment ⁽¹⁾	
County/District Taxes	
Federal	
Other State	
Other Local	
Interfund Transfers In	
Miscellaneous Funds	
Proceeds of the Notes*	
Total	

⁽¹⁾ Includes Deferred Revenues (defined herein).
Source: *Desert Sands Unified School District.*

In addition to the District’s obligation to repay the Notes, the District has other contractual commitments that must be paid from general fund revenues. For information regarding the levels of the District’s expenditure commitments for fiscal year 2012-13, see “SECURITY AND SOURCES OF PAYMENT OF THE NOTES — Projected and Actual Cash Flows.”

Deferred Revenues

Since 2002, the State has engaged in the practice of deferring certain apportionments to school districts in order to manage the State’s cash flow. This practice has included deferring certain apportionments from one fiscal year to the next. These “cross-year” deferrals have been codified and are currently on-going. The District projects that Unrestricted Revenues available to it during each Pledge Month will consist primarily of State apportionments due to the District during fiscal year 2012-13, the payment of which has been deferred by the State to _____ and _____ of 2013 (collectively, the “Deferred Revenues”). The following table shows the cross-year apportionment deferrals projected to affect the District’s 2012-13 fiscal year.

* Preliminary, subject to change.

PROJECTED CROSS-YEAR APPORTIONMENT DEFERRALS
Fiscal year 2012-13
Desert Sands Unified School District

State Apportionments Deferred From	State Apportionments Deferred To	Amount
--	--	--------

Although the State may treat the Deferred Revenues as expenditures for the fiscal year in which they are made, the District is authorized under State law to elect to treat such Deferred Revenues for budgetary and financial reporting purposes as a receivable in the current fiscal year, and the District has in fact elected to treat the Deferred Revenues as receivables accrued to fiscal year 2012-13 for such purposes. Pursuant to Section 53584 of the Act and the District Resolution, the District has determined that the Deferred Revenues are Unrestricted Revenues thereof accrued to fiscal year 2012-13 and available to pay the Notes.

Delay in the Receipt of Deferred Revenues

The Notes are expected to be paid entirely from Deferred Revenues, and to the extent not paid therefrom, shall be paid from any other moneys of the District lawfully available for the payment of the principal of and interest on the Notes. While the District expects to receive its Deferred Revenues in such a time and manner as will permit the payment of such principal and interest of the Notes, such expectation is based on facts and circumstances now known to the District, and factors beyond the control of the District may affect the timely receipt of Deferred Revenues. Decreases in State revenues may affect appropriations made by the State legislature to the District, including the Deferred Revenues, and such apportionments may continue to be affected by ongoing national and State economic concerns and other factors over which the District will have no control. If the receipt of the Deferred Revenues is delayed, the District, at the time the Notes mature, would not be permitted to pay any portion of the Notes from subsequent fiscal years' revenues.

Limitations on Noteholder Remedies; Bankruptcy

The rights of the owners of the Notes are subject to the limitations on legal remedies against public agencies in the State. Additionally, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the District, may become subject to the following: the Federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

As described in "INTRODUCTION – Authorized Investments," the District has agreed to cause to be deposited directly into Repayment Fund the Pledged Revenues. Such Pledged Revenues, while in the Repayment Fund, may be invested with the County Pool. See "RIVERSIDE COUNTY POOLED INVESTMENT FUND." Should the District file for bankruptcy while Pledged Revenues are so invested, a court might hold that the Owners of the Notes payable from such Pledged Revenues do not have a valid prior lien on such Pledged Revenues. In that case, unless the Owners could "trace" Pledged Revenues deposited into County Pool, the Owners would be unsecured (rather than secured) creditors of the District. The District can make no assurance that Pledged Revenues can be so traced. As such, the filing of bankruptcy by the District could delay or impair the payment of all or a portion of the Notes. Further, the opinion of Special Counsel as to the enforceability of the Notes is expressly qualified by a declaration of bankruptcy

Prohibition on County Borrowing

Pursuant to the District Resolution, the District has covenanted that while the Notes are outstanding, the District will not request the Treasurer to make temporary transfers of funds in the custody thereof to meet any obligations of the District during fiscal year 2012-13 pursuant to Article XVI, Section 6 of the Constitution of the State of California.

Projected and Actual Cash Flows

The District has prepared the accompanying monthly general fund cash flow statements covering fiscal years 2012-13 and 2013-14. The general fund is used to finance the ordinary operations of the District and is available for any legally authorized purpose. For fiscal year 2012-13, the District has projected a maximum cumulative cash flow deficit to occur within six months of the issuance of the Notes, and prior to the receipt of the Pledged Revenues. The anticipated deficit occurs due to the daily timing of expenditures occurring prior to the receipt of revenues for the month.

The estimates and timing of receipts and disbursements presented herein are based on certain assumptions and should not be construed as statements of fact. The cash flow projections represent the current best estimates of the District based on information available to it as of the date of the projections, including the most recent revisions to the State's funding of school districts. However, due to the uncertainties inherent in the State budgeting process, these projections are subject to change and may vary considerably from actual cash flows experienced by the District.

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DESERT SANDS UNIFIED SCHOOL DISTRICT
2012-13 Actual/Projected Cash Flow⁽¹⁾

2012-13 Cash Flows	July	August	September	October	November	December	January	February	March	April	May	June
	<u>2012</u>	<u>2012</u>	<u>2012</u>	<u>2012</u>	<u>2012</u>	<u>2012</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>	<u>2013</u>

BEGINNING CASH BALANCE

RECEIPTS
Revenue Limit
Property Taxes
Principal Apportionment
2011-12 Deferrals
Other

Federal Revenue
Other State Revenue
Other Local Revenue
Interfund Transfer In
Other Financing Sources

TRAN Receipts
TOTAL RECEIPTS

DISBURSEMENTS

Certificated Salaries
Classified Salaries
Employee Benefits
Books, Supplies and Services
Capital Outlay
Other Outgo
Interfund Transfers Out

TOTAL DISBURSEMENTS

PRIOR YEAR (PY)
TRANSACTIONS
Accounts Receivable
Accounts Payable
TOTAL PY TRANSACTIONS

NET INCREASE/DECREASE

TRAN RECEIPTS*
TRAN DISBURSEMENTS

ENDING CASH EXCLUDING
TRAN

ENDING CASH INCLUDING
TRAN

⁽¹⁾ Reflects actual cash flow figures for July 2012 through March 2013, and projected cash flows for April 2013 through June 2013.
Source: *Desert Sands Unified School District.*

* Preliminary, subject to change.

DESERT SANDS UNIFIED SCHOOL DISTRICT
2013-14 Projected Cash Flow

2013-14 Cash Flows	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	January 2014	February 2014	March 2014	April 2014	May 2014	June 2014
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BEGINNING CASH BALANCE

RECEIPTS

Revenue Limit
 Property Taxes
 Principal Apportionment
 2012-13 Deferrals
 Other
 Federal Revenue
 Other State Revenue
 Other Local Revenue
 Interfund Transfer In
 Other Financing Sources
 TRAN Receipts
TOTAL RECEIPTS

DISBURSEMENTS

Certificated Salaries
 Classified Salaries
 Employee Benefits
 Books, Supplies and Services
 Capital Outlay
 Other Outgo
 Interfund Transfers Out
TOTAL DISBURSEMENTS

PRIOR YEAR (PY)

TRANSACTIONS
 Accounts Receivable
 Accounts Payable

TOTAL PY TRANSACTIONS

NET INCREASE/DECREASE

TRAN RECEIPTS⁽¹⁾

TRAN DISBURSEMENTS*

**ENDING CASH EXCLUDING
TRAN**

**ENDING CASH INCLUDING
TRAN**

⁽¹⁾ Reflects a proposed issuance of TRANs during fiscal year 2013-14.
 Source: *Desert Sands Unified School District.*

* Preliminary, subject to change.

Alternate Cash Resources

The following table shows audited and project cash balances from certain other funds of the District outside the general fund. The District may borrow from these funds to supplement general fund cash flows.

**ALTERNATE CASH RESOURCES
Fiscal Years 2011-12 through 2013-14**

	<u>Fund Type</u>	<u>Fund Purpose</u>	<u>Audited Cash Balance As of 6/30/2012</u>	<u>Projected Cash Balance As of 6/30/2013</u>	<u>Projected Cash Balance As of 6/30/2014</u>
1	Fund 11	Adult Education Fund			
2	Fund 14	Deferred Maintenance Fund			
3	Fund 17	Special Reserve – Non Capital Outlay			
4	Fund 25	Capital Facilities Fund			
5	Fund 40	Special Reserve Capital Outlay			
6	Fund 67	Self Insurance Fund			
		Total			

Source: Desert Sands Unified School District.

DISTRICT FINANCIAL INFORMATION

State Funding of Education

Most California school districts receive a significant portion of their funding from State appropriations. As a result, decreases in State revenues significantly affect appropriations made by the Legislature to school districts.

Annual State apportionments of basic and equalization aid to school districts are computed based on a revenue limit per unit of average daily attendance (“ADA”). See “—Revenue Sources – Revenue Limit Sources ” herein. Prior to fiscal year 1998-99, daily attendance numbers included students who were absent from school for an excused absence, such as illness. Effective in fiscal year 1998-99, only actual attendance is be counted in ADA

This change is essentially fiscally neutral for school districts that maintain the same excused absence rate. The rate per student was recalculated to provide the same total funding to school districts in the base year as would have been received under the old system. In the future, school districts which can improve their actual attendance rate will receive additional funding.

The following table shows the ADA for the District for the past six fiscal years and a projection for the current year, as well as the District’s revenue limit for such period.

AVERAGE DAILY ATTENDANCE AND REVENUE LIMIT
Fiscal Years 2006-07 through 2012-13
Desert Sands Unified School District

<u>Fiscal Year</u>	<u>Average Daily Attendance⁽¹⁾</u>	<u>Annual Change in ADA</u>	<u>Base Revenue Limit Per ADA</u>	<u>Funded Revenue Limit Per ADA⁽²⁾</u>
2006-07	26,034	--	\$5,531.98	\$5,531.98
2007-08	26,476	442	5,783.98	5,783.98
2008-09	25,750	(726)	6,112.98	5,633.48
2009-10	25,781	31	6,374.98	4,951.86
2010-11	25,633	(148)	6,349.98	5,209.33
2011-12	25,610	(23)	6,492.98	5,155.30
2012-13 ⁽³⁾	25,589	(21)	6,704.98	5,211.65

⁽¹⁾ ADA figures are net of charter school students. See "DESERT SANDS UNIFIED SCHOOL DISTRICT – Charter Schools."

⁽²⁾ Deficit revenue limit funding, if provided for in State budget legislation, reduces the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for a given fiscal year, and results from an insufficiency of appropriation funds in the State budget to provide for State aid owed to school districts. The State's practice of deficit limit funding was eliminated effective in fiscal year 2000-01, reinstated beginning in fiscal year 2003-04, eliminated again effective in fiscal year 2006-07, and reinstated again beginning in fiscal year 2009-10.

⁽³⁾ Projected.

Source: *Desert Sands Unified School District.*

Revenue Sources

Major revenue sources of the District are described below.

Revenue Limit Sources. Since fiscal year 1973-74, California school districts have operated under general purpose revenue limits established by the State Legislature. In general, revenue limits are calculated for each school district by multiplying the ADA for such district by a base revenue limit per unit of ADA. The revenue limit calculations are adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type.

Funding of the District's revenue limit is provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments will amount to the difference between the District's revenue limit and its local property tax revenues.

Certain schools districts, known as "basic aid" districts, have local property tax collections of such a large magnitude that, when compared to the district's total revenue limit, result in the receipt of the minimum State aid of \$120 per pupil. This amount is defined in the State's constitution as basic aid. The implication for basic aid districts is that the legislatively determined annual cost of living adjustment and other politically determined factors are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District is not a basic aid district.

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter approved indebtedness) and collect all property taxes, and prescribed how levies on county-wide property values (except for levies to support prior voter-approved indebtedness) are to be shared with local taxing entities within each county.

Revenue limit sources constituted approximately 59% of District general fund revenues in 2010-11, approximately 58% of such revenues in 2011-12, and are projected to equal approximately 63.8% of such revenues in 2012-13.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, and specialized programs such as Drug Free Schools, No Child Left Behind, and vocational and applies technology education. The federal revenues, most of which are restricted, constituted 8.6% of District general fund revenues in 2010-11, approximately 9.8% of such revenues in 2011-12, and are projected to equal approximately 7.5% of such revenues in 2012-13.

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial other State revenues. These other State revenues are primarily restricted revenues funding items such as the Special Education Master Plan, Economic Impact Aid and Home-to-School Transportation, among others. Other State revenues constituted 14.5% of District general fund revenues in 2010-11, approximately 14.7% of such revenues in 2011-12, and are projected to equal approximately 12.7% of such revenues in 2012-13.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as leases and rentals, interest earnings, interagency services, and other local sources. Other local revenues constituted 18% of District general fund revenues in 2010-11, approximately 17.4% of such revenues in 2011-12 and are projected to equal approximately 16% of such revenues in 2012-13.

Redevelopment Revenue. The District has agreements with a number of redevelopment agencies formed pursuant the California Community Redevelopment Law (Health and Safety Code Sections 33000 *et seq*) (generally, "Redevelopment Agencies"), pursuant to which the District has, in the past, received "pass-through" tax increment revenues. The table on the following page summarizes the revenues received by the District from such redevelopment agencies over the last six fiscal years, and an estimate for fiscal year 2012-13.

REDEVELOPMENT REVENUES
Fiscal Years 2006-07 through 2012-13
Desert Sands Unified School District

<u>Fiscal Year</u>	<u>Total Redevelopment Revenues Received</u>	<u>Redevelopment Revenues Allocated to Outstanding Debt⁽¹⁾</u>	<u>Unallocated Redevelopment Revenues</u>
2006-07	\$13,578,700	\$2,300,120	\$11,278,580
2007-08	19,997,350	2,292,968	17,704,382
2008-09	19,864,691	4,030,000	15,834,691
2009-10	11,679,415	7,300,000	4,379,415
2010-11	24,694,160	7,391,568	17,302,592
2011-12	22,094,045	7,354,481	14,739,569
2012-13 ⁽²⁾	18,000,000	5,617,182	12,382,818

⁽¹⁾ A portion of the redevelopment revenues received in each year have been allocated to the payment of debt service associated with the District's outstanding certificates of participation. See "DISTRICT FINANCIAL MATTERS – District Debt – Certificates of Participation."

⁽²⁾ Projected.

Source: Desert Sands Unified School District.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* (“*Matosantos*”), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all Redevelopment Agencies in California ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22.” ABx1 27 would have permitted Redevelopment Agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling \$1.7 billion statewide.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12), which, together with ABx1 26, is referred to herein as the “Dissolution Act.” The Dissolution Act provides that all rights, powers, duties and obligations of a Redevelopment Agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the Redevelopment Agency (each, a “Successor Agency”). All property tax revenues that would have been allocated to such Redevelopment Agency will be allocated to the Successor Agency, to be used for the payment of pass-through payments to local taxing entities, and thereafter to any other “enforceable obligations” (as defined in the Dissolution Act), as well to pay certain administrative costs. The Dissolution Act defines “enforceable obligations” to include bonds, loans, legally requirement payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations. Tax revenues in excess of such amounts, if any, will be distributed to local taxing entities in the same proportions as other tax revenues.

While the District currently expects to continue receiving pass through tax increment revenues from the respective Successor Agencies to its pass-through agreements, the District can make no representations as to the extent to which its revenue limit apportionments may be offset by the future receipt of pass-through tax increment revenues, or any other surplus property tax revenues pursuant to the Dissolution Act.

Developer Fees. The District maintains a fund, separate and apart from the General Fund, to account for developer fees collected by the District. Residential development is assessed a fee of \$2.97 per square foot, while commercial development is assessed a fee of \$0.47 per square foot. The following table summarizes the revenues received by the District from developer fees over the last six years and a projected amount for 2012-13.

<u>Fiscal Year</u>	<u>Developer Fees Collected</u>
2006-07	6,853,562
2007-08	4,313,895
2008-09	612,832
2009-10	830,808
2010-11	617,994
2011-12	1,165,046
2012-13 ⁽¹⁾	1,100,000

⁽¹⁾ Projected.

Source: *Desert Sands Unified School District*.

Accounting Policies

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the State of California Education Code, is to be followed by all California school districts. The Governmental Accounting Standards Board ("GASB") has released Statement No. 34, which makes changes in the annual financial statements for all governmental agencies in the United States, especially in recording of fixed assets and their depreciation, and in the way the report itself is formatted. These requirements became effective in 2001-02 for the District, as well as any other governmental agency with annual revenues of \$100 million or more. Revenue is recorded on an accrual basis except for district property taxes which are considered revenue in the year collections are made and therefore are fully reserved. Expenditures are recorded according to receipt of goods and services on an accrual basis. Differences between estimated and actual accounts receivable and payable, as of the beginning of the fiscal year, are reflected as adjustments to fund balance.

Financial Statements of the District

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Certain information from the financial statements follows. The District's audited financial statements for the year ended June 30, 2012 are included for reference in Appendix D hereto.

For fiscal years ended June 30, 2003 and later, the District has implemented Government Accounting Standard Board Statement Nos. 34 and 35. Among the changes implemented under these revised accounting rules is a change in the financial reporting format. While historical total revenue and expenditures figures are comparably consistent to prior years, the breakdown of revenues and expenditures follows functional categories rather than object-oriented categories. The following table reflects the District's general fund revenues, expenditures and changes in fund balance for fiscal years 2007-08 through 2011-12 under the revised reporting format.

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**AUDITED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GENERAL FUND**
Fiscal Years 2007-08 through 2011-12
Desert Sands Unified School District
(Revised Reporting Format)

	Audited 2007-08	Audited 2008-09	Audited 2009-10 ⁽¹⁾	Audited 2010-11 ⁽¹⁾	Audited 2011-12 ⁽¹⁾
REVENUES					
Revenue Limit Sources	\$153,817,762	\$145,701,342	\$128,282,042	\$135,485,666	\$134,131,384
Federal Revenues	15,144,197	24,803,975	24,949,190	19,741,667	22,754,999
Other State Revenues	39,288,634	33,427,766	34,973,361	33,227,599	34,033,999
Other Local Revenues	<u>37,291,960</u>	<u>37,127,733</u>	<u>33,940,218</u>	<u>41,266,506</u>	<u>40,181,269</u>
Total Revenues	245,542,553	241,060,816	222,144,811	229,721,438	231,101,651
EXPENDITURES					
Current					
Instruction	150,426,060	142,539,709	139,218,297	133,717,092	140,231,788
Instruction-related activities:					
Supervision of Instruction	10,756,266	10,350,393	10,263,000	9,405,172	9,945,128
Instructional Library, media, and technology	2,552,799	2,364,262	2,392,539	2,375,968	2,352,212
School site administration	15,017,732	13,561,443	13,833,955	13,993,351	14,333,157
Pupil services:					
Home-to-school transportation	6,156,320	5,516,236	5,504,879	5,523,313	7,342,649
Food services	37,313	39,442	35,277	22,581	15,356
All other pupil services	12,616,458	11,910,719	12,054,113	11,481,287	11,896,909
General administration:					
Data processing	2,484,526	2,735,544	2,896,365	2,809,971	3,042,660
All other general administration	8,357,594	7,778,534	8,252,053	8,378,789	6,862,424
Plant services	22,500,767	21,994,302	21,692,739	21,819,061	22,262,526
Facility acquisition and construction	1,643,532	22,962	2,773	--	76,727
Ancillary services	1,585,351	2,191,995	2,633,047	3,005,335	3,707,709
Community services	3,422	6,546	6,778	10,178	23,080
Other outgo	11,903	82,401	96,582	76,628	79,979
Debt Service					
Principal	--	--	28,805	24,100	25,199
Interest and Other	--	--	--	125,948	(242,113)
Total Expenditures	<u>234,150,043</u>	<u>221,094,488</u>	<u>218,911,192</u>	<u>212,768,774</u>	<u>221,955,390</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,392,510	19,966,328	3,233,619	16,952,664	9,146,561
OTHER FINANCING SOURCES/(USES)					
Operating Transfers In	114,821	1,000,000	--	635,000	635,342
Other Sources	--	--	132,000	--	--
Operating Transfers Out ⁽²⁾	<u>(13,649,505)</u>	<u>(14,576,887)</u>	<u>(7,714,384)</u>	<u>(17,034,463)</u>	<u>(14,407,772)</u>
Total Other Financing Sources (Uses)	<u>(13,534,684)</u>	<u>(13,576,887)</u>	<u>(7,582,384)</u>	<u>(16,399,463)</u>	<u>(13,772,430)</u>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Uses	(2,142,174)	6,389,441	(4,348,765)	533,201	(4,626,169)
Fund Balance, July 1	<u>23,673,063</u>	<u>21,530,889</u>	<u>27,920,330</u>	<u>26,527,947⁽³⁾</u>	<u>27,081,148</u>
Fund Balance, June 30	<u>\$21,530,889</u>	<u>\$27,920,330</u>	<u>\$23,571,565</u>	<u>\$27,081,148</u>	<u>\$22,454,979</u>

⁽¹⁾ For audited results for fiscal years 2009-10 through 2011-12 in object-oriented format, please see "DISTRICT FINANCIAL INFORMATION – General Fund Budgeting."

⁽²⁾ Operating Transfers Out primarily reflect transfers of tax increment revenues to pay debt service on the District's outstanding certificates of participation. See "DISTRICT FINANCIAL INFORMATION – Revenue Sources – Redevelopment Revenues."

⁽³⁾ Reflects a positive restatement of the District's general fund ending balance from the prior year, in an amount equal to \$2,956,382, in order to conform to changes in Governmental Accounting Standards Board ("GASB") Statement No. 54's definition of governmental funds. For financial reporting purposes, Fund 17 (Special Reserve Fund for Other Than Capital Outlay) is reported as part of the District's general fund. A corresponding negative restatement was also made to the District's non-major governmental funds. The restatement did not change the District's aggregate ending fund balances for fiscal year 2009-10.

Source: Desert Sands Unified School District.

Budget Process

State Budgeting Requirements. The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. A district may be on either a dual or single budget cycle. The dual budget option requires a revised and readopted budget by September 1 that is subject to State-mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

For both dual and single budgets submitted on July 1, the county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the county superintendent will approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. No later than August 20, the county superintendent must notify the State Superintendent of Public Instruction of all school districts whose budget has been disapproved.

For all dual budget options and for single and dual budget option districts whose budgets have been disapproved, the district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve, conditionally approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

Interim Financial Reports. Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two sequent fiscal years.

The District has never had an adopted budget disapproved by the County superintendent of schools, and has never received a “negative” certification of an Interim Financial Report pursuant to AB 1200.

For fiscal year 2011-12, the District has elected to report a “qualified” certification in its first interim financial report. In accordance with Section 42133 of the California Education Code, as a condition precedent to the sale of the Notes, the District is obligated to obtain a determination by the County superintendent of schools regarding the likelihood of repayment of the Notes. By a letter dated _____, 2013 the District was informed by the County Office of Education of its determination that repayment of the Notes by the District was probable.

General Fund Budget. The following tables show the District’s general fund adopted budgets for the years ended June 30, 2010 through June 30, 2013, and audited general fund results for the fiscal years ending June 30, 2010 through June 30, 2012.

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