

obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Purchase Agreement are, and shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

(a) **Representations True.** The representations and warranties of the 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 each of them in this Purchase Agreement.

(b) **Obligations Performed.** At the time of the Closing, (i) the Official Statement, this Purchase Agreement, the Resolutions and the Continuing Disclosure Certificate 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 and the County shall perform or have performed all of their respective obligations required under or specified in this Purchase Agreement, the Resolutions, the Continuing Disclosure Certificate or the Official Statement to be performed at or prior to the Closing.

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

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

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

(A) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or

effect, directly or indirectly, of causing the inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds; or

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

(ii) legislation enacted by the legislature of the State, or a decision rendered by a court of the State, or a ruling, order or regulation (final or temporary) made by State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof;

(iii) the formal declaration of war by Congress or a new major engagement in or escalation of military hostilities by order of the President of the United States, or the occurrence of any other declared national emergency or crisis that interrupts or causes disorder to the operation of the financial markets in the United States;

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

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

(vi) except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the District shall have occurred;

(vii) any rating of the District's outstanding indebtedness is withdrawn or downgraded or placed on credit watch by a national rating agency;

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

the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(ix) a material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred.

(e) ***Delivery of Documents.*** At or prior to the Closing, the Underwriter shall receive sufficient copies of the following documents in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(i) *Opinions.*

(A) *Opinion of Bond Counsel.* An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the Closing Date, addressed to the District, in substantially the form set forth in Appendix C of the Preliminary Official Statement and the Official Statement.

(B) *Supplemental Opinion of Bond Counsel.* A supplemental opinion of Bond Counsel in form and substance satisfactory to the Underwriter, dated the Closing Date and addressed to the Underwriter, to the effect that:

(1) the description of the Bonds and the security for the Bonds and statements in the Official Statement on the cover page thereof and under the captions "INTRODUCTION," "THE BONDS," "TAX MATTERS" and "CONTINUING DISCLOSURE OBLIGATION," to the extent they purport to summarize certain provisions of the Bonds, the Resolutions, the Continuing Disclosure Certificate, and the form and content of Bond Counsel's approving opinion with respect to the treatment of interest on the Bonds under California and federal law, fairly and accurately summarize the matters purported to be summarized therein; provided that Bond Counsel need not express any opinion with respect to any financial or statistical data, or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, information concerning the Depository Trust Company or related to its book-entry-only system, [information relating to Bond Insurer or its Bond Insurance Policy with respect to the Bonds], or Appendices A, B, E, F and G of the Official Statement;

(2) assuming due authorization, execution and delivery by all the other parties thereto, the Continuing Disclosure Certificate and this Purchase Agreement have each been duly authorized, executed and delivered by the District and constitute

legal, valid and binding agreements of the District, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except as their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought and by the limitations on legal remedies against public agencies in the State; and

(3) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolutions are exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

(C) *Disclosure Counsel Opinion.* The opinion of Jones Hall, A Professional Law Corporation, dated the Closing Date and addressed to the Underwriter and the District, substantially to the effect that based on such counsel's participation in conferences with representatives of the Underwriter, the District and others, during which conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed, and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the District that during the course of its engagement as Disclosure Counsel no information came to the attention of such counsel's attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Preliminary Official Statement as of its date and the Official Statement as of its date and as of the date of Closing (except for any financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, Appendices A, B, E, F and G, or any information about DTC or its book-entry-only system included therein, [or any information about the Bond Insurer or the Bond Insurance Policy,] as to which such counsel need express no opinion or view) contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(D) *Underwriter's Counsel Opinion.* An opinion, dated the Closing Date and addressed to the Underwriter, of Kutak Rock LLP, counsel for the Underwriter, to the effect that:

(1) the Bonds are exempt securities under the Securities Act of 1933, as amended, and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the Securities Act of 1933, as amended, and the Resolutions need

not be qualified under the Trust Indenture Act of 1939, as amended;

(2) the Continuing Disclosure Certificate satisfies Section (b)(5)(i) of the Rule; and

(3) based upon its participation in the preparation of the Preliminary Official Statement and Official Statement as counsel for the Underwriter and its participation at conferences at which the Preliminary Official Statement and Official Statement were discussed, but without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement, such counsel has no reason to believe that the Preliminary Official Statement as of its date and the Official Statement as of its date and as of the Closing Date contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for any financial, forecast, technical and statistical statements and data included in the Official Statement, the information contained in Appendices B, C, D, E, F and G thereto, [any information about the Bond Insurer or the Bond Insurance Policy,] and the information regarding The Depository Trust Company and its book-entry system, in each case as to which no view need be expressed).

(ii) *Reliance Letter.* A reliance letter from Bond Counsel to the effect that the Underwriter can rely upon the approving opinion described in Section 11(e)(i)(A) above.

(iii) *Certificates.* A certificate signed by appropriate officials of the District to the effect that (A) the official executing this Purchase Agreement is authorized to execute this Purchase Agreement; (B) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the Closing Date; (C) the District has complied with all the terms of the District Documents to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect; (D) such District officials have reviewed the Preliminary Official Statement and the Official Statement and on such basis certify that the Preliminary Official Statement, as of its date, and the Official Statement, as of its date and as of the Closing Date, does not contain any untrue statement of a material fact or omit to state a material statement 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 (E) the Bonds being delivered on the Closing Date to the Underwriter under this Purchase Agreement substantially conform to the descriptions thereof contained in the Resolution.

(iv) *Tax Certificate.* A nonarbitrage (tax) certificate of the District in form satisfactory to Bond Counsel.

(v) *Rating.* Evidence satisfactory to the Underwriter that the Bonds have been rated “___” by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) [based on the delivery of the Bond Insurance Policy, together with an underlying rating of “___” by S&P,] and that [each] such rating has not been revoked or downgraded.

(vi) *District Resolutions.* A certificate, together with fully executed copies of the District Resolution and the resolution of the District requesting cancellation of a portion of its previously authorized general obligation bonds under Measure D in an amount equal to the principal amount of Bonds being issued (the “Cancellation Resolution”), of the Secretary to or the Clerk of the District’s Board of Trustees to the effect that:

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

(B) the District Resolution and the Cancellation Resolution were duly adopted and have not been modified, amended, rescinded or revoked and are in full force and effect on the Closing Date.

(vii) *Official Statement.* A certificate of the appropriate official of the District evidencing his or her determinations respecting the Preliminary Official Statement in accordance with the Rule.

(viii) *Continuing Disclosure Certificate.* An executed copy of the Continuing Disclosure Certificate, substantially in the form presented in the Official Statement as Appendix D thereto.

(ix) *Tax Rate and Bonding Capacity Certificates.* A certificate signed by a District official setting forth a projection evidencing that tax rates are projected not to exceed \$30 per \$100,000 of assessed value during the term of the Bonds, and a certificate signed by a County official confirming that the District is in compliance with applicable bonding capacity limitations;

(x) *Paying Agency Agreement.* An executed copy of the Paying Agency Agreement by and between the District and U.S. Bank National Association, as paying agent (the “Paying Agent”).

(xi) *County Resolution.* A certificate, together with a fully executed copy of the County Resolution, of the Clerk of the County’s Board of Supervisors to the effect that such copy is a true and correct copy of the County Resolution, and the County Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the Closing Date.

(xii) *County Certificate.* A certificate signed by an appropriate official of the County to the effect that (A) the official executing this Purchase Agreement is authorized to execute this Purchase Agreement; (B) the representations, agreements and warranties of the County herein are true and correct in all material respects as of the date of Closing; (C) the County has complied with all the terms of the Resolutions and this Purchase Agreement to be complied with by the County prior to or concurrently with the Closing and such documents are in full force and effect; (D) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Agreement substantially conform to the descriptions thereof contained in the Resolutions; and (E) 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 County contesting in any way the completeness or accuracy of the Official Statement, the issuance of the Bonds by the County on behalf of the District or the due adoption of the Resolutions.

(xiii) *Bond Cancellation Petition.* Evidence satisfactory to the Underwriter that the District has filed a properly executed petition with the County requesting cancellation of a portion of its previously authorized general obligation bonds under Measure D in an amount equal to the principal amount of Bonds being issued.

(xiv) *Escrow Agreement.* An executed copy of the Escrow Agreement.

(xv) *Escrow Agent Certificate.* A certificate of the Escrow Agent, in form and substance acceptable to Bond Counsel and the Underwriter to the effect that: (A) the Escrow Agent is duly organized and existing as a national banking association under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Escrow Agreement; (B) the Escrow Agreement has been duly authorized, executed and delivered by the Escrow Agent; (C) to the best knowledge of the Escrow Agent, after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending against the Escrow Agent or threatened against the Escrow Agent which in the reasonable judgment of the Escrow Agent would affect the existence of the Escrow Agent, or in any way contesting or affecting the validity or enforceability of the Escrow Agreement, or contesting the powers of the Escrow Agent or its authority to enter into and perform its obligations under the Escrow Agreement; and (D) to the best knowledge of the Escrow Agent, compliance with the terms of the Escrow Agreement will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, bond, note, resolution or any other agreement or instrument to which the Escrow Agent is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Escrow Agent or any of its activities or properties.

(xvi) *[Bond Insurer Documents.* A copy of the Bond Insurance Policy, together with supporting opinions and certifications as shall be deemed advisable by Bond Counsel and as may be reasonably requested by the Underwriter.

(xvii) *]Other Documents.* Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence: (A) compliance by the District, the County and the Underwriter with their respective legal requirements; (B) the truth and accuracy, as of the time of Closing, of the representations of the District and the County herein contained and of the Official Statement; and (C) the due performance or satisfaction by the District and the County at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District and the County.

(f) **Termination.** Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the County on behalf of the District to the Underwriter as provided in Section 6 hereof, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District, the County and the Underwriter under Section 15 hereof.

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

Section 12. Conditions to Obligations of the District and the County. The performance by the District and the County of their respective obligations is conditioned upon (a) the performance by the Underwriter of its obligations hereunder, and (b) receipt by the District, the County and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the District and the County.

Section 13. Expenses. Except as herein described, [the Underwriter shall pay the following expenses, up to \$ _____/all expenses and costs of the District incident to the performance of its obligations in connection with the authorization, execution, sale and delivery of the Bonds to the Underwriter shall be paid for by the District from proceeds of the Bonds including, without limitation]: (a) the cost of the preparation and reproduction of the Resolutions; (b) the fees and disbursements of Bond Counsel, Disclosure Counsel and Underwriter's Counsel; (c) the cost of the preparation, printing and delivery of the Bonds; (d) the fees, if any, for Bond ratings, including all necessary travel expenses; (e) the cost of the printing and distribution of the Preliminary Official Statement and Official Statement; (f) the fees and disbursements of the financial advisor to the District; (g) the initial fees of the Paying Agent; and (h) all other fees and

expenses incident to the issuance and sale of the Bonds. [The balance of any costs of issuance not paid by the Underwriter shall be paid by the District. In the event that following payment of the expenses set forth above, there is any portion of such amount remaining with the Underwriter, the Underwriter shall retain such amount/shall transfer such excess to Riverside County for deposit in the Debt Service Fund for the Bonds. At the time that all costs of issuance are paid, the Underwriter shall provide the District with a complete accounting of such payments and any amounts remaining after all payments have been made.] [In accordance with Section 1 herein, the District hereby directs the Underwriter to pay directly to the Bond Insurer the premium for the Bond Insurance Policy.]

Except as otherwise provided above, the Underwriter shall pay all out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, travel and other out-of-pocket expenses (except those expressly provided above), without limitation.

Section 14. Notices. Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the District, to the Superintendent, at the address set forth on the first page hereof, if to the County, to the Treasurer, at the address set forth on the first page hereof, or if to the Underwriter, to Stifel, Nicolaus & Company, Incorporated, One Ferry Building, Suite 275, San Francisco, California 94111, Attention: Anna Van Degna.

Section 15. Parties in Interest; Survival of Representations and Warranties. This Purchase Agreement when accepted by the District and the County in writing as heretofore specified shall constitute the entire agreement among the District, the County and the Underwriter. This Purchase Agreement is made solely for the benefit of the District, the County and the Underwriter (including the successors or assigns of the Underwriter). No other person shall acquire or have any rights hereunder or by virtue hereof. All representations, warranties and agreements of the District and the County in this Purchase Agreement shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Bonds hereunder, and (c) any termination of this Purchase Agreement. If any provision of this Purchase Agreement is, or is held or deemed to be, invalid, illegal or unenforceable for any reason, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

Section 16. Execution in Counterparts. This Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

Section 17. Applicable Law. This Purchase Agreement shall be interpreted, governed and enforced in accordance with the laws of the State applicable to contracts made and performed in such State.

Very truly yours,

STIFEL, NICOLAUS & COMPANY,
INCORPORATED, as Underwriter

By _____
Vice President

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

NUVIEW UNION SCHOOL DISTRICT

By _____
Title _____

ACCEPTED at _____ p.m. Pacific Time
this _____ day of May, 2013

RIVERSIDE COUNTY, CALIFORNIA

By _____
Treasurer-Tax Collector

ACCEPTED at _____ p.m. Pacific Time
this _____ day of May, 2013

Approved as to form:
COUNTY COUNSEL

By: _____

Deputy County Counsel

APPENDIX A
INTEREST RATES, REOFFERING YIELDS, MATURITIES, AND
REDEMPTION PROVISIONS

\$(AMOUNT)
NUVIEW UNION SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds
2012 Election, Series A
(GO Reauthorization Bonds™)

\$ _____ Serial Current Interest Bonds

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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\$ _____ % Current Interest Term Bonds due August 1, 20__; Yield: _____%;
Price: _____*

* Priced to first par call date of August 1, 202_.

\$ _____ Capital Appreciation Bonds

<u>Maturity</u> <u>(August 1)</u>	<u>Denominational</u> <u>Amount</u>	<u>Accretion Rate</u>	<u>Yield to</u> <u>Maturity</u>	<u>Maturity Value</u>
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\$ _____ Convertible Capital Appreciation Bonds

<u>Maturity</u> <u>(August 1)</u>	<u>Denominational</u> <u>Amount</u>	<u>Accretion</u> <u>Rate to</u> <u>Conversion</u>	<u>Conversion</u> <u>Date</u> <u>(August 1)</u>	<u>Conversion</u> <u>Value</u>	<u>Interest</u> <u>Rate After</u> <u>Conversion</u>	<u>Reoffering</u> <u>Yield</u>
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Redemption

Optional Redemption. The Bonds maturing on or before August 1, 202_ are not subject to redemption. The Bonds maturing on or after August 1, 202_ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part on any date, on or after August 1, 202_, at a redemption price equal to the principal amount of the Bonds called for redemption, without premium, together with interest accrued thereon to the date of redemption.

Mandatory Redemption. The Bonds maturing on August 1, 20__ are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, plus interest accrued to the date set forth for redemption, without premium. The principal amount to be so redeemed and the redemption dates therefor, and the final principal payment date is as indicated in the following table:

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

(1)

Total

\$

(1) Maturity.

**BOARD OF TRUSTEES
NUVIEW UNION SCHOOL DISTRICT**

RESOLUTION NO. 041113B

**RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL
OBLIGATION BONDS, 2012 ELECTION, SERIES A, IN THE
AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED
\$4,000,000, AND REQUESTING THE BOARD OF
SUPERVISORS OF RIVERSIDE COUNTY TO SELL SAID
BONDS ON BEHALF OF THE DISTRICT**

WHEREAS, an election was duly and regularly held in the Nuvview Union School District (the "District") on November 6, 2012, in accordance with Section 1(b)(3) of Article XIII A of the California Constitution, for the purpose of submitting Measure V (the "Bond Measure") to the qualified electors of the District, authorizing the issuance of general obligation bonds in the aggregate principal amount of \$4,000,000 (the "Bonds"), and more than 55% of the votes cast were in favor of the issuance of the Bonds; and

WHEREAS, the Board of Trustees of the District is authorized to provide for the issuance and sale of any series of Bonds under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law"), provided that pursuant to Section 53508.7 of the Bond Law, the negotiated sale of any series of Bonds requires that the Bonds be sold by the Board of Supervisors of the County of Riverside (the "County") pursuant to Sections 15140 or 15146 of the Education Code of the State of California (the "Education Code"); and

WHEREAS, the Board of Trustees of the District wishes at this time to institute proceedings for the issuance and sale of an initial series of Bonds in the aggregate principal amount of not to exceed \$4,000,000, and to request that such series of Bonds be sold by the County in accordance with the Education Code; and

WHEREAS, the Board of Trustees has adopted its resolution requesting the Board of Supervisors of the County of Riverside to cancel a portion of the unissued bonds authorized under Measure D at an election held on June 6, 2006, in a principal amount which is equal to the aggregate principal amount of the Bonds which are issued under this Resolution;

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

Section 1. Authorization and Terms of Series A Bonds. The Board of Trustees hereby authorizes the issuance of a series of Bonds to be designated the "Nuvview Union School District (Riverside County, California) GO Reauthorization Bonds™ (General Obligation Bonds) 2012 Election, Series A" (or such other designation as shall be approved by the Superintendent) in the aggregate principal amount of not to exceed \$4,000,000 (the "Series A Bonds"). The Series A Bonds shall be issued under the Bond Law. The Superintendent or the Chief Business Official of the District (each, an "Authorized Officer") are hereby authorized and directed to determine the exact

principal amount of the Bonds which the Board of Supervisors is requested to issue and sell, and to confirm such principal amount in written notice to the County.

Section 2. Request to County to Sell Bonds. In accordance with Section 15140 of the Education Code, the Board of Trustees hereby requests the Board of Supervisors of the County to sell the Series A Bonds in the name and on behalf of the District. Proceeds of the Series A Bonds shall be expended by the District for purposes which are authorized under the Bond Measure.

Section 3. Approval of Board of Supervisors Resolution. The resolution of the Board of Supervisors authorizing the sale of the Series A Bonds, in substantially the form on file with the Clerk of the Board, together with any additions thereto or changes therein deemed necessary or advisable by the Board of Supervisors and an Authorized Officer (the "County Resolution"), is hereby approved. The District agrees to carry out and perform all of the obligations imposed on it under the County Resolution.

Section 4. Sale of the Series A Bonds. The Board of Trustees hereby requests the County to authorize the sale of the Series A Bonds by negotiation with Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), under the Bond Purchase Agreement among the Underwriter, the County and the District in substantially the form on file with the Clerk of the Board, together with any additions thereto or changes therein approved by an Authorized Officer, whose execution thereof shall be conclusive evidence of approval of any such additions or modifications. The amount of Underwriter's discount for the Bonds shall not exceed 1.00% of the par amount thereof, and the true interest rate on the Bonds shall not exceed 6.00% per annum. The Board of Trustees hereby authorizes and directs the execution and delivery of the Bond Purchase Agreement by an Authorized Officer on behalf of the District.

In accordance with Section 53508.9 of the Bond Law and Section 15146 of the Education Code, the Board of Trustees has requested the County to sell the Series A Bonds at negotiated sale for the following reasons: (a) the Underwriter has been selected through a competitive process and the District has determined that the proposal of the Underwriter will result in the least cost to the District, (b) a negotiated sale provides more flexibility to choose the time and date of the sale which is advantageous in a volatile municipal bond market, (c) the general obligation debt service profile of the District requires flexibility in structuring the issuance of the Series A Bonds, and (d) a negotiated sale will permit the time schedule for the issuance and sale of the Series A Bonds to be expedited.

Section 5. Security for the Series A Bonds. The Series A Bonds are general obligations of the District, which are payable from *ad valorem* taxes levied upon all property within the District subject to taxation, without limitation of rate or amount, in accordance with Sections 15250 and Section 15252 of the Education Code. The District hereby requests the County to levy such *ad valorem* taxes for the payment of the Series A Bonds and the interest thereon, without limitation as to rate or amount.

Section 6. Estimated Financing Costs. The firm of Jones Hall, A Professional Law Corporation, is hereby designated to act as the District's bond counsel and disclosure counsel, and the firm of Dale Scott & Company is hereby designated to act as the District's financial advisor, in connection with the issuance and sale of the Series A Bonds. The estimated Costs of Issuance associated with the bond sale are \$142,500,

which includes the financial advisor fees and expenses, bond counsel and disclosure counsel fees and expenses, costs of printing the Official Statement, rating agency fees and paying agent fees, but which do not include underwriting fees (which are provided for in Section 4).

Section 7. Tax Covenants.

(a) Private Activity Bond Limitation. The District shall assure that the proceeds of the Series A Bonds are not so used as to cause the Series A Bonds to meet the private business tests of Section 141(b) of the Internal Revenue Code of 1986, as amended (the "Tax Code") or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Series A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(c) No Arbitrage. The District shall not take, or permit or suffer to be taken by the Paying Agent or the County or otherwise, any action with respect to the proceeds of the Series A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of original delivery of the Series A Bonds (the "Closing Date") would have caused the Series A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Tax Code.

(d) Maintenance of Tax-Exemption. The District shall take all actions necessary to assure the exclusion of interest on the Series A Bonds from the gross income of the owners of the Series A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

(e) Rebate of Excess Investment Earnings to United States. The District shall calculate or cause to be calculated excess investment earnings with respect to the Series A Bonds which are required to be rebated to the United States of America under Section 148(f) of the Tax Code, and shall pay the full amount of such excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code, if and to the extent such Section 148(f) is applicable to the Series A Bonds. Such payments shall be made by the District from any source of legally available funds of the District. The District shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Series A Bonds, records of the determinations made under this subsection (e). In order to provide for the administration of this subsection (e), the District may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the District deems appropriate.

Section 8. Approval of Official Statement. The Board of Trustees hereby approves and deems final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, the preliminary Official Statement describing the Series A Bonds in the form on file with the Clerk of the Board. An Authorized Officer is hereby authorized, at the request of the Underwriter, to execute an appropriate certificate affirming the Board of Trustees' determination that the preliminary Official Statement has been deemed nearly final within the meaning of such Rule. Distribution of the

preliminary Official Statement by the Underwriter is hereby approved. An Authorized Officer is hereby authorized and directed to approve any changes in or additions to a final form of said Official Statement, and the execution thereof by an Authorized Officer shall be conclusive evidence of approval of any such changes and additions. The Board of Trustees hereby authorizes the distribution of the final Official Statement by the Underwriter. The final Official Statement shall be executed in the name and on behalf of the District by an Authorized Officer.

Section 9. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate to be executed by the District and dated the Closing Date.

Section 10. Appointment of Paying Agent. The District hereby appoints U.S. Bank National Association to act as authenticating agent, transfer agent, registrar and paying agent for the Series A Bonds (the "Paying Agent"). The Paying Agent shall perform such duties as are imposed on it under the County Resolution.

Section 11. Findings. The Board of Trustees hereby finds and determines that all acts, conditions and things required by law to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of the Series A Bonds is within all limits prescribed by law.

Section 12. Official Actions. The President of the Board, the Chief Business Official, the Clerk of the Board and any and all other officers of the District are each authorized and directed in the name and on behalf of the District to execute and deliver any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate the lawful issuance, sale and delivery of the Series A Bonds. Whenever in this Resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 13. Effective Date of Resolution. This Resolution shall take effect from and after the date of its passage and adoption.


I hereby certify that the foregoing Resolution was passed and adopted by the Board of Trustees of the Nuview Union School District at a regular meeting thereof duly held on April 11, 2013, by a vote of a majority of its members.


Adopted by the following votes:

AYES: 5

NOES: 0

ABSENT: 0


Christine Upton, President of the Board


David S. McCabe, Clerk of the Board

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 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 a 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 prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2013

NEW ISSUE—BOOK-ENTRY ONLY

INSURED RATING: S&P _____
UNDERLYING RATING: S&P _____
See "RATING" herein

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$3,740,000*

NUVIEW UNION SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds
2012 Election, Series A
(GO Reauthorization Bonds™)

Dated: Date of Delivery

Due: August 1, as on inside cover

Authority and Purpose. The Nuvview Union School District (Riverside County, California), 2012 Election, Series A General Obligation Bonds (GO Reauthorization™ Bonds) (the "Bonds") are being issued in the aggregate principal amount of \$3,740,000 by the Nuvview Union School District (the "District") to increase student access to computers and technology, to continue renovating, repairing, and constructing elementary classrooms/facilities, and to reduce overall borrowing costs. The Bonds were authorized by the District bond proposition submitted at an election of the registered voters of the District held on November 6, 2012 (the "2012 Election"). See "THE BONDS—Authority for Issuance." The Bonds are the first series of general obligation bonds authorized by the 2012 Election.

Security. The Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law. The Board of Supervisors of the County of Riverside has the power and is obligated to levy and collect *ad valorem* property taxes without limitations as to rate or amount on all the taxable property within the District (except for certain personal property which is taxable at limited rates) in an amount sufficient to pay principal of and interest on the Bonds when due. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Book-Entry Only. The Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchasers of the Bonds will not receive physical delivery of certificates from the District representing their interests in the Bonds being purchased. The Treasurer-Tax Collector of the County will act as the initial registrar, transfer agent, authentication agent and paying agent for the Bonds (the "Paying Agent"). As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Series A Bonds called for prepayment or of any other action covered by such notice. See "APPENDIX E—BOOK-ENTRY-ONLY SYSTEM."

Bond Insurance. The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on the Series A Bonds and, if a commitment is issued to insure the Series A Bonds, will determine prior to the sale of the Series A Bonds whether to obtain such insurance.

Payments. The Bonds are being issued as General Obligation Bonds. The Bonds are dated the date of delivery set forth above and are being issued as Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds (each as defined herein). The Current Interest Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing February 1, 2014. The Capital Appreciation Bonds accrete interest at the accretion rate set forth on the inside cover page hereof, compounded semiannually on February 1 and August 1 of each year, commencing on August 1, 2013, until payment of the accreted value thereof at maturity or upon earlier redemption (if any). The Convertible Capital Appreciation Bonds accrete interest at the accretion rates set forth on the inside cover page hereof, compounded semiannually on February 1 and August 1 of each year, commencing on August 1, 2013, until the conversion date thereof (as identified on the inside cover page), after which date interest accrues on the Conversion Value thereof (as defined herein), payable semiannually on each February 1 and August 1 following the Conversion Date, until maturity thereof. Payments of principal of and interest on the Bonds will be paid by US Bank, National Association, as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds.

The following firm has served as financial advisor to the District:

DS&C

Stifel, Nicolaus & Company, Inc. will serve as underwriting firm.

* Preliminary, subject to change

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See “THE BONDS—Redemption Provisions.”

This cover page contains certain information for general reference only. It is not a summary of all the provisions of the Bonds. Prospective investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to approval of legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Kutak Rock will serve as underwriter's counsel. It is anticipated that the Bonds will be available for delivery to DTC on or about May 17, 2013, in New York, New York.

Dated:

MATURITY SCHEDULE

\$3,740,000*

NUVIEW UNION SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds
2012 Election, Series A
(GO Reauthorization Bonds™)

Base CUSIP†: _____

\$ _____ Current Interest Serial Bonds

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
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\$ _____ % Current Interest Term Bonds due August 1, 20__; Yield ____ %;
Price ____ %; CUSIP† ____

\$ _____ Denominational Amount (\$ _____ Maturity Value)
Capital Appreciation Bonds

Maturity Date (August 1)	Initial Denominational Amount	Accretion Rate	Yield to Maturity	Maturity Value	CUSIP†
---	--	-----------------------	------------------------------------	---------------------------------	---------------

\$ _____ Denominational Amount (\$ _____ Maturity Value) ____ % Convertible Term Bonds
due August 1, 20__; Yield ____ %; Price ____ %; CUSIP† ____

* Preliminary, subject to change

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

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

This Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form.

The Underwriter has submitted the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The District has entered into an undertaking for the benefit of the Owners of the Bonds to provide certain financial information and operating data to certain information repositories annually and to provide notice to the Municipal Securities Rulemaking Board and to certain information repositories of certain events, pursuant to the requirements of Section (b)(5)(i) of Rule 15c2-12 of the Securities and Exchange Commission.

THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION BY REASON OF THE PROVISIONS OF SECTION 3(a)(2) OF THE SECURITIES ACT OF 1933, AS AMENDED. THE REGISTRATION OR QUALIFICATION OF THESE SECURITIES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THESE SECURITIES HAVE BEEN REGISTERED OR QUALIFIED, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SECURITIES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

**NUVIEW UNION SCHOOL DISTRICT
(RIVERSIDE COUNTY, CALIFORNIA)**

Board of Trustees

Name	Office	Term Expiration
Christine Upton	President	November 2016
Robert "Bob" McGinty	Vice President	November 2014
David S. McCabe	Clerk	November 2014
Shari S. Lauda	Member	November 2014
Samir Tehseldar	Member	November 2016

District Administrators

Name	Title
David Pyle	Superintendent
Erin Lillibridge	Chief Business Official
Gina Scott	Human Resources Director

PROFESSIONAL SERVICES

Financial Advisor

Dale Scott & Company Inc.
San Francisco, California

Underwriter

Stifel, Nicolaus, & Company, Incorporated

Bond Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Underwriter's Counsel

Kutak Rock, LLP
Denver, CO

Paying Agent

U.S. Bank National Association

Los Angeles, CA

Escrow Agent

U.S. Bank National Association

Los Angeles, CA

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\$3,740,000*
NUVIEW UNION SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds
2012 Election, Series A
(GO Reauthorization Bonds™)

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 remainder of the Official Statement and the documents summarized or described in this Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement, and potential investors should thoroughly review it prior to purchasing the Bonds.

The purpose of this Official Statement, which includes the cover page and Appendices hereto (the "Official Statement"), is to provide certain information concerning the issuance, sale and delivery of the Nuview Union School District (Riverside County, California) General Obligation Bonds, 2012 Election, Series A (GO Reauthorization Bonds™) (the "Bonds") in the aggregate principal amount of \$3,740,000. The proceeds of the sale of the Bonds will be used to increase students' access to computers and technology, to continue renovating, repairing, equipping, and constructing elementary classrooms and school facilities, and reduce overall borrowing costs.

The District

The District is located in Riverside County, and currently operates two K-5 schools, one 6-8 middle school, and one charter high school. For more information regarding the District and its finances, see "THE DISTRICT" and "DISTRICT FINANCES" herein.

Issuing Authority

The Bonds are being issued under certain provisions of the Government Code and the Education Code of the State of California, including Section 53506 et seq. of the Government Code (the "Act"), and pursuant to a resolution adopted by the Board of Trustees of the District on April 1, 2011 (the "Bond Resolution"), and a resolution adopted by the Board of Supervisors on April 30, 2013. The Bonds are being issued pursuant to the authorization approved by voters within the District at an election held on November 6, 2012. See "THE BONDS—Authority for Issuance" herein.

Payment and Registration. The Bonds are being issued as current interest bonds (the "**Current Interest Bonds**"), capital appreciation bonds (the "**Capital Appreciation Bonds**"), and convertible capital appreciation bonds (the "**Convertible Capital Appreciation Bonds**"). The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive physical certificates representing their interest in the Bonds. See "THE BONDS," and "APPENDIX E—BOOK-ENTRY-ONLY SYSTEM."

* * Preliminary, subject to change

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of \$5,000 principal amount, or any integral multiple thereof.

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

Sources of Payment for the Bonds

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County has the power and is obligated to annually levy *ad valorem* taxes, when due, upon all property within the District subject to taxation, without limitation of rate or amount (except certain property which is taxable at limited rates) for the payment of the Bonds and the interest thereon. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Bond Insurance

The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on the Bonds and, if a commitment is issued to insure the Bonds, will determine prior to the sale of the Bonds whether to obtain such insurance.

Offering and Delivery of the Bonds

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

Tax Matters

In the opinion of Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming continuing compliance with certain covenants set forth in the documents pertaining to the Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), as described herein, interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxes imposed by the State of California. For a more complete description, see "TAX MATTERS."

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Copies of documents referred to herein and information concerning the Bonds are available from the Chief Business Official, Nuvview Union School District, 29780 Lakeview Avenue, Nuevo, CA 92567. The District may impose a charge for copying, mailing and handling.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion,

whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

The information set forth herein 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. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE BONDS

Authority for Issuance

The Bonds represent the first series of the bonds authorized at an election held in the District on November 6, 2012 (the "Authorization"). See the "Financing Plan" for an abbreviated text of the ballot measure. The voters approved the reauthorization of \$4,000,000 of Nuview Union School District General Obligation Bonds which were previously approved by voters on June 6, 2006 (the "2006 Election"). The new bonds were approved to increase student access to computers and technology, continue renovating, repairing, equipping and constructing elementary classrooms/school facilities; and reduce overall borrowing costs. The Bonds are being issued by the District under and pursuant to the Act, and other applicable laws, and all laws amendatory thereof or supplemental thereto insofar as they govern, and pursuant to the provisions of the Bond Resolution. After the issuance of the Bonds, \$_____ will remain for the 2012 Reauthorization, and \$35,600,000 shall remain under the 2006 Authorization for issuance by the District.

The Bonds were authorized by the voters of the District pursuant to provisions of the Constitution of the State of California including Proposition 39, the initiative passed by voters on November 7, 2000, permitting approval of certain general obligation bonds of school and community college districts by a 55% vote. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" herein.

As required by the Authorization, the District has established a Citizens' Oversight Committee to review District expenditures of bond proceeds and progress in completing the projects specified in the measure, and to make periodic reports to the public in order to ensure that bond funds are spent only for authorized purposes.

General Provisions

The Bonds will be issued in fully registered form only. No Bond will have principal maturing on more than one principal maturity date. The Bonds will be initially registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository of the Bonds. Interest on and principal or accreted value of the Bonds are payable in lawful money of the United States of America. Principal is payable when due upon surrender of the Bonds at the trust office of the Paying Agent. For information about the securities depository and DTC's book-entry system, see "APPENDIX E—BOOK-ENTRY-ONLY SYSTEM."

Description of the Bonds

The Bonds are being issued as Current Interest Bonds and Capital Appreciation Bonds. The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See "Book-Entry Only System" below and "APPENDIX E – Book-Entry Only System."

Current Interest Bonds. The Current Interest Bonds shall be issued in the denomination of \$5,000 principal amount each or any integral multiple thereof. Interest on the Current Interest Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2014 (each, an "**Interest Payment Date**"). Each Current Interest Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (the "**Record Date**"), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2014, in which event it will bear interest from the Closing Date identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Current Interest Bond is in default at the time of authentication thereof, such Current Interest Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Current Interest Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Current Interest Bonds.

Capital Appreciation Bonds. The Capital Appreciation Bonds are dated the date of delivery, and accrete interest from such date. The Capital Appreciation Bonds are issuable in denominations of \$5,000 Maturity Value (defined below) or any integral multiple thereof. The Capital Appreciation Bonds are payable only at maturity, according to the amounts set forth in the accreted value table. See "APPENDIX F - Accreted Value Table,"

The Capital Appreciation Bonds do not bear current interest, but accrete in value on each February 1 and August 1, commencing August 1, 2013, to maturity, from its original principal amounts there (the "**Denominational Amount**") on the date of delivery thereof to its stated value at maturity thereof (the "**Maturity Value**"). See "APPENDIX F –Accreted Value Table".

The interest portion of the Maturity Value of any Capital Appreciation Bond which is payable on the date of maturity shall represent interest accrued and coming due on such date. The Maturity Value of any Capital Appreciation Bond at maturity shall be payable by check mailed by first-class mail, in lawful money of the United State of America upon presentation and surrender of such Capital Appreciation Bond at the Office of the Paying Agent.

Convertible Capital Appreciation Bonds. The Convertible Capital Appreciation Bonds shall be issued as fully-registered bonds, without coupons, in the denominations of \$5,000 Conversion Value, or any integral multiple thereof. The Convertible Capital Appreciation Bonds shall accrete interest from the Closing Date to their Conversion Date at the rates set forth on the inside cover page hereof. On the Conversion Date, the Convertible Capital Appreciation Bonds convert to Current Interest Bonds, with interest calculated against the Conversion Value. Thereafter, interest on such Convertible Capital Appreciation Bonds will be payable on each Interest Payment Date subsequent to the Conversion Date.

See the maturity schedules on the inside cover page of this Official Statement and "DEBT SERVICE SCHEDULE" herein.

Paying Agent

U.S. Bank National Association Corporate Trust Services will act as the initial registrar, transfer agent, authentication and paying agent for the Series A Bonds (the "Paying Agent"). As long as DTC is the registered owner of the Series A Bonds and DTC's book-entry method is used for the Series A Bonds, the Paying Agent will send any notice of prepayment or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Series A Bonds called for prepayment or of any other action covered by such notice.

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

Cost of Issuance Custodian

U.S. Bank National Association Corporate Trust Services will serve as the Cost of Issuance Custodian.

Redemption Provisions - Optional Redemption

Current Interest Bonds. The Current Interest Bonds maturing on or after August 1, 20__ are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20__, or on any date thereafter, at a price equal to 100.0% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

Capital Appreciation Bonds. The Capital Appreciation Bonds maturing August 1, 20__ and on August 1, 20__ are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20__, or on any date thereafter, at a price equal to 100.0% of the Accreted Value thereof as of the date of redemption, without premium.

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

Selection of Bonds for Purpose of Redemption. For the purpose of selection for optional redemption, Bonds will be deemed to consist of \$5,000 portions (principal amount, Maturity Value or Conversion Value, as applicable), and any such portion may be separately redeemed.

Mandatory Sinking Fund Redemption

Current Interest Term Bonds. The Current Interest Bonds maturing on August 1, 20__ (the “**Current Interest Term Bonds**”), are subject to mandatory sinking fund redemption on August 1 of each years in accordance with the schedule set forth below. The Current Interest Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

Current Interest Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption
-------------------------------	----------------------------

(maturity)

If any such Term Bonds are redeemed pursuant to optional redemption, the total amount of all future sinking fund payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of \$5,000 principal amount (or on such other basis as the District may determined) as set forth in written notice given by the District to the Paying Agent.

Capital Appreciation Term Bonds. The Capital Appreciation Bonds maturing on August 1, 20__ (the “**Capital Appreciation Term Bonds**”), are subject to mandatory sinking fund redemption on August 1 of each years in accordance with the schedule set forth below. The Capital Appreciation Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

Capital Appreciation Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption
-------------------------------	----------------------------

(maturity)

Convertible Capital Appreciation Term Bonds. The Convertible Capital Appreciation Bonds maturing on August 1, 20__ (the “**Convertible Capital Appreciation Term Bonds**”), are subject to mandatory sinking fund redemption on August 1 of each years in accordance with the schedule set forth below. The Convertible Capital Appreciation Term Bonds so called for mandatory sinking fund redemption shall be redeemed in the sinking fund payments amounts and on the dates set forth below, without premium.

Convertible Capital Appreciation Term Bonds Maturing August 1, 20__

Redemption Date
(August 1)

Sinking Fund
Redemption

(maturity)

Selection of Bonds for Redemption. Whenever less than all of the Outstanding Bonds of any one maturity are designated for redemption, the Paying Agent shall select the Outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Bond shall be deemed to consist of individual Bonds of \$5,000 Maturity Value, as applicable, which may be separately redeemed.

Notice of Redemption. The Paying Agent shall cause notice of any redemption to be mailed, first-class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to (a) an Information Service, (b) a Securities Depository, and (c) the respective Owners of any Bonds designated for redemption, at their addresses appearing on the Registration Books; provided that neither failure to receive such notice may nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

Such notice shall state (i) that the Bonds or a designated portion thereof are to be redeemed, (ii) the numbers and CUSIP numbers of the Bonds to be redeemed; (iii) the date of notice and the date of redemption; and (iv) the place or places where the Bonds must be submitted for redemption, descriptive information about the Bonds, including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, and redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Partial Redemption of Bonds. Upon surrender of any Bond redeemed in part only, the District shall execute and the Paying Agent shall authenticate, if required, and deliver to the Owner thereof, at the expense of the District, a new Bond or Bonds of authorized denominations, and of the same maturity, equal in aggregate principal amount to the unredeemed portion of the Bond(s) surrendered.

Book-Entry System; Manner of Payment

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

The principal and interest represented by the Bonds will be paid by the Paying Agent by wire transfer on the payment date to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to "DTC Participants" for subsequent disbursement to the Beneficial Owners of the Bonds.

So long as all Outstanding Bonds are registered in the name of Cede & Co. or its registered assign, (a) all payments of principal and interest represented by the Bonds will be made in accordance with the letter of representations which has been issued by the District and delivered to The Depository Trust Company; and (b) the District and the Paying Agent will reasonably cooperate with Cede & Co., as

sole registered Owner, or its registered assign in effecting payment of the principal and prepayment premium, if any, and interest due with respect to the Bonds 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. Upon any such payment to Cede & Co., or its registered assign, of principal or prepayment premium, if any, or interest due with respect to an Outstanding Bond, all liability with respect to the amount so paid will be satisfied.

As long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references in this Official Statement to the registered owners mean Cede & Co. and not the Beneficial Owners, as defined herein, of the Bonds. See "APPENDIX E—BOOK-ENTRY-ONLY SYSTEM."

Registration, Transfer and Exchange of Bonds

If the book-entry system is discontinued, the District shall cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds.

If the book-entry system is discontinued, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond. Payment of the principal and interest on any Bond shall be made only to or upon the order of that person; neither the District nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in the Bond Resolution.

Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The District may charge a reasonable sum for each new Bond issued upon any transfer.

Whenever any Bond or Bonds shall be surrendered for transfer, the District shall execute and the Paying Agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. No transfers of Bonds shall be required to be made (a) 15 days prior to the date established by the Paying Agent for selection of Bonds for redemption; or (b) with respect to a Bond which has been selected for redemption.

Bonds may be exchanged at the principal office of the Paying Agent located in Los Angeles, California for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The District may charge a reasonable sum for each new Bond issued upon any exchange (except in the case of any exchange of temporary Bonds for definitive Bonds). No exchanges of Bonds shall be required to be made (a) 15 days prior to the date established by the Paying Agent for selection of Bonds for redemption, or (b) with respect to a Bond after such Bond has been selected for redemption.

Defeasance

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount, as provided below, to pay any outstanding Bond (whether upon or prior to its maturity date), then all liability of the District in respect of such Bond shall cease and be completely discharged, except only that thereafter the owner thereof shall be entitled only to payment of the principal of and interest on such Bond by the District, and the District shall remain liable for such payment, but only out of such money or securities deposited with the Paying Agent as aforesaid for such payment.

Whenever in the Bond Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay any Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and account established pursuant to the Bond Resolution and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity; or

(b) United States Treasury notes, bonds, bills, or certificates of indebtedness or those for which the faith and credit of the United States are pledged for the payment of principal and interest (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant, knowledgeable in calculation of amounts necessary to defease municipal securities, delivered to the District, will provide money sufficient to pay the debt service on the Bonds to be paid, as such debt service becomes due;

provided in each case, that the Paying Agent shall have been irrevocably instructed (by the terms of the Bond Resolution or by request of the District) to apply such money to the payment of such debt service on such Bonds.

Bond Insurance

The District has applied for bond insurance to guarantee the scheduled payment of principal of an interest on the Series A Bonds and, if a commitment is issued to insure the Series A Bonds, will determine prior to the sale of the Series A Bonds whether to obtain such insurance.

FINANCING PLAN

A portion of the net proceeds from the sale of the Bonds will be paid to U.S. Bank National Association, acting as escrow agent (the "Escrow Agent"), for deposit to an escrow fund (the "Escrow Fund") created pursuant to the terms of an escrow deposit and trust agreement (the "Escrow Agreement") by and between the District and the Escrow Agent. Another portion of the funds will be used to finance school construction, safety measures, and increasing student access to technology. What follows is the abbreviated text of the ballot measure approved by the voters:

"To increase student access to computers and technology; continue renovating, repairing, equipping and constructing elementary classrooms/school facilities; and reduce overall borrowing costs, shall \$4,000,000 of Nuview Union School District bonds, previously approved by voters in June 2006, be reauthorized through issuance of new bonds, with no increase in total authorized District debt, interest rates below legal limits, independent citizen oversight, no money for administrator salaries, and all funds spent locally and not taken by the State?"

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of the Bond proceeds are as follows:

Sources:

Par Amount of Bonds

Net Original Issue Premium

Total Sources

Uses:

Project Construction Fund

Escrow Fund

Costs of Issuance *

Total Uses

* Includes Underwriter's discount, legal fees, financial advisor fees, paying agent fees, rating agency fees, printing, bond insurance policy premium and other miscellaneous expenses.

DEBT SERVICE SCHEDULE

The Bonds

The amounts required for the payment of the principal of and interest on the Bonds (assuming no optional redemption) are as follows:

Nuview Union School District Bonds Annual Debt Service Schedule

Bond Year Ending <u>August 1</u>	<u>Principal</u>	<u>Interest</u>	Total Annual Debt <u>Service</u>
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			

Outstanding General Obligation Bonds

In addition to the Bonds, the District has other series of general obligation bonds currently outstanding, which are secured by *ad valorem* taxes upon all property subject to taxation by the District (the "General Obligation Bonds"). Debt service on all of the District's outstanding General Obligation Bonds, including the Bonds (assuming no early redemptions) are as follows:

Nuview Union School District Aggregate Annual Debt Service Schedule for General Obligation Bonds

Bond Year Ending <u>August 1</u>	<u>Bonds</u>	<u>Outstanding General Obligation Bonds</u>	<u>Total Annual Debt Service</u>
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Ad Valorem Taxes

The Bonds are general obligations of the District, payable solely from *ad valorem* taxes levied and collected by the County. The Board of Supervisors of the County has the power and is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the

District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates). Such taxes are required to be levied annually, in addition to all other taxes, during the period that the Bonds are outstanding in an amount sufficient to pay the principal and Maturity Value of and interest on the Bonds when due. Such taxes, when collected, will be deposited into a debt service fund for the Bonds (the "Debt Service Fund"), which is maintained by the County Treasurer-Tax Collector, in an amount sufficient for the payment of principal of and interest on the Bonds when due. Although the County is obligated to levy an *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt of the County.

The amount of the *ad valorem* tax levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds. A reduction in the assessed valuation of taxable property in the District caused by economic factors beyond the District's control, such as economic recession, slower growth, or deflation of land values, a relocation out of the District by one or more major property owners, or the complete or partial destruction of such property caused by, among other eventualities, an earthquake, flood or other natural disaster, could cause a reduction in the assessed value of the District and necessitate an unanticipated increase in the annual tax levy.

The District intends to issue additional general obligation bonds under the Authorization, which are payable from *ad valorem* taxes on a parity basis. In addition to the general obligation bonds issued by the District, there is other debt issued by entities with jurisdiction in the District, which is payable from *ad valorem* taxes levied on parcels in the District. See "TAX BASE FOR REPAYMENT OF BONDS—Direct and Overlapping Debt" below.

District property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property.

Debt Service Fund

The Debt Service Fund is pledged for the payment of the principal and interest of the Bonds. The moneys in the Debt Service Fund, to the extent necessary to pay the Maturity Value of the Bonds as the same become due and payable, shall be transferred by the County to the Paying Agent, which, in turn, shall pay such moneys to DTC to pay the Maturity Value of the Bonds. DTC will thereupon make payments on the Bonds to the DTC Participants who will thereupon make payments to the beneficial owners of the Bonds. See "APPENDIX E—BOOK-ENTRY-ONLY SYSTEM."

The Debt Service Fund is required by law to be maintained by the Treasurer-Tax Collector of the County of Riverside. Any premium received by the County from the sale of the Bonds shall be accounted for separately in the Debt Service Fund and used only for payment of principal of and interest on the Bonds. If, after payment in full of the Bonds and all other outstanding Bonds payable from the Debt Service Fund, there remain excess tax moneys, any such excess amounts shall be transferred to the general fund of the District insofar as such transfer is permitted by applicable law. Notwithstanding, all funds held pursuant to the Bond Resolution shall be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law, including but not limited to the requirements of federal tax law, if any, relating to the yield at which such proceeds are permitted to be invested.

Except as required to be paid to the federal government to comply with federal income tax requirements, interest earned on the investment of monies held in the Debt Service Fund shall be retained

in the Debt Service Fund and used for the payment of the Maturity Value of the Bonds and premium, if any, on the Bonds, when due.

TAX BASE FOR REPAYMENT OF BONDS

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

Ad Valorem Property Taxes

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

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situated" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment plus a \$20 cost on the second installment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax-defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a \$15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and is then subject to sale by the County Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if unpaid on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien may be recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (a) a civil action against the taxpayer; (b) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (c) filing a certificate of delinquency for record in the County Recorder's office, in order

to obtain a lien on certain property of the taxpayer; and (d) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

State law exempts from taxation \$7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions. All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed Valuation

The assessed valuation of property in the District is established by the tax assessing authority for the county in which such property is located, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full cash value" of the property, as defined in Article XIII A of the California Constitution. For a discussion of how properties currently are assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" herein. Property within the District has a total assessed valuation for fiscal year 2012-13 of \$608,054,333. Shown in the following table are the assessed valuations for the District for Fiscal Years 2007-08 through 2012-13.

Nuview Union School District Historic Net Assessed Valuations

Fiscal Years 2007-08 through 2012-13

	Local Secured And Utility	Unsecured	Total
2007-08	\$840,751,890	\$8,484,542	\$849,236,432 ⁽¹⁾
2008-09	849,261,124	11,146,549	860,407,673 ⁽¹⁾
2009-10	689,507,129	12,005,293	701,512,422 ⁽¹⁾
2010-11	646,195,141	13,512,648	659,707,789
2011-12	613,059,726	28,404,890	641,464,616
2012-13	591,971,607	16,082,726	608,054,333

⁽¹⁾ Before redevelopment increment.

Source: *California Municipal Statistics, Inc.*

Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

Appeals of Assessed Valuations

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. County assessors may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" herein.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals in the future will not significantly reduce the assessed valuation of property within the District.

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Assessed Valuation and Parcels by Land Use

The following table shows a breakdown of local secured property assessed value and parcels within the District by land use for Fiscal Year 2012-13.

NUVIEW UNION SCHOOL DISTRICT

Assessed Valuation and Parcels by Land Use

	2012-13 <u>Assessed Valuation</u> ⁽¹⁾	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
<u>Non-Residential:</u>				
Agricultural	\$190,979,191	32.26%	499	11.80%
Commercial	16,774,271	2.83	56	1.32
Vacant Commercial	2,539,911	0.43	29	0.69
Industrial/Food Processing	39,389,955	6.65	23	0.54
Government/Social/Institutional	257,924	0.04	6	0.14
Unclassified Vacant	<u>11,185,639</u>	<u>1.89</u>	<u>315</u>	<u>7.45</u>
Subtotal Non-Residential	\$261,126,891	44.11%	928	21.95%
<u>Residential:</u>				
Single Family Residence	\$291,935,065	49.32%	1,690	39.97%
Mobile Home	8,915,216	1.51	1,019	24.10
2+ Residential Units/Apartments	3,293,740	0.56	32	0.76
Miscellaneous Residential	467,222	0.08	2	0.05
Vacant Residential	<u>26,233,473</u>	<u>4.43</u>	<u>557</u>	<u>13.17</u>
Subtotal Residential	\$330,844,716	55.89%	3,300	78.05%
Total	\$591,971,607	100.00%	4,228	100.00%

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

Source: *California Municipal Statistics, Inc.*

Assessed Valuation Per Parcel of Single Family Homes

The following table shows the information relating to the assessed valuation of single family residences within the District for Fiscal Year 2012-13.

Single Family Residential	No. of Parcels	2012-13 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
	1,690	\$291,935,065	\$172,743	\$153,542

2012-13 Assessed Valuation	No. of Parcels ⁽¹⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$24,999	4	0.237%	0.237%	\$ 60,519	0.021%	0.021%
\$25,000 - \$49,999	28	1.657	1.893	1,123,369	0.385	0.406
\$50,000 - \$74,999	67	3.964	5.858	4,180,640	1.432	1.838
\$75,000 - \$99,999	97	5.740	11.598	8,558,029	2.931	4.769
\$100,000 - \$124,999	192	11.361	22.959	21,916,242	7.507	12.276
\$125,000 - \$149,999	395	23.373	46.331	54,185,467	18.561	30.837
\$150,000 - \$174,999	275	16.272	62.604	44,219,347	15.147	45.984
\$175,000 - \$199,999	153	9.053	71.657	28,493,180	9.760	55.744
\$200,000 - \$224,999	111	6.568	78.225	23,545,132	8.065	63.809
\$225,000 - \$249,999	103	6.095	84.320	24,393,782	8.356	72.165
\$250,000 - \$274,999	101	5.976	90.296	26,351,263	9.026	81.192
\$275,000 - \$299,999	70	4.142	94.438	20,028,383	6.861	88.052
\$300,000 - \$324,999	31	1.834	96.272	9,623,313	3.296	91.349
\$325,000 - \$349,999	17	1.006	97.278	5,653,803	1.937	93.285
\$350,000 - \$374,999	19	1.124	98.402	6,846,890	2.345	95.631
\$375,000 - \$399,999	7	0.414	98.817	2,709,664	0.928	96.559
\$400,000 - \$424,999	5	0.296	99.112	2,054,256	0.704	97.262
\$425,000 - \$449,999	4	0.237	99.349	1,752,724	0.600	97.863
\$450,000 - \$474,999	0	0.000	99.349	0	0.000	97.863
\$475,000 - \$499,999	3	0.178	99.527	1,484,800	0.509	98.371
\$500,000 and greater	8	0.473	100.000	4,754,262	1.629	100.000
Total	1,690	100.000%		\$291,935,065	100.000%	

⁽¹⁾ Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: *California Municipal Statistics, Inc.*

Tax Rates

The following table summarizes the total *ad valorem* tax rates levied by all taxing entities in a typical tax rate area within the District from 2008-09 to 2012-13.

Typical Total Tax Rates per \$100 of Assessed Valuation (TRA 83-038 – 2012-13 Assessed Valuation: \$127,232,627)

	2008-09	2009-10	2010-11	2011-12	2012-13
General	1.00000	1.00000	1.00000	1.00000	1.00000
Nuview Union School District	.02996	.02790	.02987	.02988	.04043
Perris Union High School District	.02031	.02686	.03126	.03429	.03429
Metropolitan Water District	.00430	.00430	.00370	.00370	.00350
Total	1.05457	1.05906	1.06483	1.06787	1.07822

Source: *California Municipal Statistics, Inc.*

The Teeter Plan

The County operates under provision of Revenue and Taxation Code Section 4701-4716 (commonly referred to as the "Teeter Plan") pursuant to which public agencies in the County may receive their total secured tax levies and special assessments irrespective of actual collections and delinquencies. Pursuant to said provisions, the County establishes a delinquency reserve and assumes responsibility for all secured delinquencies.

Because of the method of tax collection, the District is assured of 100% collection of its total secured tax and leasing tax levies. However, the District is no longer entitled to share in any penalties due to delinquent payments. This method of tax collection and distribution is, however, subject to future discontinuance if demanded by the participating entities or by the County if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. In the event that the Teeter Plan were terminated, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

Largest Taxpayers

The following table shows the 20 largest taxpayers in the District as determined by their secured assessed valuations in fiscal year 2012-13. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

NUVIEW UNION SCHOOL DISTRICT (Riverside County)
Largest 2012-13 Local Secured Taxpayers

	<u>Property Owner</u>	<u>2012-13 Primary Land Use</u>	<u>% of Assessed Valuation</u>	<u>Total</u> ⁽¹⁾
1.	Amway Corp.	Industrial	\$ 33,580,357	5.67%
2.	Nuevo Development Co.	Agricultural/Rural	26,036,844	4.40
3.	George Harada	Agricultural/Rural	8,145,637	1.38
4.	SCK Poultry Ranches	Agricultural/Rural	5,111,623	0.86
5.	Lakeview Ranch Holdings	Agricultural/Rural	5,037,931	0.85
6.	Wildblue Communications Inc.	Communications	5,009,198	0.85
7.	John Bootsma	Agricultural/Rural	4,314,062	0.73
8.	Jens L. List	Agricultural/Rural	3,698,621	0.62
9.	Ronald Steven Preissman	Agricultural/Rural	3,587,809	0.61
10.	Jim Bootsma	Agricultural/Rural	3,570,856	0.60
11.	Peter Boersma	Agricultural/Rural	3,411,760	0.58
12.	Marshall E. Redding	Agricultural/Rural	2,647,077	0.45
13.	Pastime Lakes Investment Co.	Agricultural/Rural	2,599,739	0.44
14.	Frank Lauda	Agricultural/Rural	2,437,261	0.41
15.	American Superior Land	Agricultural/Rural	2,353,140	0.40
16.	Nuevo Road Properties	Agricultural/Rural	2,219,000	0.37
17.	A.G. Sod Farms Inc.	Agricultural/Rural	2,097,043	0.35
18.	Ferreira Narcie Dairy	Agricultural/Rural	2,070,043	0.35
19.	Rancho Marvo	Agricultural/Rural	2,056,184	0.35
20.	Amer Hamdan Abugherir	Shopping Center	<u>1,950,000</u>	<u>0.33</u>
			\$121,934,185	20.60%

⁽¹⁾ 2012-13 Local Secured Assessed Valuation: \$591,971,607
Source: *California Municipal Statistics, Inc.*

Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. dated as of March 1, 2013. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

The table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District.

This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

NUVIEW UNION SCHOOL DISTRICT
Statement of Direct and Overlapping Debt
(Debt issued as of March 1, 2013)

2012-13 Assessed Valuation: \$608,054,333

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/13</u>	
Metropolitan Water District	0.029%	\$ 47,875	
Eastern Municipal Water District, I.D. No. 18	85.661	215,009	
Eastern Municipal Water District, I.D. No. 24	0.055	275	
Eastern Municipal Water District, I.D. No. U-5	8.180	8,262	
Perris Union High School District	5.514	2,816,952	
Nuview Union School District	100.	3,860,000	(1)
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$6,948,373	
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Riverside County General Fund Obligations	0.302%	\$1,963,936	
Riverside County Pension Obligations	0.302	1,047,306	
Riverside County Office of Education Certificates of Participation	0.302	11,778	
Mt. San Jacinto Community College District General Fund Obligations	0.962	114,959	
Perris Union High School District Certificates of Participation	5.514	1,640,139	
Nuview Union School District Certificates of Participation	100.000	240,000	
Valley-Wide Recreation and Park District Certificates of Participation	0.084	134	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$5,018,252	
Less: Riverside County supported obligations		35,206	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$4,983,046	
 GROSS COMBINED TOTAL DEBT		\$11,966,625	(2)
NET COMBINED TOTAL DEBT		\$11,931,419	

(1) Excludes issue to be sold.

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

Ratios to 2012-13 Assessed Valuation:

Direct Debt (\$3,860,000)	0.63%
Total Direct and Overlapping Tax and Assessment Debt.....	1.14%
Combined Direct Debt (\$4,100,000)	0.09%
Gross Combined Total Debt.....	1.97%
Net Combined Total Debt.....	1.96%

THE DISTRICT

The following section provides a brief description of the District. For certain information concerning its local economy, see "APPENDIX A—GENERAL INFORMATION CONCERNING CITY OF NUEVO AND COUNTY OF RIVERSIDE" herein.

General Information

The District is located in Riverside County, and currently operates two K-5 schools, one 6-8 middle school, and one charter high school.

The District is governed by a five member Board of Trustees, each member of which is elected to a four-year term. The management and policies of the District are administered at present by a Superintendent and a staff that provides business, pupil, personnel, administrative and instructional support services. The maximum pupil-teacher ratio is ___ for grade K, ___ for grades ___ for grades 4-6 and ___ for grades 7-12.

Following are the members of the Board and the expiration dates of their terms in office:

NUVIEW UNION SCHOOL DISTRICT (RIVERSIDE COUNTY, CALIFORNIA)

Board of Trustees

Name	Office	Term Expiration
Christine Upton	President	November 2016
Robert "Bob" McGinty	Vice President	November 2014
David S. McCabe	Clerk	November 2014
Shari S. Lauda	Member	November 2014
Samir Tehseldar	Member	November 2016

Following are certain members of the senior management of the District:

District Administrator

Name	Title
David Pyle	Superintendent
Erin Lillibridge	Chief Business Official
Gina Scott	Director, Human Resources

Retirement Programs

The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or

completeness, and should not to be construed as a representation by either the District or the Underwriter.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. The District is currently required by such statutes to contribute 8.25% of annual payroll, while participants contribute 8% of their respective salaries. The State also contributes to STRS, currently in an amount equal to 2.541% of teacher payroll.

The District's contribution to STRS for the fiscal year ending June 30, 2012, 2011, and 2010 were \$616,004, \$645,935, and \$631,774, respectively, and equal 100% of the required contributions for each year. The amount contributed by the State on behalf of the District was \$378,859.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended, with the Public Employees' Retirement Laws. The District is currently required to contribute to PERS at an actuarially determined rate, which is 10.93% of annual payroll, while participants contribute 7% of their respective salaries. The District's contributions to PERS for the fiscal year ending June 30, 2012, 2011, and 2010 were \$366,045, \$393,550, and \$358,328, respectively, and equal 100% of the required contributions for each year.

The District has budgeted \$190,640 as its contribution to PERS for fiscal year 2012-13.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

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

FUNDED STATUS
STRS (Defined Benefit Program) and PERS
As of the June 30, 2011 Valuation Date
(Dollar Amounts in Millions)¹

Plan	Accrued Liability	Value of Trust Assets	Unfunded Liability
Public Employees Retirement Fund (PERS)	\$58,385	\$45,900 ²	(\$12,457)
State Teachers' Retirement Fund Defined Benefit Program (STRS)	208,405	143,930 ³	(64,475)

¹ Amounts may not add due to rounding.

² Reflects market value of assets as of June 30, 2012.

³ Reflects actuarial value of assets as of June 30, 2012.

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

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

PARS. The District also contributes to the Public Agency Retirement System ("PARS"), which is a defined contribution pension plan. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalPERS and STRS) must be covered by Social Security or an alternative plan. The District has elected to use PARS as its alternative plan. Contributions made by the District and an employee vest immediately. For Fiscal Year 2011-12, the District was required to contribute 3.75% of covered payroll, and active plan members are required to contribute 3.75% of their salary. The District's contributions to PARS for Fiscal Years 2010-11 and 2011-12 were equal to 100% of the required contributions for the each year.

Pension Reform Act of 2013 (Assembly Bill 340). On September 12, 2012, Governor Brown signed AB 340, a bill that will enact the California Public Employees' Pension Reform Act of 2013 ("PEPRA") and that will also amend various sections of the California Education and Government Codes. AB 340 (i) increases the retirement age for new State, school, and city and local agency employees depending on job function, (ii) caps the annual PERS and STRS pension benefit payouts, (iii) addresses numerous abuses of the system, and (iv) requires State, school, and certain city and local agency employees to pay at least half of the costs of their PERS pension benefits. PEPRA will apply to all public employers except the University of California, charter cities and charter counties (except to the extent they contract with PERS.)

The provisions of AB 340 went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on that date and after; existing employees who are members of employee associations, including employee associations of the District, will have a five-year window to negotiate compliance with AB 340 through collective bargaining. If no deal is reached by January 1, 2018, a city, public agency or school district could force employees to pay their half of the costs of PERS pension benefits, up to 8 percent of pay for civil workers and 11 percent or 12 percent for public safety workers.

PERS has predicted that the impact of AB 340 on employers, including the District and other employers in the STRS system, and employees will vary, based on each employer's current level of benefits. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a

larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn. Additionally, PERS has noted that changes arising from AB 340 could ultimately have an adverse impact on public sector recruitment in areas that have historically experienced recruitment challenges due to higher pay for similar jobs in the private sector.

The District is unable to predict what the amount of PERS or STRS liabilities will be in the future or the amount of the PERS and STRS contributions which the District may be required to make, all as a result of the implementation of AB 340, and as a result of negotiations with its employee associations.

More information about AB 340 can be accessed through the PERS's web site at www.calpers.ca.gov/index.jsp?bc=/member/retirement/pension-reform-impacts.xml&pst=ACT&pca=ST and through the STRS web site at http://www.calstrs.com/Newsroom/whats_new/AB340_detailed_impact_analysis.pdf. The references to these internet websites are shown for reference and convenience only; the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.

Other Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board ("GASB") issued Statement No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions. The pronouncement requires public agency employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. The implementation date for this pronouncement is staggered in three phases based upon the entity's annual revenues, similar to the implementation for GASB Statement Nos. 34 and 35. GASB Statement No. 45 ("GASB 45") became effective for the District for the Fiscal Year ending June 30, 2008.

The District's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities ("UAAL") (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the Fiscal Year 2011-12, the amount actually contributed to the plan during Fiscal Year 2011-12, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	\$303,061
Interest on net OPEB obligation	14,947
Adjustment to annual required contribution	(14,359)
Annual OPEB cost (expense)	303,649
Contributions made	(191,814)
Increase in net OPEB obligation	111,835
Net OPEB obligation, beginning of year	373,677
Net OPEB obligation, end of year	<u>\$485,512</u>

Source: The District

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for Fiscal Years 2009-10, 2010-11 and 2011-12 were as follows:

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$303,280	67.9%	\$236,687
2011	303,433	54.9%	373,677
2012	303,649	63.2%	485,512

Source: The District

A schedule of funding progress as of the most recent actuarial valuation is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability-(AAL) - Unprojected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b — a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ([b — a] / c)</u>
July 1, 2009	\$ -	\$2,455,181	\$2,455,181	0%	\$10,385,061	23.64%

Source: The District

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actual methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Insurance

The District participates in one joint powers agreement entity, the Riverside County Schools Risk Management ("SDCRM"). SDCRM arranges for and provides for various types of insurance for its member districts as requested. SDCRM is governed by a board consisting of a representative from each member district. The board controls the operations of SDCRM, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in SDCRM.

DISTRICT FINANCES

The following is a description of the District's budget procedure, its audited actual 2012-13 General Fund revenues and expenditures, its 2012-13 unaudited actual General Fund revenues and expenditures, its 2012-13 General Fund budget, its major revenues and expenditures, and certain other financial information.

The information in this section concerning the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from any source other than the proceeds of *ad valorem* property taxes levied for that purpose. The Bonds are payable solely from the proceeds of an *ad valorem* tax which is required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS."

Financial Statements

The accounting practices 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 California Education Code, is to be followed by all California school districts.

The District's expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The District's accounting is organized on the basis of fund groups, with each group consisting of a separate set of self balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the general fund which accounts for all financial resources not requiring a special type of fund. The District's fiscal year begins on July 1 and ends on June 30.

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. Audited financial statements for the District for the fiscal year ended June 30, 2012, and prior fiscal years are on file with the District and available for public inspection from Erin Lillbridge, the Chief Business

Official, Nuvview Union School District, 29780 Lakeview Avenue, Nuevo, CA, 92567. The telephone number is (951) 928-0066. The District may impose a charge for copying, mailing and handling.

The financial statements included herein were prepared using information from the Annual Financial Reports which are prepared and audited by independent certified public accountants each year. Excerpts from the District's audited financial statements for the year ended June 30, 2012 are attached hereto as Appendix B. The following table reflects the District's General Fund revenues, expenditures and charges in General Fund balance for fiscal years 2009-10 through 2011-12.

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**Nuview Union School District
General Fund
Summary of Revenues, Expenditures and Changes in Fund Balances
Audited Actuals, Fiscal Year Ended June 30**

	2010	2011	2012
Revenues:			
Revenue Limit Sources	\$7,472,151	\$8,041,938	\$8,041,891
Federal Revenues	772,526	1,076,224	653,437
Other State Revenues	2,658,587	2,675,694	2,807,519
Other Local Revenues	1,261,809	1,498,638	1,227,922
Total Revenues ¹	12,165,073	13,292,494	12,730,769
Expenditures:			
Current Expenditures			
Certificated Salaries	6,070,948	6,352,416	5,987,208
Classified Salaries	1,897,220	2,053,068	2,022,254
Employee Benefits	2,738,553	2,956,793	2,915,718
Books and Supplies	425,175	590,238	638,680
Services and Other			
Operating Expenditures	1,437,458	1,797,754	1,441,311
Other Outgo	(244,485)	(176,901)	(279,074)
Debt Service			
Principal Retirement	137,645	140,520	75,000
Interest	10,025	20,943	44,259
Capital Outlay	0	0	5,583
Total Expenditures ¹	12,472,539	13,734,831	12,850,939
Excess of Revenues Over (Under) Expenditures ¹	(307,466)	(442,337)	(120,170)
Other Financing Sources (Uses):			
Operating Transfers In	901,918	0	0
Operating Transfers Out	(130,959)	0	0
Other Sources	0	0	0
Proceeds from Issuance of Capitalized Lease Obligations	0	0	0
Total Other Financing Sources (Uses)	770,959	0	0
Net Increase (Decrease) in Fund Balance ¹	463,493	(442,337)	(120,170)
Fund Balance, Beginning of Year	2,277,325	2,740,818	2,298,481
Fund Balance, End of Year	\$2,740,818	\$2,298,481	\$2,178,311

Budget Procedure

The District is required by State law to adopt a final budget by July 1 in each year. The 2012-13 budget was adopted by the District on June 14, 2012 and is subject to future adjustment by the District during the 2012-13 fiscal year. Throughout the fiscal year, all revenues and appropriations are subject to review and since the budget must remain in balance, any shortfall in revenues could require a reduction in appropriations.

The District is under the jurisdiction of the County of Riverside Superintendent of Schools (the "County Superintendent"). The County Superintendent must review and approve or disapprove the

budget no later than August 15. The County Superintendent is required to 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 with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the County Superintendent no later than September 8. Pursuant to State law, the County Superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval.

Subsequent to approval, the County Superintendent will monitor each district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If the County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's governing board of the determination and may then do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) after also consulting with the district's board, develop and impose revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the County Superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

State law requires local governments to maintain a balanced budget and the District anticipates that it will have no difficulty in complying with the State requirement.

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General Fund Budget

The following table shows the District's adopted budget and unaudited actual results for its General Fund for the 2011-12 fiscal year and its adopted budget for its General Fund for the 2012-13 fiscal year.

Nuview Union School District General Fund Audited Actuals and Adopted Budget Fiscal Year 2011-12 General Fund Adopted Budget for Fiscal Year 2012-13

	Adopted Budget 2011-12 Fiscal Year	Unaudited Actuals 2011-12 Fiscal Year	Adopted Budget 2012-13 Fiscal Year	First Interim Report October 31, 2012
Beginning Fund Balance	\$2,298,481		\$1,824,511	\$2,178,312
Revenues:				
Revenue Limit Sources	7,942,006		8,107,232	8,093,264
Federal Revenues	570,439		682,100	654,811
Other State Revenues	1,899,748		2,149,483	2,189,034
Other Local Revenues	988,640		1,134,986	1,263,989
Total Revenues*	11,400,833		12,073,801	12,201,099
Expenditures:				
Certificated Salaries	5,618,403		5,594,216	5,561,747
Classified Salaries	1,920,511		1,803,178	1,848,987
Employee Benefits	2,408,511		2,213,146	2,367,433
Books and Supplies	467,121		842,199	789,954
Services/Operating Expenses	1,499,444		1,737,155	1,900,865
Capital Outlay	14,135		0	0
Other Outgo	86,748		85,440	85,440
Transfers of Indirect Costs	(241,853)		(254,819)	(255,617)
Total Expenditures*	11,773,020		12,020,515	12,298,809
Excess (Deficiency) of Revenues over Expenditures*			53,286	(97,710)
Other Financing Sources/(Uses)	0		0	0
Operating Transfers In	0		0	0
Operating Transfers Out	0		0	0
Total Other Financing Sources/(Uses)*	0		0	0
Net Increase (Decrease) in Fund Balance	(372,187)		53,286	(97,710)
Ending Fund Balance*	\$1,926,294		\$1,877,797	\$2,080,602

* Totals may not add due to rounding.

Source: The District

Reports and Certifications

The Education Code of the State of California (Section 42133 et seq.) requires each school district to report and certify two times during the fiscal year whether it is able to meet its financial obligations for the remainder of such fiscal year and, based on current forecasts, for the subsequent fiscal year. The first report covers the period ending October 31 and the second report covers the period ending January 31. Such certifications are based on the governing board's assessment based on standards and criteria for fiscal stability adopted by the State Board of Education and the State Superintendent of Public Instruction. Each certification is required to be classified as positive, qualified, or negative on the basis of a review of the respective report against such criteria, but may include additional financial information known by the governing board to exist at the time of each certification. Such certifications are to be filed with the County Superintendent of Schools within 45 days after the close of the period being reported and, in the event of a negative or qualified certification, to the State Controller and the State Superintendent of Public Instruction. A negative certification is to be assigned to any school district that likely will be unable to meet its financial obligations for the remainder of the fiscal year or for which existing expenditure practices jeopardize the ability of the district to meet its multi-year financial commitments.

Any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next fiscal succeeding year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the County Superintendent of Schools determines that the district's repayment of indebtedness is probable.

The District has received a positive certification applicable to Fiscal Year 2012-13 within the meaning of Section 42133 of the Education Code of the State of California.

Copies of the reports and certifications of the District may be obtained upon request from the District at the address set forth under the caption "INTRODUCTION—Other Information."

State Funding of Education

The District's principal revenues consist of a combination of *ad valorem* property taxes and State aid for general operation and in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget.

Under California Education Code Section 42238 and following, each school district is determined to have a target funding level: a "base revenue limit" per student multiplied by the district's student enrollment measured in units of average daily attendance ("ADA"). The base revenue limit is calculated from the district's prior-year funding level, as adjusted for a number of factors, such as inflation, special or increased instructional needs and costs, employee retirement costs, especially low enrollment, increased pupil transportation costs, etc.

Generally, the amount of State funding allocated to each school district is the amount needed to reach that district's base revenue limit after taking into account certain other revenues, in particular, locally generated property taxes. This is referred to as State "equalization aid." To the extent local tax revenues increase due to growth in local property assessed valuation, the additional revenue is offset by a decline in the State's contribution. Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the district to make adjustments in fixed operating costs. The principal component of local

revenues is a school district's property tax revenues, i.e., each district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. The California Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. The more local property taxes a district receives, the less State equalization aid it is entitled to; ultimately, a school district whose local property tax revenues exceed its base revenue limit is entitled to receive no State equalization aid, and receives only its special categorical aid, which is deemed to include the "basic aid" of \$120 per student per year guaranteed by Article IX, Section 6 of the Constitution. Such districts are known colloquially as "basic aid districts." Districts that receive some equalization aid are commonly referred to as "revenue limit districts." The District is a "revenue limit district."

The table below shows the ADA and deficated revenue limit per ADA for the District for each of the last six fiscal years and the budgeted ADA and deficated revenue limit per ADA for the current fiscal year.

**Nuvview Union School District
Average Daily Attendance and Deficated Revenue Limit
Fiscal Years 2008-09 through 2012-13**

Fiscal Year	ADA	Deficated Revenue Limit per ADA¹
2008-09	1,513	\$5,855
2009-10	1,573	6,104
2010-11	1,590	6,218
2011-12	1,610	6,218
2012-13 ²		

¹ The State's practice of deficit revenue limit funding, which reduced the amount of revenue limit funds received by school districts, was eliminated effective in fiscal year 2000-01, reinstated beginning in fiscal year 2003-04, eliminated again beginning in fiscal year 2006-07, and reinstated again in fiscal year 2008-09.

² Budgeted.

Source: The 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. Such districts are known as "Revenue Limit" school districts and account for most school districts in California. 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 are to be shared with local taxing entities within each county.

For the 2009-10 fiscal year, the District received \$7,472,151 of revenue limit sources income, accounting for approximately 61.4% of its general fund revenues. For the 2010-11 fiscal year, the District received \$8,041,938 from revenue limit sources, accounting for approximately 60.5% of its general fund revenues. For the 2011-12 fiscal year, the District received \$8,041,891 from revenue limit sources income, accounting for approximately 63.4% of its projected general fund revenues. For fiscal year 2012-13, the District has budgeted \$8,093,264 of revenue limit sources income, accounting for approximately 66.3% of budgeted general fund revenues.

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial other State revenues.

These other State revenues are primarily restricted revenues funding items such as the Community Day School Additional Funding, Home-to-School Transportation, Economic Impact Aid, and Special Education Transportation. Other State revenues comprised 22.1% of General Fund total revenues for Fiscal Year 2011-12. Other State revenues are projected to comprise approximately 17.8% of General Fund total revenues for Fiscal Year 2012-13.

The District receives State aid from the California State Lottery (the "Lottery"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instruction material.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as the leasing of property owned by the District and interest earnings. Other local revenues comprised 9.6% of General Fund total revenues for Fiscal Year 2011-12. Other local revenues are projected to comprise approximately 9.4% of General Fund total revenues in 2012-13.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under the Education Consolidation and Improvement Act, and specialized programs such as Drug Free Schools. The federal revenues, most of which are restricted, comprised approximately 5.1% of General Fund revenues in 2011-12 and are projected to equal approximately 5.6% of such revenues in 2012-13.

Developer Fees. Set forth below are the District's collections of developer fees for the prior four fiscal years and projected collections for the current fiscal year.

**Nuvview Union School District
Developer Fees**

Fiscal Year	Developer Fees for the District
2008-09	
2009-10	
2010-11	
2011-12	
2012-13*	

* Budgeted.
Source: The District

Dissolution of Redevelopment Agencies. Under California law, a city or county could, and did, prior to California legislation dissolving redevelopment agencies as described below, create a redevelopment agency in territory within one or more school districts. Upon formation of a “project area” of a redevelopment agency, most property tax revenues attributable to the growth in assessed value of taxable property within the project area (known as “tax increment”) belong to the redevelopment agency, causing a loss of general fund tax revenues (relating to the 1% countywide general fund levy) to other local taxing agencies, including school districts, from that time forward. However, special *ad valorem* property taxes (in excess of the 1% general fund levy) collected for payment of debt service on school bonds are based on assessed valuation before reduction for redevelopment increment and such special *ad valorem* property taxes are not affected or diverted by the operation of a redevelopment agency project area.

As to operating revenues, any loss of local property taxes that contribute to the revenue limit target of a revenue limit district is made up by an increase in State equalization aid, until the base revenue limit is reached. “Pass-through” payments of local tax revenues required by law to be paid to the school district by a local redevelopment agency will count toward the revenue limit, except for any portion dedicated to capital facilities or deferred maintenance.

Commencing February 1, 2012, property taxes that would have been allocated to each redevelopment agency if the agencies had not been dissolved will instead be deposited in a “redevelopment property tax trust fund” created for each former redevelopment agency by the related county auditor-controller and held and administered by the related county auditor-controller as provided in AB1X 26. AB1X 26 generally requires each county auditor-controller, on May 16, 2012 and June 1, 2012 and each January 16 and June 1 thereafter, to apply amounts in a related redevelopment property tax trust fund, after deduction of the county auditor-controller’s administrative costs, in the following order of priority:

- To pay pass-through payments to affected taxing entities in the amounts that would have been owed had the former redevelopment agency not been dissolved; provided, however, that if a successor agency determines that insufficient funds will be available to make payments on the recognized obligation payment schedule and the county auditor-controller and State Controller verify such determination, pass-through payments that had previously been subordinated to debt service may be reduced;

- To the former redevelopment agency's successor agency for payments listed on the successor agency's recognized obligation payment schedule for the ensuing six-month period;
- To the former redevelopment agency's successor agency for payment of administrative costs; and
- Any remaining balance to school entities and local taxing agencies.

Effect of State Budget on Revenues. Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts generally receive the majority of their operating revenues from various State sources. The primary source of funding for school districts is the revenue limit, which is a combination of State funds and local property taxes (as described above). State funds typically make up the majority of a district's revenue limit. School districts also receive funding from the State for various categorical programs.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process.

The State is currently experiencing budgetary difficulties. No prediction can be made as to what measures will be taken by the State to balance the budget as required by law, nor as to how long the current budgetary crisis of the State will last. See "STATE FUNDING OF EDUCATION AND RECENT STATE BUDGETS" herein.

Expenditures

Since 1973-74, California school districts have operated under general purpose revenue limits established by the State legislature. Funding of the revenue limits is accomplished by a mix of local property taxes and State aid. Since the passage of Article XIII A of the California Constitution in 1978, property taxes received by the District are limited to its share of the 1% of full cash value collected by the County. Annual State appropriations to school districts for general purposes are computed up to a revenue limit per unit of average daily attendance. Such apportionments will, generally speaking, amount to the difference between the District's revenue limit and the District's local property tax. Revenue limit calculations are adjusted annually in accordance with a number of factors.

As noted in the financial statement included herein, the District's major expenditures each year are employee salaries and benefits.

Indebtedness

Long-term Debt. A schedule of changes in long-term debt for the year ended June 30, 2012 is shown below.

**Nuview Union School District
Changes in Long-Term Debt**

Election of 2006, Series A	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
	\$3,950,000	\$0	\$40,000	\$3,910,000

Lease Obligations. The District leases equipment under long-term purchase agreements. A summary of future minimum lease payments is as follows (Awaiting information):

**Nuview Union School District
Outstanding Capital Lease Obligations**

Year Ending June 30,

2012	-
Less Interest Portion	-
Net Minimum Lease Payments	-

Source: Nuview Union School District

Long-term Borrowing. In June 1992 the District issued certificates of participation in the amount of \$2,300,000. In June 2003, the District refinanced the 1992 certificates of participation by entering into a lease agreement with Public Property Financing Corporation of California (PPFCC) in exchange of a site lease of \$815,000. As of June 30, 2012, the outstanding principal amount on the site lease is \$240,000.

In April 2007 the District issued its Election of 2006 General Obligation Bonds, Series A in the amount of \$4,000,000. As of June 30, 2012 the outstanding principal balance was \$3,910,000 with a final maturity date of August 1, 2031.

Investment of District's Funds. Education Code Section 41001 et. seq. provides that all school district funds, except as otherwise set forth below, shall be deposited into the County Treasury to the credit of the proper fund of the district. Education Code Section 41015 provides that funds held in a special reserve fund or any surplus moneys not required for the immediate necessities of the district may be invested in investments specified in Section 16430 or 53601 of the Government Code. Accordingly, all funds of the District not subject to the exception, including cash receipts and other moneys received by the District for deposit to the general fund of the District are deposited with the County Treasury. Currently, the District has not established special reserve funds or identified surplus moneys for investments subject to the exception set forth above. Such current practices, however, should not be construed to predict the future investment practices of the District in accordance with applicable law. The County's investment policy and most recent investment reports can be accessed through the County Treasurer's web site at <http://www.countytreasurer.org>. The reference to this internet website is shown for reference and convenience only. The information contained within the website may not be current and has not been reviewed by the District and is not incorporated herein by reference.

STATE FUNDING OF EDUCATION AND RECENT STATE BUDGETS

General

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guaranty the accuracy or completeness of this information and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the General Fund. The Bonds are payable solely from the proceeds of an *ad valorem* tax required to be levied by the County in an amount sufficient for the payment thereof.

State Funding of Education

General. The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55 percent of their operating revenues from various State sources. The primary source of funding for school districts is the revenue limit, which is a combination of State funds and local property taxes (see "DISTRICT FINANCES—State Funding of Education " above). State funds typically make up the majority of a district's revenue limit. School districts also receive substantial funding from the State for various categorical programs.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

The Budget Process. According to the State Constitution, the Governor of the State (the "Governor") must propose a budget to the State Legislature no later than January 10 of each year. Under an initiative constitutional amendment approved by the State's voters on November 2, 2010 as "Proposition 25", a final budget must be adopted by a majority vote (rather than a supermajority, as was the case prior to the passage of Proposition 25) of each house of the Legislature no later than June 15, although this deadline has been breached in the past. Any tax increase provision of such final budget shall continue to require approval by a two-thirds majority vote of each house of the State Legislature. The budget becomes law upon the signature of the Governor, who may veto specific items of expenditure. The Governor signed the 2012-13 State Budget (as defined below) on June 27, 2012.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the Constitution (such as appropriations for salaries of elected state officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. The Controller has posted guidance as to what can and cannot be paid during a budget impasse at its website:

www.sco.ca.gov. Should the Legislature fail to pass the budget or emergency appropriation before the start of any fiscal year, the District might experience delays in receiving certain expected revenues.

Aggregate State Education Funding. The Proposition 98 guaranteed amount for education is based on prior-year funding, as adjusted through various formulas and tests that take into account State proceeds of taxes, local property tax proceeds, school enrollment, per-capita personal income, and other factors. The State's share of the guaranteed amount is based on State general fund tax proceeds and is not based on the general fund in total or on the State budget. The local share of the guaranteed amount is funded from local property taxes. The total guaranteed amount varies from year to year and throughout the stages of any given fiscal year's budget, from the Governor's initial budget proposal to actual expenditures to post-year-end revisions, as better information regarding the various factors becomes available. Over the long run, the guaranteed amount will increase as enrollment and per capita personal income grow.

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98 guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

In recent years, the State's response to fiscal difficulties has had a significant impact on Proposition 98 funding and settle-up treatment. The State has sought to avoid or delay paying settle-up amounts when funding has lagged the guaranteed amount. In response, teachers' unions, the State Superintendent, and others, sued the State or Governor in 1995, 2005, and 2009, to force them to fund schools in the full amount required. The settlement of the 1995 and 2005 lawsuits has so far resulted in over \$4 billion in accrued State settle-up obligations. However, legislation enacted to pay down the obligations through additional education funding over time, including the Quality Education Investment Act of 2006 (QEIA), have also become part of annual budget negotiations, resulting in repeated adjustments and deferrals of the settle-up amounts.

Recent State Budgets

Certain information about the State budgeting process and the State Budget is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. The references to Internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.

(a) The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Finance—Public Finance Division," posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State.

(b) The California State Treasurer's Office Internet home page at www.treasurer.ca.gov, under the heading "Publications", posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the

State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.

(c) The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget," includes the text of proposed and adopted State Budgets.

(d) The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading "Subject Area — Budget (State)."

State IOUs and Deferrals of Education Funding. In recent years, fiscal stress and difficulties in achieving a balanced State budget have resulted in actions which include the State issuing IOUs (defined below) to its creditors, and the deferral of school funding.

On July 2, 2009, as a result of declines in State revenues commencing in fiscal years 2008-09, the State Controller began to issue registered warrants (or "IOUs") for certain lower priority State obligations in lieu of warrants (checks) which could be immediately cashed. The registered warrants, the issuance of which did not require the consent of recipients, bore interest. With enactment of an amended budget in late July, 2009, the State was able to call all its outstanding registered warrants for redemption on September 4, 2009. The issuance of state registered warrants in 2009 was only the second time the State has issued state registered warrants to such types of state creditors since the 1930s.

Furthermore, commencing in fiscal year 2008-09, to better manage its cash flow in light of declining revenues, the State has enacted several statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year, in order to more closely align the State's revenues with its expenditures. This technique has been used several times through the enactment of budget bills in fiscal years 2008-09 through 2012-13. Some of these statutory deferrals were made permanent, and others were implemented only for one fiscal year.

Fiscal stress and cash pressures currently facing the State may continue or become more difficult, and continuing declines in State tax receipts or other results of the current economic recession may materially adversely affect the financial condition of the State. The Department of Finance has projected that multi-billion dollar budget gaps will occur annually for several years in the future, although the 2012-13 Budget described below includes measures which are intended to address these budgetary difficulties.

2012-13 State Budget. The State Budget for Fiscal Year 2012-2013 was signed by Governor Brown on June 27, 2012 (the "2012-13 State Budget"). The November Tax Initiative was approved by voters in November 2012. The 2012-13 State Budget includes a \$92 billion State spending plan and includes significant welfare and social service cuts, restructuring the State's welfare program, streamlining health insurance for low-income children, and reducing childcare coverage and aid to California community colleges. The 2012-13 State Budget reforms CalWORKs by establishing a two-year time limit for parents who are not meeting federal work requirements and merges the delivery of services for those who are eligible for both Medi-Cal and Medicare to reduce costs and improve the coordination of services. In addition, the 2012-13 State Budget includes the following changes: (a) eliminates the Healthy Families Program and transitions children to Medi-Cal; (b) restructures funding for trial courts; (c) prohibits community colleges and universities that are unable to meet minimum performance standards from participating in the Cal Grant Program; (d) reforms the State process for K-14 education mandates by providing a block grant as an alternative to the existing, inefficient claiming process; (e) reduces the cost of State employee compensation by 5%; (f) implements various reductions to hospital and nursing home funding to lower Medi-Cal costs; (g) reduces funding for child care programs

and eliminates 14,000 child care slots; (h) creates a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services; and (i) uses a Fiscal Year 2011-2012 overappropriation of the minimum guarantee to prepay Proposition 98 funding required by a court settlement. K-14 education funding would increase by approximately \$17.2 billion, or 37%, and per pupil funding would increase by over \$2,500 in the next four years.

The 2012-13 State Budget includes total funding of \$68.4 billion (\$37.9 billion general fund contribution and \$30.5 billion from other funds) for all K-12 education programs, including the following specific items:

(a) *Redevelopment Agency Asset Liquidation.* An increase of \$1.3 billion in local property taxes for Fiscal Year 2012-2013 to reflect the distribution of cash assets previously held by redevelopment agencies. The increase in local revenue reduces Proposition 98 funding by an identical amount.

(b) *Proposition 98 Adjustments.* A decrease of approximately \$630 million due to (i) eliminating the hold-harmless adjustment provided to schools from the elimination of the sales tax on gasoline in Fiscal Year 2010-2011; and (ii) using a consistent current value methodology to rebench the guarantee for the exclusion of child care programs, the inclusion of special education mental health services, as well as new and existing property tax shifts. Additionally, the 2012-13 State Budget reduces current year appropriations for a number of different programs by \$220.1 million, backfilling those programs with available one-time funds.

(c) *Quality Education Investment Act ("QEIA").* A decrease of \$450 million from the general fund for Fiscal Year 2012-2013. The over-appropriation in Fiscal Year 2011-2012 will be used to prepay the \$450 million required to be provided on top of the minimum guarantee in Fiscal Year 2012-2013 pursuant to the California Teachers Association v. Schwarzenegger settlement agreement. The program will be funded within the guarantee to achieve one-time savings of \$450 million for Fiscal Year 2012-2013. Additionally, savings of \$181 million in Fiscal Year 2013-2014 and \$40.8 million in Fiscal Year 2014-2015 are achieved by using the remainder of the current year over appropriation to prepay a portion of the Fiscal Years 2013-2014 and 2014-2015 QEIA obligations.

(d) *K-12 Deferrals.* An increase of \$2.1 billion Proposition 98 funding to reduce K-12 inter-year budgetary deferrals from \$9.5 billion to \$7.4 billion.

(e) *Charter Schools.* An increase of \$53.7 million Proposition 98 funding for charter school categorical programs to fund growth in charter school enrollment. In addition to funding growth, legislation expands the ability of school districts to convey surplus property to charter schools, while also increasing financial assistance to charters by allowing county treasurers to provide them with short-term cash loans, and by authorizing charter schools to participate in the temporary revenue anticipation note mechanism already available to schools and county offices of education.

(f) *Mandates Block Grant.* An increase of \$86.2 million over the Fiscal Year 2011-2012 funding level to provide a total of \$166.6 million for K-12 mandates through a new voluntary block grant. Participating school districts and county offices of education would receive \$28 per student, while participating charter schools would receive \$14 per student. Districts and county offices of education that choose not to participate in the block grant program would retain their right to submit claims for reimbursement, subject to audit by the State Controller.

(g) *Reduce Child Care Costs.* The 2012-13 State Budget reflects total child care savings of \$294.3 million in non-Proposition 98 funding, resulting in the elimination of 14,000 child care slots.

(h) *Funding for the State Preschool Program.* An increase of \$163.9 million in Proposition 98 funding to cover the cost of part-day preschool services for 44,100 three and four year olds.

(i) *Reduce Provider Contracts.* A decrease of \$30 million in Proposition 98 funding to reflect the 8.7-percent across the board reduction to general child care programs. Both preschool and general child care programs are administered by centers that contract directly with the Department of Education.

(j) *Suspend Statutory Cost-of-Living Adjustment.* A decrease of \$11.9 million in Proposition 98 funding associated with cost-of-living adjustments.

Additional information regarding the 2012-13 State Budget is available from the Department of Finance's website: www.dof.ca.gov. However, such information is not incorporated herein by any reference.

Additional Information. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of the State budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." Various analyses of the budget may be found at the website of the LAO at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found via the website of the State Treasurer, www.treasurer.ca.gov. The information presented in these websites is not incorporated by reference in this Official Statement.

2013-14 State Budget. Set forth below is a summary of information available with respect to the 2013-14 State Budget.

November 6, 2012 – California voters approve Proposition 30.

Proposition 30 was an initiative designed to increase state tax revenues for education expenditures. It consisted of a sales tax increase from 7.25% to 7.5%, and increased taxes on residents earning beyond \$250,000, \$300,000, \$500,000, and \$1,000,000.

The proposition was approved with 55% of the vote.

January 10, 2013 – Governor submits proposed 2013-14 budget to Legislature.

Governor Brown's proposed budget offers a multi-year plan that is balanced, pays down budgetary debt from past years, and maintains a \$1 billion reserve. Increased tax revenues, and increased state cuts allow for this outcome. Overall General Fund spending is projected to grow by 5 percent from \$93 billion in 2012-13 to \$97.7 billion in 2013-14. The vast majority of the spending growth is in education and health care.

K-14 education funding increases by \$2.7 billion next year, and by \$19 billion by 2016-17. K-12 state funding per student is expected to increase \$1,100 per student over 2011-12 levels. A new district

funding formula combines a base grant per unit of average daily attendance with supplemental funds for districts serving English-learners and low-income students.

January 14, 2013 – Legislative Analyst’s Office (“LAO”) comments on Governor’s proposed 2013-14 budget.

The LAO commented that the state’s revenues and expenditures are roughly in balance. However, the Office noted there are still risks to revenue estimates, including economic uncertainty on the federal level, and state economic volatility with the housing market and the construction industry. In light of this uncertainty, the LAO believes the governor’s focus on fiscal restraint and paying off debts is appropriate.

The governor poses important policy choices for the legislature, including the new K-12 funding formula, and how to implement Medi-Cal expansion under federal health care reform. Legislators will have to address these issues if the state wishes to maintain the currently balanced budget.

Periodic Reports

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

Future Budgets

The District cannot predict what actions will be taken in the future by the Legislature and the Governor to address changing State revenues and expenditures. The State budget will be affected by national and state economic conditions and other factors over which the District will have no control. Continued State budget shortfalls in future fiscal years could have an adverse financial impact on the District.

Legal Challenges to State Funding of Education

The application of Proposition 98 and other statutory regulations has been the subject of various legal challenges in recent years, and is likely to be further challenged in the future. For a discussion of how the provisions of Proposition 98 have been applied to school funding see “—State Funding of Education” and “—Recent State Budgets” above.

2010 Robles-Wong Litigation. On May 20, 2010, a plaintiff class of numerous current California public school students and several school districts, together with the California Congress of Parents, Teachers & Students, the Association of California School Administrators and the California School Boards Association filed suit in Alameda County Superior Court challenging the system of financing for public schools in California as unconstitutional. In *Maya Robles-Wong, et al. v. State of California*, plaintiffs seek declaratory and injunctive relief, including a permanent injunction compelling the State to abandon the existing system of public school finance. On July 16, 2010, the California Teachers’ Association filed a Complaint in intervention, making the same allegations and seeking the same declaratory and injunctive relief. On January 14, 2011, the court dismissed certain of the causes of action, including causes of action that alleged a constitutional right to a particular level of education funding and violations of equal protection of the law, based on certain State constitutional provisions. On July 26, 2011, the Superior Court rejected the plaintiffs amended complaint as not stating an equal protection

claim. The District cannot predict the ultimate outcome of the Robles-Wong litigation. However, if successful, the lawsuit could result in changes to the implementation of school finance in the State of California.

2011 CSBA Litigation. The California School Boards Association, the Association of California School Administrators, the Los Angeles Unified School District, the San Francisco Unified School District and the Turlock Unified School District announced on August 28, 2011 that they were filing a lawsuit (the "CSBA Lawsuit") in the Superior County of the City and County of San Francisco, seeking to restore more than \$2 billion that had been designated to California public schools under Proposition 98, but was cut from the 2011-12 State Budget. The Superior Court has rejected the CSBA Lawsuit, however the plaintiffs may appeal the decision.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein. Articles XIII A, XIII B, XIII C and XIII D of the California Constitution, Propositions 1A, 39, 55, 98, and 111 and certain other provisions of law are discussed in this Section to describe the potential effect of these constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIII A, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

Article XIII A of the State Constitution limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIII A defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975 76 bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A requires a vote of two thirds of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978; (b) on any bonded indebtedness approved by two thirds of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978; or (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast of the proposition, but only if certain accountability measurers are included in the proposition. The tax for payment of the Bonds falls within the exception described in clause (c) of the immediately preceding sentence. In addition, Article XIII A

requires the approval of two-thirds of all members of the State legislature to change any State taxes for the purpose of increasing tax revenues.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, subject to redevelopment agency, if any, claims on tax increment and subject to changes in organizations, if any, of affected jurisdictions, is allocated to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocated to such jurisdictions.

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

All taxable property is shown at 100% of assessed value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Both the United States Supreme Court and the California State Supreme Court have upheld the general validity of Article XIII A.

Unitary Property

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

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, non-utility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula.

Article XIII B of the California Constitution

Article XIII B of the State Constitution ("Article XIII B"), as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIII B defines:

(a) "change in the cost of living" with respect to school districts to mean the percentage change in California per capita income from the preceding year; and

(b) "change in population" with respect to school districts to mean the percentage change in the average daily attendance of a school district from the preceding fiscal year.

For fiscal years beginning on or after December 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIII B, as amended.

The appropriations of an entity of local government subject to Article XIII B limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service); and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes; (b) appropriations for debt service; (c) appropriations required to comply with certain mandates of the courts or the federal government; (d) appropriations of certain special districts; (e) appropriations for all qualified capital outlay projects as defined by the legislature; (f) appropriations derived from certain fuel and vehicle taxes; and (g) appropriations derived from certain taxes on tobacco products.

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIII B also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "—Proposition 98 and Proposition 111" below.

Article XIII C and Article XIII D of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIII C and XIII D, which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property related assessments, fees and charges." Among other things, Article XIII C establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as community college districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the County pursuant to Article XIII A of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Proposition 98 and Proposition 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" ("Proposition 98"). In addition to adding certain provisions to the California Education Code, Proposition 98 also amended Article XIII B and Section 8 of Article XVI of the State Constitution and added Section

8.5 of Article XVI to the State Constitution, the effects of which are to establish a minimum level of State funding for school districts, to allocate to school districts, within limits, State revenues in excess of the State's appropriations limit and to exempt such excess funds from school district appropriations limits.

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("Proposition 111") which further modified Article XIII B and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

Article XIII B, as amended by both Proposition 98 and Proposition 111, is discussed above under "Article XIII B of the California Constitution."

The provisions of Sections 8 and 8.5 of Article XVI, as added and/or amended by Propositions 98 and 111, may be summarized as follows:

(a) *State Funding of Schools (Section 8)*. Moneys to be applied by the State for the support of school districts must be at a level equal to the greater of the following "tests"

(i) the amount which, as a percentage of the State general fund ("General Fund") revenues which may be appropriated pursuant to Article XIII B, equals the percentage of General Fund revenues appropriated for school districts in Fiscal Year 1986-87;

(ii) the amount actually appropriated to school districts in the prior Fiscal Year from General Fund proceeds and from allocated local proceeds of taxes (excluding any excess State revenues allocated pursuant to Section 8.5), adjusted for changes in enrollment and for the change in the cost of living (operative only in a Fiscal Year in which the percentage growth in California per capita personal income is less than or equal to the percentage growth in per capita General Fund revenues plus one-half of one percent);

(iii) the amount actually appropriated to school districts in the prior Fiscal Year from General Fund proceeds and from allocated local proceeds of taxes (excluding any excess State revenues allocated pursuant to Section 8.5) adjusted for changes in enrollment and for the change in per capita General Fund revenues, and, in addition, an amount equal to 0.5% times the prior year appropriations (excluding any excess State revenues) adjusted for changes in enrollment (operative only in a Fiscal Year in which the percentage growth in California per capita personal income is greater than the percentage growth in per capita General Fund revenues plus 0.5%).

If the third test is used in any year the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when the General Fund revenue growth exceeds personal income growth. Legislation adopted prior to the end of the 1988-89 Fiscal Year implementing Proposition 98 determined the K-14 schools' funding guarantee under Test 1 to be 40.3% of the General Fund tax revenues, based on 1986-87 appropriations. However, that percent has been adjusted to approximately 35% to account for a subsequent redirection of local property taxes since such redirection directly affects the share of State General Fund revenues to schools.

The State Legislature by a two-thirds vote of both houses, with the Governor's concurrence, may suspend for one year the minimum funding provisions for school districts as provided for in Section 8.

(b) *Allocations to the State School Fund (Section 8.5).* In addition to the amounts applied to school districts under the tests discussed above, the State Controller is directed to allocate available excess State revenues (pursuant to Article XIII B) to the State School Fund. However, no such allocation is required at any time that the Director of Finance and the Superintendent of Public Instruction mutually determine that current annual expenditures per student equal or exceed the average annual expenditures per student of the 10 states with the highest annual expenditures per student and the average class size equals or is less than the average class size of the 10 states with the lowest class size.

Such allocations do not constitute appropriations subject to Article XIII B limitations and are to be made in an equal amount per enrollment.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as Proposition 39) to the California Constitution. This amendment (a) allows school facilities bond measures to be approved by 55% (rather than two thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds, and (b) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this Proposition are K-12 school districts, including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Property taxes may only exceed this limit to pay for (i) any local government debts approved by the voters prior to July 1, 1978; or (ii) bonds to buy or improve real property that receive two thirds voter approval after July 1, 1978.

The 55% vote requirement applies only if the local bond measure presented to the voters includes: (a) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (b) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (c) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for a high school or elementary school district), or \$25 (for a community college district), per \$100,000 of taxable property value. These requirements are not part of this Proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (a) reduce local sales tax rates or alter the method of allocating

the revenue generated by such taxes, (b) shift property taxes from local governments to schools or community colleges, (c) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature, or (d) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Beginning in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for the property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on February 5, 2008, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 will be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1 percent of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, will be an increase in the State's general fund costs by approximately \$1 billion annually for several decades.

On December 30, 2011, the California Supreme Court issued its decision in the case of California Redevelopment Association v. Matosantos, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by 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. The District can make no representations regarding what affect the implementation of ABx1 26 will have on the District's future receipt of tax increment revenues.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 26, 98 and 111 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the delivery of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of delivery of the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which each Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount is disregarded.

Under the Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of Premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

In the further opinion of Bond Counsel, interest payable on the Bonds is exempt from California personal income taxes.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on the Bonds have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

ABSENCE OF MATERIAL LITIGATION

There is no action, suit, or proceeding known to be pending or threatened, to restrain or enjoin the execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the District or the County taken with respect thereto. The District is not aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to issue the Bonds.

CERTAIN LEGAL MATTERS

Jones Hall, A Professional Law Corporation, Bond Counsel, will render an opinion with respect to the validity of the Bonds, the proposed form of which is included as Appendix C hereto. A copy of such approving opinion will be available at the time of delivery of the Bonds. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the Underwriter by Kutak Rock, LLP, Denver, CO. Compensation of Bond Counsel and Underwriter's Counsel is contingent upon the execution of the Bonds.

CONTINUING DISCLOSURE OBLIGATION

The District has covenanted to provide such annual financial statements and other information in the manner required by Rule 15c2-12. The District has entered into an undertaking (the "Undertaking") for the benefit of the Owners of the Bonds to provide certain financial information and operating data to certain information repositories annually and to provide notice to the Municipal Securities Rulemaking Board or to certain information repositories of certain events, pursuant to the requirements of Section (b)(5)(i) of Rule 15c2-12. See "APPENDIX D—PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein for a description of the Undertaking. These covenants are being made in order to assist the Underwriter (as defined below) in complying with Rule 15c2-12. During the last five years, the District has not failed to comply in any material respect with any previous undertaking with regard to said Rule.

A failure by the District to comply with the Undertaking will not constitute an Event of Default. Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

UNDERWRITING

The Bonds are being purchased by Stifel, Nicolaus & Company, Inc. (the "Underwriter"). The Underwriter has agreed to purchase all of the Bonds at a price of \$_____ (which is equal to the initial principal amount of the Bonds plus a premium of \$_____, less an Underwriter's discount of \$_____ and less an amount of \$_____ to be used by the Underwriter to pay costs of issuance of the Bonds including the bond insurance premium). The Contract of Purchase provides that the Underwriter will

purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions.

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

ADDITIONAL INFORMATION

Brief descriptions or summaries of the District, the Bond Resolution, the Bonds, and other documents, agreements and statutes are included in this Official Statement. The summaries or references herein to the Bond Resolution, and other documents, agreements and statutes referred to herein, and the description of the Bonds included herein, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by reference to such documents, and the description herein of the Bonds is qualified in its entirety by reference to the form thereof and the information with respect thereto included in the aforesaid documents. Copies of such documents may be obtained at the principal corporate trust office of the Paying Agent.

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

All data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

The execution and delivery of this Official Statement has been duly authorized by the Board of Trustees of the District.

NUVIEW UNION SCHOOL DISTRICT

By _____
Chief Business Officer

APPENDIX A

GENERAL INFORMATION CONCERNING CITY OF NUEVO AND COUNTY OF RIVERSIDE

The following information concerning the City of Nuevo (the "City") and Riverside County (the "County") is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt of the City, the County, the State or any of its political subdivisions (other than the District), and none of the County, the State or any of its political subdivisions (other than the District) is liable therefore. The County, including its Board of Supervisors, officers, officials, agents and other employees, are required, only to the extent required by law, to: (a) levy and collect *ad valorem* taxes for payment of the Bonds in accordance with the law; and (b) transmit the proceeds of such taxes to the paying agent for the payment of the principal of and interest on Bonds at the time such payment is due.

Population Characteristics

The following table shows population growth of the City, County, and State between 2008 and 2012.

**City of Nuevo, Riverside County, and State of California
Population Estimates
2008-2012**

Year	City of Nuevo	Riverside County	State of California ⁽¹⁾
2008		2,097,437	36,553,000
2009		2,127,612	36,856,000
2010		2,161,163	37,077,000
2011		2,226,552	37,309,000
2012			37,826,000

⁽¹⁾ Approximate.

Source: State of California, Department of Finance

Economic Description

The County's economy is led by manufacturing, government jobs, education, retail, and agriculture. The county has been able to attract residents and companies with affordable land and housing, however these sectors have slowed in recent years as a result of the 2008 financial crisis.

Labor Force

The District is included in the Riverside Metropolitan Statistical Area, which includes all of Riverside County. Set forth below is data from 2008 to 2012, reflecting Riverside County's civilian labor force, employment and unemployment.

Riverside County
Employment and Unemployment
Annual Averages, 2007-2011⁽¹⁾
(in thousands)

Industry Wage and Salary Employment	2007	2008	2009	2010	2011
Mining and Logging	700	500	500	400	400
Total Farm	607,200	578,900	533,900	523,600	536,000
Construction	68,900	54,700	40,400	35,400	34,300
Manufacturing	54,400	48,400	39,000	37,900	39,000
Wholesale Trade	21,100	20,400	18,700	19,100	19,900
Retail Trade	88,000	84,900	78,800	78,500	79,400
Transportation, Warehousing and Utilities	20,900	21,200	19,700	19,400	20,300
Information	7,800	7,700	8,500	10,200	9,600
Finance and Insurance	23,000	22,300	20,700	19,300	18,300
Professional and Business Services	63,000	58,000	53,600	50,300	52,700
Educational and Health Services	56,900	58,100	57,900	58,000	61,600
Leisure and Hospitality	73,700	72,800	68,700	67,700	69,300
Other Services	20,100	19,400	18,100	18,300	19,000
Government					
Civilian Labor Force ⁽²⁾	903,400	912,700	916,500	937,500	938,400
Civilian Employment ⁽²⁾	848,900	835,000	793,900	801,600	810,600
Unemployment ⁽²⁾	54,500	77,700	122,600	135,900	127,800
Unemployment Rate ⁽²⁾	6.0%	8.5%	13.4%	14.5%	13.6%

⁽¹⁾ Totals may not equal sum of component parts due to rounding.

⁽²⁾ Based on place of residence.

Source: State of California Employment Development Department, March 2011 Benchmark

The following table lists the largest employers within the County.

**Riverside County
Major Employers
(Listed Alphabetically)**

Employer	Location	Industry
Abbot Vascular Inc.	Temecula	Physicians and surgeons equipment and supplies
Agua Caliente Casino Resort	Rancho Mirage	Hotels and motels
Corona City Hall	Corona	City government
Corrections department	Norco	State government correctional institutions
Desert Regional Med	Palm Springs	Hospital
Eisenhower Medical Center MD	Rancho Mirage	Orthopedic Surgeons
Handsome Rewards	Perris	Internet and catalog shopping
Hemet Valley Medical Center	Hemet	Hospitals
Hotel at Fantasy Springs	Indio	Casinos
Hub International INS SVC	Riverside	Insurance
Inland Valley Medical Center	Wildomar	Hospitals
JW Marriott-Desert Springs Resort	Palm Desert	Hotels and motels
Kaiser Permanente	Riverside	Hospitals
La Quinta Golf Course	La Quinta	Golf courses
La Quinta Resort and Club	La Quinta	Hotels and motels
Morongo Casino Resort and Spa	Cabazon	Casinos
Morongo Tribal Gaming Ent	Banning	Business Management Consultants
Pechanga Casino	Temecula	Casinos
Riverside Community Hospital	Riverside	Hospitals
Riverside County Regional Med	Moreno Valley	Hospitals
Spa Casino	Palm Springs	Casinos
Starcrest of California	Perris	Internet and catalog shopping
Starcrest Products	Perris	Gift shops
Sun World Intl LLC	Coachella	Fruits and vegetables growers and shippers
Universal Protection SVC	Palm Desert	Security guard and patrol service

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System ("ALMIS") Employer Database

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and non-tax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the median household effective buying income for the County, the State and the United States from 2008 to 2012. (Awaiting information)

**Riverside County
Effective Buying Income
Median Household
2008-2012**

	2008	2009	2010	2011	2012
Riverside					
County					
California					
United States					

Source: The Nielson Company (US), Inc.

Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, data for 2009 and after is not comparable to that of prior years.

A summary of historic taxable sales within the County during the past five years in which data is available is shown in the following table.

**Riverside County
Annual Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(dollars in thousands)**

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2006	23,322	\$21,842,345	43,672	\$29,810,237
2007	22,918	21,242,516	45,279	29,023,609
2008	23,604	18,689,249	46,272	26,003,595
2009	29,829	16,057,488	42,765	22,227,877
2010*	32,534	16,919,500	45,688	23,152,780

* Retail Stores data is not comparable to prior years. "Retail" category now includes "Food Services."
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax)

APPENDIX B

**EXCERPTS FROM AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDING JUNE 30, 2012**

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

DTC, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating: "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry-only system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant on accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the Bonds of the District will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the District believes to be reliable, but the District take no responsibility for the accuracy thereof.