

FORM APPROVED COUNTY COUNSEL 5/5/15  
 BY: GREGORY P. PRAMOS DATE

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

109A



**FROM:** Don Kent, Treasurer/Tax Collector

**SUBMITTAL DATE:**  
 May 7, 2015

**SUBJECT:** Resolution No. 2015-104 Corona-Norco Unified School District General Obligation Bonds 2014 Election, Series A; 2nd Dist.; [\$0] (Vote on Separately)

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve and adopt Resolution No. 2015-104 authorizing and approving the issuance and sale of Corona-Norco Unified School District Election of 2014 General Obligation Bonds, Series A in a principal amount not to exceed \$100,000,000 some of which may provide for the compounding of interest and approving other related matters.

**BACKGROUND:**

**Summary**

Education Code Section 15140 requires that General Obligation Bonds of a school district be offered for sale by the Board of Supervisors of the County when the County's Superintendent of Schools has jurisdiction over the district and when the district wishes to offer its bonds via a negotiated sale. Although California law permits a board of supervisors to opt out of that requirement, this Board has not adopted the necessary enabling resolution. At the same time, the County Treasurer has taken the position that school districts should not be negotiating the sale of bonds without his participation. (Continued on Page 2.)

*Don Kent*  
 Don Kent  
 Treasurer/Tax Collector

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

<b>SOURCE OF FUNDS:</b>	Budget Adjustment: n/a
	For Fiscal Year: 2014-15

**C.E.O. RECOMMENDATION:**

**APPROVE**

BY: *Samuel Wong 5/22/15*  
 Samuel Wong

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

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

Ayes: Jeffries, Washington, Benoit and Ashley  
 Nays: None  
 Absent: Tavaglione  
 Date: June 2, 2015  
 xc: Treasurer

Kecia Harper-Ihem  
 Clerk of the Board  
 By: *Kecia Harper-Ihem*  
 Deputy

- A-30
- Positions Added
- 4/5 Vote
- Change Order

Prev. Agn. Ref.:

District: 2

Agenda Number:

3-29

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**  
**FORM 11: Resolution No. 2015-104 Corona-Norco Unified School District Election of 2014 General Obligation Bonds, Series A; 2nd Dist.; [\$0] (Vote on Separately)**

**DATE:** May 7, 2015

**PAGE:** Page 2 of 3

**BACKGROUND:**

**Summary (continued).**

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

An election was held on November 4, 2014 pursuant to Section 1 of Article XIII A of the California Constitution, Section 18 of Article XVI of the California Constitution, and Chapter 1 of Part 10 of Division 1 of Title 1 (Section 15266) of the Education Code, codifying, in part, Proposition 39. The measure, which was approved by more than fifty-five percent of the votes cast by eligible voters of the District, authorized the incurrence of general obligation bonded indebtedness in an aggregate principal amount not to exceed \$396,000,000.

Resolution 2015-104 authorizes the issuance and sale of Corona-Norco Unified School District Election of 2014 General Obligation Bonds, Series A (the "Series A Bonds") in a principal amount not to exceed \$100,000,000. The proceeds of the Series A Bonds will be used to finance the repair upgrading, acquisition, construction and equipping of certain District property and facilities.

The maximum permitted tax rate levy set forth in Proposition 39 for the District is \$60 per \$100,000 of assessed valuation. Nevertheless, because the District promised its voters at the time of the election not to exceed a tax rate levy of \$24 per \$100,000 of assessed valuation, the District Board has requested the County to authorize the issuance of bonds in the District's name as Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, which, by their terms, are subject to the compounding of interest. The District has determined that the issuance of Capital Appreciation Bonds and Convertible Capital Appreciation Bonds is necessary for the District to access the desired amount of project funds while staying within the tax rate promised to voters.

Assembly Bill 182 amended the California Education Code and the California Government Code to authorize the issuance of capital appreciation bonds when certain conditions are met. The District resolution reflects that the District has complied with all the requirements of AB 182. Specifically, AB 182 limits the amount of debt service that can be paid on bonds, including capital appreciation bonds, such that total debt service can be no more than 4 times greater than the principal amount of the bonds. The District estimates that total debt service on the Series A Bonds will be no more than 2.50 times greater than the principal amount of the Series A Bonds.

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

County Counsel has reviewed Resolution No. 2015-104 and has approved it as to form.

**Impact on Citizens and Businesses**

The voters of the District approved the levy of ad valorem property taxes to pay for increased bonded indebtedness. In exchange for the increased taxes, the citizens in the District will receive new and improved District facilities.

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**  
**FORM 11: Resolution No. 2015-104 Corona-Norco Unified School District Election of 2014 General Obligation**  
**Bonds, Series A; 2nd Dist.; [\$0] (Vote on Separately)**

**DATE:** May 7, 2015

**PAGE:** Page 3 of 3

**ATTACHMENTS (if needed, in this order):**

Resolution No. 2015-104

Preliminary Official Statement

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RESOLUTION NO. 2015-104

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, CALIFORNIA, AUTHORIZING THE SALE AND ISSUANCE OF CORONA-NORCO UNIFIED SCHOOL DISTRICT, RIVERSIDE COUNTY, CALIFORNIA, ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES A IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$100,000,000, SOME OF WHICH MAY PROVIDE FOR THE COMPOUNDING OF INTEREST, AND APPROVING CERTAIN OTHER MATTERS RELATING TO THE BONDS

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**RESOLUTION NO. 2015-104**

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, CALIFORNIA, AUTHORIZING THE SALE AND ISSUANCE OF CORONA-NORCO UNIFIED SCHOOL DISTRICT, RIVERSIDE COUNTY, CALIFORNIA, ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES A IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$100,000,000, SOME OF WHICH MAY PROVIDE FOR THE COMPOUNDING OF INTEREST, AND APPROVING CERTAIN OTHER MATTERS RELATING TO THE BONDS**

**WHEREAS**, a duly called election was held in the Corona-Norco Unified School District (the "District"), County of Riverside (the "County"), State of California, on November 4, 2014 (the "Election"), and thereafter canvassed pursuant to law; and

**WHEREAS**, at the Election there was submitted to and approved by the requisite fifty-five percent or more vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum amount of \$396,000,000 payable from the levy of an *ad valorem* tax against the taxable property in the District (the "Authorization"); and

**WHEREAS**, at this time this Board has received a signed and certified original copy of the resolution of the Board of Education of the District (the "District Board"), approved thereby and adopted on May 5, 2015, requesting the issuance of the first series of bonds under the Authorization in an aggregate principal amount not-to-exceed \$100,000,000 and styled as "Corona-Norco Unified School District, Riverside County, California, Election of 2014 General Obligation Bonds, Series A (the "Bonds"), which resolution is attached hereto as Exhibit A; and

**WHEREAS**, pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53506 *et seq.*) (the "Act"), the Bonds are authorized to be issued by the District for the purposes set forth in the ballot submitted to voters at the Election; and

**WHEREAS**, the District Board has authorized the issuance of the Bonds as any combination of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, to be issued in one or more Series of Taxable or Tax-Exempt Bonds (as such terms are defined herein); and

**WHEREAS**, due to the District's promise to its voters at the time of the Election not to exceed a tax rate of \$24 levied per \$100,000 of assessed valuation, the District Board has requested the County to authorize the issuance of Bonds in the District's name as Capital Appreciation Bonds and Convertible Capital Appreciation Bonds (as such terms are defined herein), which, by their terms, are subject to the compounding of interest; and

FORM APPROVED COUNTY COUNSEL  
BY: DALE A. GARDNER DATE: 5/19/15



1 Resolution. The Bonds shall be sold pursuant to the terms and conditions set forth in the  
2 Purchase Contract, as described in Section 3 below.

3 **Section 3. Approval of Purchase Contract.** The form of Purchase Contract  
4 (defined herein), by and among the County, the District and Bank of America Merrill Lynch  
5 (the "Underwriter"), for the purchase and sale of the Bonds, is hereby approved substantially  
6 in the form attached hereto as Exhibit B. The Treasurer-Tax Collector of the County (the  
7 "Treasurer"), or designated deputy thereof, is hereby authorized to execute and deliver the  
8 Purchase Contract, and the Authorized Representatives of the District, each alone, are hereby  
9 authorized and requested to acknowledge the execution of such Purchase Contract, if  
10 necessary, but with such changes therein, deletions therefrom and modifications thereto as  
11 the Treasurer, or a designated deputy thereof, may approve, such approval to be conclusively  
12 evidenced by his or her execution and delivery thereof; provided, however, that the Bonds  
13 shall mature no later than forty (40) years from the date of issue and the Underwriter's  
14 discount, excluding original issue discount, shall not exceed 1.0% of the aggregate principal  
15 amount of Bonds issued. The Treasurer, in conjunction with an Authorized Representative of  
16 the District, shall be authorized to determine the final principal amount of the Bonds, not-to-  
17 exceed \$100,000,000, and enter into and execute the Purchase Contract with the Underwriter,  
18 if the conditions set forth in this Resolution are satisfied.

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

21 **"Accreted Interest"** means, with respect to Capital Appreciation Bonds and  
22 Convertible Capital Appreciation Bonds prior to the Conversion Date, the Accreted  
23 Value thereof minus the Denominational Amount thereof as of the date of calculation.

24 **"Accretion Rate"** means, that rate which, when applied to the Denominational  
25 Amount of a Capital Appreciation Bond or a Convertible Capital Appreciation Bond,  
26 and compounded semiannually on each February 1 and August 1, commencing on  
27 August 1, 2015 (unless otherwise provided for in the Purchase Contract), produces the  
28 Maturity Value on the maturity date (with respect to Capital Appreciation Bonds) and  
the Conversion Value on the Conversion Date (with respect to Convertible Capital  
Appreciation Bonds).

**"Accreted Value"** means, as of the date of calculation, with respect to Capital  
Appreciation Bonds and Convertible Capital Appreciation Bonds through to the  
Conversion Date, the Denominational Amount thereof plus Accreted Interest thereon to  
such date of calculation, compounded semiannually on each February 1 and August 1,  
commencing on August 1, 2015 (unless otherwise provided for in the Purchase  
Contract), at the stated Accretion Rate to maturity thereof, assuming in any such  
semiannual period that such Accreted Value increases in equal daily amounts on the  
basis of a 360-day year of 12, 30-day months.

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

**"Authorized Representative of the District"** means each of the  
Superintendent of the District, the Deputy Superintendent, Business Services of the



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District, and such other officers or employees of the District as may be designated for such purpose and their designees.

**“Beneficial Owner”** means, when used with reference to book-entry Bonds registered pursuant to Section 12 hereof, the person who is considered the beneficial owner of such Bonds pursuant to the arrangements for book entry determination of ownership applicable to the Depository.

**“Board”** means the Board of Supervisors of the County.

**“Bond Insurer”** means any insurance company which issues a municipal bond insurance policy insuring the payment of Principal, Accreted Value and Conversion Value of and interest on the Bonds.

**“Bond Payment Date”** means, as applicable (and unless otherwise provided by the Purchase Contract), (i) with respect to the Current Interest Bonds, February 1 and August 1 of each year commencing August 1, 2015 with respect to interest thereon, and the stated maturity dates thereof with respect to the Principal payments on the Current Interest Bonds, (ii) with respect to interest on the Convertible Capital Appreciation Bonds, February 1 and August 1 of each year, commencing on the first February 1 or August 1 following the respective Conversion Dates thereof, and the stated maturity dates thereof with respect to the Conversion Value of the Convertible Capital Appreciation Bonds, and (iii) with respect to the Capital Appreciation Bonds, the stated maturity dates thereof.

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

**“Bonds”** means the Corona-Norco Unified School District Election of 2014 General Obligation Bonds, Series A, issued and delivered pursuant to this Resolution.

**“Building Fund”** means the Corona-Norco Unified School District, Election of 2014 General Obligation Bonds, Series A Building Fund established pursuant to Section 14 of this Resolution.

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

**“Capital Appreciation Bonds”** means the Bonds the interest component of which is compounded semiannually on each February 1 and August 1, commencing on August 1, 2015 (unless otherwise provided in the Purchase Contract) to maturity as shown in the table of Accreted Value for such Bonds in the Official Statement or Purchase Contract, as the case may be.

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

1           **“Continuing Disclosure Certificate”** means that certain contractual  
2           undertaking of the District pursuant to paragraph (b)(5) of Rule 15c2-12 adopted by  
3           the Securities and Exchange Commission under the Securities Exchange Act of 1934,  
4           and relating to the Bonds, dated as of the date of issuance thereof, as amended from  
5           time to time in accordance with the provisions thereof.

6           **“Conversion Date”** means, with respect to Convertible Capital Appreciation  
7           Bonds, the date from which such Bonds bear interest on a current, periodic basis.

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

10          **“Convertible Capital Appreciation Bonds”** means the Bonds the interest  
11          component of which is compounded semiannually to the respective Conversion Dates  
12          thereof as shown in the table Accreted Values for the Bonds in the Official Statement  
13          or Purchase Contract, as the case may be, and which bear interest from such respective  
14          Conversion Dates on the Conversion Value thereof, payable semiannually thereafter on  
15          each Bond Payment Date.

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

17          **“Current Interest Bonds”** means Bonds, the interest on which is payable  
18          semiannually on each Bond Payment Date specified therefor, and maturing in the years  
19          and amounts set forth in the Purchase Contract.

20          **“Date of Delivery”** means the date of initial issuance and delivery of the  
21          Bonds, or such other date as shall appear in the Purchase Contract or Official  
22          Statement.

23          **“Debt Service Fund”** means the Corona-Norco Unified School District,  
24          Election of 2014 General Obligation Bonds, Series A Debt Service Fund established  
25          pursuant to Section 14 of this Resolution.

26          **“Denominational Amount”** means the initial Principal Amount of any Capital  
27          Appreciation Bond or Convertible Capital Appreciation Bond.

28          **“Depository”** means The Depository Trust Company, 55 Water Street, New  
            York, New York 10041, a limited purpose trust company organized under the laws of  
            the State of New York, in its capacity as the initial Depository for the Bonds.

**“District”** means the Corona-Norco Unified School District.

**“DTC”** means The Depository Trust Company, 55 Water Street, New York,  
            New York 10041, a limited purpose trust company organized under the laws of the  
            State of New York, in its capacity as the initial Depository for the Bonds.

**“Fair Market Value”** means the price at which a willing buyer would  
            purchase the investment from a willing seller in a bona fide, arm's length transaction  
            (determined as of the date the contract to purchase or sell the investment becomes

1 binding) if the investment is traded on an established securities market (within the  
2 meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value"  
3 means the acquisition price in a bona fide arm's length transaction (as referenced  
4 above) if (i) the investment is a certificate of deposit that is acquired in accordance  
5 with applicable regulations under the Code, (ii) the investment is an agreement with  
6 specifically negotiated withdrawal or reinvestment provisions and a specifically  
7 negotiated interest rate (for example, a guaranteed investment contract, a forward  
8 supply contract or other investment agreement) that is acquired in accordance with  
9 applicable regulations under the Code, (iii) the investment is a United States Treasury  
10 Security—State and Local Government Series that is acquired in accordance with  
11 applicable regulations of the United States Bureau of Public Debt, or (iv) any  
12 commingled investment fund in which the District and related parties do not own  
13 more than a ten percent (10%) beneficial interest therein if the return paid by the fund  
14 is without regard to the source of the investment.

15 **"Holder" or "Owner"** means the registered owner of a Bond as set forth on  
16 the registration books maintained by the Paying Agent pursuant to Section 10 hereof.

17 **"Informational Services"** means Financial Information, Inc.'s Financial  
18 Daily Called Bond Service; Mergent, Inc.'s Called Bond Department; or Standard &  
19 Poor's J.J. Kenny Information Services' Called Bond Service.

20 **"Long Current Interest Bonds"** means Current Interest Bonds which  
21 mature more than 30 years from the date of issuance thereof, but not greater than 40  
22 years.

23 **"Maturity Value"** means the Accreted Value of any Capital Appreciation  
24 Bond on its maturity date.

25 **"Moody's"** means Moody's Investors Service, a corporation organized and  
26 existing under the laws of the State of Delaware, its successors and assigns, or, if  
27 such corporation shall be dissolved or liquidated or shall no longer perform the  
28 functions of a securities rating agency, such other nationally recognized securities  
rating agency designated by the District.

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

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

**"Official Statement"** means the document by that name prepared by the  
District pursuant to which the Bonds are offered by the Underwriter to investors as  
described in Section 20 herein.

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

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

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

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

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

14           **“Paying Agent”** means, initially U.S. Bank National Association, or such  
15 other Paying Agent as shall be named in the Purchase Contract or Official Statement,  
16 and afterwards any successor financial institution.

17           **“Permitted Investments”** means (i) any lawful investments permitted by  
18 Section 16429.1 and Section 53601 of the Government Code, including Non-AMT  
19 Bonds and Qualified Non-AMT Mutual Funds, (ii) shares in a California common  
20 law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government  
21 Code which invests exclusively in investments permitted by Section 53635 of the  
22 Government Code, but without regard to any limitations in such Section concerning  
23 the percentage of moneys available for investment being invested in a particular type  
24 of security, (iii) a guaranteed investment contract with a provider having a rating  
25 meeting the minimum rating requirements of the County investment pool maintained  
26 by the Treasurer, (iv) the Local Agency Investments Fund of the California State  
27 Treasurer, (v) the County investment pool described above, and (vi) State and Local  
28 Government Series Securities.

**“Principal”** or **“Principal Amount”** means, with respect to any Current  
Interest Bond, the Principal Amount thereof, with respect to any Capital Appreciation  
Bond or Convertible Capital Appreciation Bond, the Denominational Amount  
thereof.

**“Purchase Contract”** means the contract or contracts for purchase and sale  
of the Bonds by and among the County, the District and the Underwriter. To the  
extent the Bonds are sold pursuant to more than one Purchase Contract, each shall be  
substantially in the form presented to the Board, with such changes therein, deletions  
therefrom and modifications thereto as the Authorized Officer executing the same  
shall approve.

**“Qualified Non-AMT Mutual Fund”** means stock in a regulated investment  
company to the extent that at least 95% of the income of such regulated investment

1 company is interest that is excludable from gross income under Section 103 of the  
2 Code and not an item of tax preference under Section 57(a)(5)(C) of the Code.

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

11 **“Rebate Fund”** means the Corona-Norco Unified School District, Election  
12 of 2014 General Obligation Bonds, Series A Rebate Fund established pursuant to  
13 Section 14 of this Resolution.

14 **“Record Date”** means, the close of business on the fifteenth day of the  
15 month preceding each Bond Payment Date.

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

19 **“Resolution”** means this Resolution adopted by the Board of Supervisors of  
20 the County on June 2, 2015.

21 **“Series”** means any Bonds executed, authenticated and delivered pursuant to  
22 the provisions hereof which are identified as a separate series of Bond.

23 **“S&P”** means Standard & Poor’s Ratings Services, a Standard & Poor’s  
24 Financial Services LLC business, its successors and assigns, or, if such corporation  
25 shall be dissolved or liquidated or shall no longer perform the functions of a  
26 securities rating agency, such other nationally recognized securities rating agency  
27 designated by the District.

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

**“Supplemental Resolution”** means any resolution supplemental to or  
amendatory of this Resolution, adopted by the County in accordance with Section 25  
hereof.

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

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

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

“Term Bonds” means those Bonds for which mandatory redemption dates have been established in the Purchase Contract.

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

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

“Underwriter” means Bank of America Merrill Lynch.

**Section 5. Terms of the Bonds.**

(a) The Bonds shall be issued as fully registered book-entry bonds in the following denominations: (i) with respect to the Current Interest Bonds, \$5,000 Principal Amount or any integral multiple thereof, (ii) with respect to the Capital Appreciation Bonds, \$5,000 Maturity Value, or any integral multiple thereof (except for one odd denomination, if necessary), and (iii) with respect to Convertible Capital Appreciation Bonds, \$5,000 Conversion Value or any integral multiple thereof. The Bonds will initially be registered in the name of “Cede & Co.”, the Nominee of the Depository Trust Company, New York, New York.

(b) Each Current Interest Bond shall be dated as of the Date of Delivery, and shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date, in which event it shall bear interest from its Date of Delivery. Interest shall be payable on the respective Bond Payment Dates and shall be calculated on the basis of a 360-day year of 12, 30-day months.

(c) The Capital Appreciation Bonds shall mature in the years, shall be issued in aggregate Principal Amounts, and shall have Accretion Rates as shown in the Accreted Value Table attached to the Official Statement or Purchase Contract. The Convertible Capital Appreciation Bonds shall mature in the years, shall be issued in the aggregate Principal Amounts, and shall have Accretion Rates as shown in such Accreted Value Table; provided, however, that in the event that the amount shown in such Accreted Value Table and the Accreted Value caused to be calculated by the

1 District and approved by the Bond Insurer, if any, by application of the definition of  
2 Accreted Value set forth in Section 5 differ, the latter amount shall be the Accreted  
3 Value of such Capital Appreciation Bond or Convertible Capital Appreciation Bond,  
as applicable.

4 (d) Each Capital Appreciation Bond shall be dated, and shall accrete  
5 interest from, its date of initial delivery. Capital Appreciation Bonds will not bear  
interest on a current or periodic basis.

6 (e) Prior to their respective Conversion Dates, each Convertible Capital  
7 Appreciation Bond shall not bear current, periodic interest but will accrete in value  
8 through the Conversion Date thereof, from its Denominational Amount on the Date  
9 of Delivery thereof to its Conversion Value on the applicable Conversion Date. No  
10 payment will be made to the Owners of Convertible Capital Appreciation Bonds on  
11 the respective Conversion Dates thereof. From and after its Conversion Date, each  
12 Convertible Capital Appreciation Bond will bear current, periodic interest, and such  
13 interest will accrue based upon the Conversion Value of such Bonds at the  
14 Conversion Date. Following their respective Conversion Dates, each Convertible  
Capital Appreciation Bond shall bear interest from the Bond Payment Date next  
preceding the date of authentication thereof, unless it is authenticated during the  
period from the 16th day of the month next preceding any Bond Payment Date to that  
Bond Payment Date, inclusive, in which event it shall bear interest from such Bond  
Payment Date, or unless it is authenticated on or before the first Record Date after the  
Conversion Date, in which event it will bear interest from the Conversion Date.

15 (f) Notwithstanding any other provision herein, the ratio of total debt  
16 service to principal for each Series of Bonds shall not exceed four-to-one, and Capital  
Appreciation Bonds and Convertible Capital Appreciation Bonds may not mature  
17 more than 25 years from their respective dates of issuance.

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

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

26  
27  
28

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

4 (b) Unless otherwise provided, the office of the Paying Agent designated  
5 by the Paying Agent shall be the place for the payment of Principal, Accreted Value  
and Conversion Value of and interest on the Bonds.

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

12 (d) The District shall pay to the Paying Agent from time to time  
13 reasonable compensation for all services rendered under this Resolution, and also all  
14 reasonable expenses, charges, counsel fees and other disbursements, including those  
15 of its attorneys, agents and employees, incurred in and about the performance of their  
16 powers and duties under this Resolution. Notwithstanding the foregoing, the fees and  
17 expenses of the Paying Agent not paid from the proceeds of the sale of the Bonds,  
insofar as permitted by law, including specifically by Section 15232 of the Education  
Code. In no event shall the County be required to expend its own funds hereunder.

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

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



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

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

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

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

26 Any Bond may be exchanged for Bonds of like Series, tenor, maturity and Transfer  
27 Amount upon presentation and surrender at the principal office of the Paying Agent, together  
28 with a request for exchange signed by the Owner or by a person legally empowered to do so  
in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register

1 only upon presentation and surrender of the Bond at the principal office of the Paying Agent  
2 together with an assignment executed by the Owner or by a person legally empowered to do  
3 so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent  
4 shall complete, authenticate and deliver a new bond or bonds of like tenor and of any  
5 authorized denomination or denominations requested by the Owner equal to the Transfer  
6 Amount of the Bond surrendered and bearing or accruing interest at the same rate and  
7 maturing on the same date. Current Interest Bonds, Capital Appreciation Bonds and  
8 Convertible Capital Appreciation Bonds may not be exchanged for one another.

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

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

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

If any Bond shall become mutilated, the District, at the expense of the Owner of said  
Bond, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new  
Bond of like Series, tenor, maturity and Transfer Amount in exchange and substitution for the  
Bond so mutilated, but only upon surrender to the Paying Agent of the Bond so mutilated. If  
any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss,  
destruction or theft may be submitted to the Paying Agent and, if such evidence be  
satisfactory to the Paying Agent and indemnity for the Paying Agent and the District  
satisfactory to the Paying Agent shall be given by the Owner, the District, at the expense of  
the Owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a  
new Bond of like Series, tenor, maturity and Transfer Amount in lieu of and in substitution  
for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall  
have been called for redemption, instead of issuing a substitute Bond the Paying Agent may  
pay the same without surrender thereof upon receipt of indemnity satisfactory to the Paying

1 Agent and the District). The Paying Agent may require payment of a reasonable fee for each  
2 new Bond issued under this paragraph and of the expenses which may be incurred by the  
3 District, the County, and the Paying Agent.

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

10 **Section 11. Redemption.**

11 (a) Terms of Redemption. The Bonds shall be subject to optional or  
12 mandatory sinking fund redemption prior to maturity as provided in the Purchase  
13 Contract or the Official Statement; provided, however, that, notwithstanding any  
14 other provision herein, any Capital Appreciation Bond or Convertible Capital  
15 Appreciation Bond maturing more than 10 years after its date of issuance shall be  
16 subject to redemption before its fixed maturity date, with or without premium, at any  
17 time, or from time to time, at the option of the District, beginning no later than the  
18 10th anniversary of the date such Bond is issued.

19 (b) Selection of Bonds for Redemption. Whenever provision is made in  
20 this Resolution for the optional redemption of Bonds and less than all Outstanding  
21 Bonds are to be redeemed, the Paying Agent, upon written instruction from the  
22 District, shall select Bonds for redemption as so directed and if not directed, in  
23 inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for  
24 redemption as directed by the District and, if not so directed, by lot. Redemption by  
25 lot shall be in such manner as the Paying Agent shall determine; provided, however,  
26 that (A) the portion of any Current Interest Bond to be redeemed in part shall be in  
27 the Principal Amount of \$5,000 or any integral multiple thereof, (B) the portion of  
28 any Capital Appreciation Bond to be redeemed in part shall be in integral multiples of  
the Accreted Value per \$5,000 Maturity Value thereof, (C) and the portion of any  
Convertible Capital Appreciation Bond to be redeemed in part shall be in integral  
multiples of the Accreted Value per \$5,000 Conversion Value thereof.

The Purchase Contract may provide that (i) in the event that any portion of  
Term Bonds subject to mandatory sinking fund redemption is optionally redeemed  
prior to maturity, the remaining mandatory sinking fund payments with respect to  
such Bonds shall be reduced proportionately, or as otherwise directed by the District,  
in integral multiples of \$5,000 Principal Amount (or Maturity Value or Conversion  
Value, as applicable), in respect of the portion of such Bonds optionally redeemed,  
and (ii) within a maturity, Bonds shall be selected for redemption on a "Pro Rata  
Pass-Through Distribution of Principal" basis in accordance with DTC procedures,  
provided further that, such redemption is made in accordance with the operational  
arrangements of DTC then in effect.

1 (c) Notice of Redemption. When redemption is authorized or required  
2 pursuant to Section 11 hereof, the Paying Agent, upon written instruction from the  
3 District, shall give notice (a "Redemption Notice") of the redemption of the Bonds.  
4 Such Redemption Notice shall specify: the Bonds or designated portions thereof (in  
5 the case of redemption of the Bonds in part but not in whole) which are to be  
6 redeemed, the date of redemption, the place or places where the redemption will be  
7 made, including the name and address of the Paying Agent, the redemption price, the  
8 CUSIP numbers (if any) assigned to the Bonds to be redeemed, the Bond numbers of  
9 the Bonds to be redeemed in whole or in part and, in the case of any Bond to be  
10 redeemed in part only, the Principal Amount, Accreted Value or Conversion Value,  
11 as applicable, to be redeemed, and the original issue date, interest rate or Accretion  
12 Rate and stated maturity date of each Bond to be redeemed in whole or in part. Such  
13 Redemption Notice shall further state that on the specified date there shall become  
14 due and payable upon each Bond or portion thereof being redeemed at the redemption  
15 price thereof, together with the interest accrued or accreted to the redemption date,  
16 and that from and after such date, interest thereon shall cease to accrue or accrete.

17  
18 The Paying Agent shall take the following actions with respect to such  
19 Redemption Notice:

20 (i) At least 20 but not more than 45 days prior to the redemption  
21 date, such Redemption Notice shall be given to the respective Owners of  
22 Bonds designated for redemption by registered or certified mail, postage  
23 prepaid, at their addresses appearing on the Bond Register.

24 (ii) At least 20 but not more than 45 days prior to the redemption  
25 date, such Redemption Notice shall be given by (i) registered or certified  
26 mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or  
27 (iii) overnight delivery service, to the Securities Depository.

28 (iii) At least 20 but not more than 45 days prior to the redemption  
date, such Redemption Notice shall be given by (i) registered or certified  
mail, postage prepaid, or (ii) overnight delivery service, to one of the  
Information Services.

(iv) Such Redemption Notice shall be given to such other persons  
as may be required pursuant to the Continuing Disclosure Certificate.

A certificate of the Paying Agent or the District that a Redemption Notice has  
been given as provided herein shall be conclusive as against all parties. Neither  
failure to receive any Redemption Notice nor any defect in any such Redemption  
Notice so given shall affect the sufficiency of the proceedings for the redemption of  
the affected Bonds. Each check issued or other transfer of funds made by the Paying  
Agent for the purpose of redeeming Bonds shall bear or include the CUSIP number  
identifying, by issue and maturity, the Bonds being redeemed with the proceeds of  
such check or other transfer. Such Redemption Notice may state that no  
representation is made as to the accuracy or correctness of CUSIP numbers printed  
thereon, or on the Bonds.

1 With respect to any notice of the optional redemption of Bonds pursuant to  
2 Section 11(a) hereof, unless upon the giving of such notice such Bonds shall be  
3 deemed to have been defeased pursuant to Sections 16 or 17 hereof, such notice shall  
4 state that such redemption shall be conditional upon the receipt by an independent  
5 escrow agent selected by the District on or prior to the date fixed for such redemption  
6 of the moneys necessary and sufficient to pay the Principal, Accreted Value and  
7 Conversion Value of, premium, if any, and interest on, such Bonds (or portions  
8 thereof) to be redeemed, and that if such moneys shall have been so received said  
9 notice shall be of no force and effect, no portion of the Bonds shall be subject to  
10 redemption on such date and such Bonds shall not be required to be redeemed on  
11 such date. In the event that such Redemption Notice contains such a condition and  
12 such moneys are not so received, the redemption shall not be made and the Paying  
13 Agent shall within a reasonable time thereafter (but in no event later than the date  
14 originally set for redemption) give notice to the persons to whom and in the manner  
15 in which the Redemption Notice was given that such moneys were not so received.  
16 In addition, the District shall have the right to rescind any Redemption Notice, by  
17 written notice to the Paying Agent, on or prior to the date fixed for redemption. The  
18 Paying Agent shall distribute a notice of rescission of such Redemption Notice in the  
19 same manner as such Redemption Notice was originally provided.

12 (d) Payment of Redeemed Bonds. When notice of redemption has been  
13 given substantially as provided for herein, and, when the amount necessary for the  
14 redemption of the Bonds called for redemption (Principal Amount, Accreted Value or  
15 Conversion Value and premium, if any) is set aside in trust for that purpose, as  
16 provided herein, the Bonds designated for redemption shall become due and payable  
17 on the date fixed for redemption thereof and upon presentation and surrender of said  
18 Bonds at the place specified in the notice of redemption, said Bonds shall be  
19 redeemed and paid at the redemption price thereof.

17 All unpaid interest payable at or prior to the redemption date will  
18 continue to be payable to the respective Owners, but without interest thereon.

19 (e) Partial Redemption of Bonds. Upon the surrender of any Bond  
20 redeemed in part only, the Paying Agent shall execute and deliver to the Owner  
21 thereof a new Bond or Bonds of like tenor and maturity and of authorized  
22 denominations equal in Transfer Amount to the unredeemed portion of the Bond  
23 surrendered. Such partial redemption shall be valid upon payment of the amount  
24 required to be paid to such Owner, and the District shall be released and discharged  
25 thereupon from all liability to the extent of such payment.

23 (f) Effect of Notice of Redemption. If on such redemption date, money  
24 for the redemption of all the Bonds to be redeemed as provided in Section 11 hereof,  
25 together with interest payable or accrued to such redemption date, shall be held by an  
26 independent escrow agent selected by the District, so as to be available therefor on  
27 such redemption date, and if notice of redemption thereof shall have been given as  
28 aforesaid, then from and after such redemption date, interest with respect to the  
Bonds to be redeemed shall cease to accrue and become payable. All money held by  
such escrow agent for the redemption of Bonds shall be held in trust for the account  
of the Owners of the Bonds so to be redeemed.

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

5 (g) Bonds No Longer Outstanding. When any Bonds (or portions  
6 thereof), which have been duly called for redemption prior to maturity under the  
7 provisions of this Resolution, or with respect to which irrevocable instructions to call  
8 for redemption prior to maturity at the earliest redemption date have been given to the  
9 Paying Agent, in form satisfactory to it, and sufficient moneys shall be held  
10 irrevocably in trust for the payment of the redemption price of such Bonds or portions  
11 thereof, and accrued interest (if applicable) with respect thereto to the date fixed for  
12 redemption, all as provided in this Resolution, then such Bonds shall no longer be  
13 deemed Outstanding and shall be surrendered to the Paying Agent for cancellation.

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

15 (a) The Bonds shall be initially executed and delivered in the form of a  
16 single, fully registered Bond for each maturity (which may be typewritten). Upon  
17 initial execution and delivery, as provided for herein, the ownership of such Bond  
18 shall be registered in the Bond Register in the name of the Depository or Nominee,  
19 and its successors and assigns. Except as hereinafter provided, all of the outstanding  
20 Bonds shall be registered in the Bond Register in the name of the Nominee of the  
21 Depository, as determined from time to time pursuant to this Section. Each Bond  
22 certificate shall bear a legend substantially to the following effect: "UNLESS THIS  
23 BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE  
24 DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND  
25 REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR  
26 PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF  
27 CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN  
28 AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY  
PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS  
REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE  
DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR  
VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL  
INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN  
INTEREST HEREIN."

With respect to the Bonds registered in the Bond Register in the name of the  
Nominee, neither the District, the County nor the Paying Agent shall have any  
responsibility or obligation to any broker-dealers, banks and other financial  
institutions from time to time for which the Depository holds Bonds as securities  
depository (the "Participant") or to any person on behalf of which such a Participant  
holds an interest in the Bonds. Without limiting the immediately preceding sentence,  
neither the District, the County nor the Paying Agent shall have any responsibility or  
obligation with respect to (i) the accuracy of the records of the Depository, the  
Nominee, or any Participant with respect to any ownership interest in the Bonds,  
(ii) the delivery to any Participant or any other person, other than an Owner of a Bond  
as shown in the Bond Register, of any notice with respect to the Bonds, including any

1 notice of redemption, (iii) the selection by the Depository and its Participants of the  
2 beneficial interests in the Bonds to be redeemed in the event the District redeems the  
3 Bonds in part, or (iv) the payment to any Participant or any other person, other than  
4 an Owner of a Bond as shown in the Bond Register, of any amount with respect to  
5 Principal of or interest on the Bonds. The District and the Paying Agent may treat  
6 and consider the person in whose name each Bond is registered in the Bond Register  
7 as the holder and absolute Owner of such Bond for the purpose of the payment of  
8 Principal of and interest with respect to such Bond, for the purpose of giving notices  
9 of redemption, if applicable, and other matters with respect to such Bond, for the  
10 purpose of registering transfers with respect to such Bond, and for all other purposes  
11 whatsoever. The Paying Agent shall pay all Principal of and interest on the Bonds  
12 only to or upon the order of the respective Owner of the Bond, as shown in the Bond  
13 Register, or his respective attorney duly authorized in writing, and all such payments  
14 shall be valid and effective to fully satisfy and discharge the District's obligations  
15 with respect to payment of Principal of and interest on the Bonds to the extent of the  
16 sum or sums so paid. No person other than an Owner of a Bond, as shown in the  
17 Bond Register, shall receive a Bond evidencing the obligation of the District to make  
18 payments of Principal and interest. Upon delivery by the Depository to the Owners  
19 of the Bonds, and the District of written notice to the effect that the Depository has  
20 determined to substitute a new nominee in place of the Nominee, and subject to the  
21 provisions herein with respect to Record Dates, the word Nominee in this Resolution  
22 shall refer to such nominee of the Depository.

23 (b) In order to qualify the book-entry Bonds for the Depository's  
24 book-entry system, the District and the Paying Agent shall execute and deliver to the  
25 Depository a Letter of Representations. The execution and delivery of a Letter of  
26 Representations shall not in any way impose upon the District or the Paying Agent  
27 any obligation whatsoever with respect to persons having interests in such book-entry  
28 Bonds other than the Owners, as shown on the Bond Register. By executing a Letter  
of Representations, the Paying Agent shall agree to take all action necessary at all  
times so that the District will be in compliance with all representations of the District  
in such Letter of Representations. In addition to the execution and delivery of a  
Letter of Representations, the District and the Paying Agent shall take such other  
actions, not inconsistent with this Resolution, as are reasonably necessary to qualify  
book-entry Bonds for the Depository's book-entry program.

29 (c) If at any time the Depository notifies the County and the District that  
30 it is unwilling or unable to continue as Depository with respect to the Bonds or if at  
31 any time the Depository shall no longer be registered or in good standing under the  
32 Securities Exchange Act or other applicable statute or regulation and a successor  
33 Depository is not appointed by the Treasurer within 90 days after the County and the  
34 District receive notice or become aware of such condition, as the case may be,  
35 subsection (a) hereof shall no longer be applicable and the Treasurer shall issue bonds  
36 representing the Bonds as provided below. In addition, the County and the District  
37 may determine at any time that the Bonds shall no longer be represented by book-  
38 entry securities and that the provisions of subsection (a) hereof shall no longer apply  
to the Bonds. In any such event, the Treasurer shall execute and deliver certificates  
representing the Bonds as provided below. Bonds issued in exchange for book-entry  
securities pursuant to this subsection (c) shall be registered in such names and

1 delivered in such denominations as the Depository shall instruct the County and the  
2 District. The Treasurer shall deliver such bonds representing the Bonds to the  
3 persons in whose names such Bonds are so registered.

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

11 Notwithstanding any other provision of this Resolution to the contrary, so  
12 long as all Outstanding Bonds are held in book -entry form and registered in the name  
13 of the Nominee, all payments by the District or the Paying Agent with respect to  
14 Principal, Accreted Value and Conversion Value of, premium, if any, or interest on  
15 the Bonds and all notices with respect to such Bonds, including Redemption Notices,  
16 shall be made and given, respectively to the Nominee, as provided in the Letter of  
17 Representations or as otherwise required or instructed by the Depository and agreed  
18 to by the Paying Agent notwithstanding any inconsistent provisions herein.

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

21 (e) The Bonds shall be initially issued as described in the Official  
22 Statement described herein. Registered ownership of such Bonds, or any portions  
23 thereof, may not thereafter be transferred except:

24 (i) to any successor of DTC or its nominee, or of any substitute  
25 depository designated pursuant to Section 11(e)(ii) ("Substitute Depository");  
26 provided that any successor of DTC or Substitute Depository shall be  
27 qualified under any applicable laws to provide the service proposed to be  
28 provided by it;

(ii) to any Substitute Depository, upon (A) the resignation of  
DTC or its successor (or any Substitute Depository or its successor) from its  
functions as depository, or (B) a determination by the District that DTC (or its  
successor) is no longer able to carry out its functions as depository; provided  
that any such Substitute Depository shall be qualified under any applicable  
laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (A) the resignation of  
DTC or its successor (or any Substitute Depository or its successor) from its  
functions as depository, or (B) a determination by the District that DTC or its  
successor (or Substitute Depository or its successor) is no longer able to carry  
out its functions as depository.

(f) In the case of any transfer pursuant to Section 11(e)(i) or (ii), upon  
receipt of all Outstanding Bonds by the Paying Agent, together with a written request



1 of the District to the Paying Agent designating the Substitute Depository, a single  
2 new Bond, which the District shall prepare or cause to be prepared, shall be executed  
3 and delivered for each maturity of Bonds then Outstanding, registered in the name of  
4 such successor or such Substitute Depository or their Nominees, as the case may be,  
5 all as specified in such written request of the District. In the case of any transfer  
6 pursuant to Section 11(e)(iii), upon receipt of all Outstanding Bonds by the Paying  
7 Agent, together with a written request of the District to the Paying Agent, new Bonds,  
8 which the District shall prepare or cause to be prepared, shall be executed and  
9 delivered in such denominations and registered in the names of such persons as are  
10 requested in such written request of the District, provided that the Paying Agent shall  
11 not be required to deliver such new Bonds within a period of less than sixty (60) days  
12 from the date of receipt of such written request from the District.

13 (g) In the case of a partial redemption or an advance refunding of any  
14 Bonds evidencing a portion of the Principal, Maturity Value, or Conversion Value  
15 maturing in a particular year, DTC or its successor (or any Substitute Depository or  
16 its successor) shall make an appropriate notation on such Bonds indicating the date  
17 and amounts of such reduction in Principal, Maturity Value or Conversion Value, in  
18 form acceptable to the Paying Agent, all in accordance with the Letter of  
19 Representations. The Paying Agent shall not be liable for such Depository's failure  
20 to make such notations or errors in making such notations.

21 (h) The District and the Paying Agent shall be entitled to treat the person  
22 in whose name any Bond is registered as the Owner thereof for all purposes of this  
23 Resolution and any applicable laws, notwithstanding any notice to the contrary  
24 received by the Paying Agent or the District; and the District and the Paying Agent  
25 shall not have responsibility for transmitting payments to, communicating with,  
26 notifying, or otherwise dealing with any Beneficial Owners of the Bonds. Neither the  
27 District nor the Paying Agent shall have any responsibility or obligation, legal or  
28 otherwise, to any such Beneficial Owners or to any other party, including DTC or its  
successor (or Substitute Depository or its successor), except to the Owner of any  
Bonds, and the Paying Agent may rely conclusively on its records as to the identity of  
the Owners of the Bonds.

29 **Section 13. Forms of Bonds.** The Bonds shall be in substantially the forms as  
30 shown in Exhibit C hereto; provided, however, that those officials executing the Bonds are  
31 hereby authorized to make the insertions and deletions necessary to conform the Bonds to  
32 this Resolution and the Purchase Contract, and the Official Statement and to correct any  
33 defect or inconsistent provision therein or to cure any ambiguity or omission therein.

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

35 (a) The proper officials of the District shall cause the Bonds to be  
36 prepared and, following their sale, shall have the Bonds signed and delivered,  
37 together with a true transcript of proceedings with reference to the issuance of the  
38 Bonds, to the Underwriter upon payment of the purchase price therefor.

1           (b) The purchase price received from the Underwriter pursuant to the  
2 Purchase Contract, to the extent of the Principal Amount thereof, shall be paid to the  
3 County to the credit of the Building Fund, shall be kept separate and distinct from all  
4 other District and County funds, and those proceeds shall be used solely for the  
5 purpose for which the Bonds are being issued and provided further that such proceeds  
6 shall be applied solely to the purposes authorized by the voters of the District at the  
7 Election. The County shall have no responsibility for assuring the proper use of the  
8 Bond proceeds by the District. The Building Fund may contain subaccounts if the  
9 Bonds are issued in more than one Series. The purchase price received from the  
10 Underwriter pursuant to the Purchase Contract, to the extent of any accrued interest  
11 and any net original issue premium, shall be kept separate and apart in the Debt  
12 Service Fund and used for payment of Principal, Accreted Value and Conversion  
13 Value of and interest on the Bonds, and for no other purpose. The Debt Service Fund  
14 may contain subaccounts if the Bonds are issued in more than one Series. Interest  
15 earnings on monies held in the Building Fund shall be retained in the Building Fund.  
16 Interest earnings on monies held in the Debt Service Fund shall be retained in the  
17 Debt Service Fund. Any excess proceeds of the Bonds not needed for the authorized  
18 purposes set forth herein for which the Bonds are being issued upon written notice  
19 from the District shall be transferred to the Debt Service Fund and applied to the  
20 payment of the Principal, Accreted Value and Conversion Value of and interest on  
21 the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any  
22 such excess amounts shall be transferred to the general fund of the District

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

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

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(i) Covenant Regarding Investment of Proceeds.

A. Permitted Investments. Beginning on the delivery date, and at all times until expenditure for authorized purposes, not less than 95% of the proceeds of the Bonds deposited in the Building Fund, including investment earnings thereon, will be invested in Qualified Permitted Investments. Notwithstanding the preceding provisions of this Section, for purposes of this paragraph, amounts derived from the disposition or redemption of Qualified Permitted Investments and held pending reinvestment or redemption for a period of not more than 30 days may be invested in Permitted Investments.

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

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

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

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

(f) Interest earned on the investment of monies held in the Debt Service Fund shall be retained in the Debt Service Fund, interest earned on the investment of monies held in the Building Fund shall be retained in the Building Fund, and interest earned in the investments in the Rebate Fund shall be retained in the Rebate Fund.

(g) If at any time it is deemed necessary or desirable by the District, upon the written direction of the District, the County may establish additional funds under

1 this Resolution and/or accounts within any of the funds or accounts established  
2 hereunder.

3 **Section 15. Security for the Bonds; Tax Levy.** There shall be levied on all the  
4 taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem*  
5 tax annually during the period the Bonds are Outstanding in an amount sufficient to pay the  
6 Principal, Accreted Value and Conversion Value of and interest on the Bonds when due,  
7 which moneys when collected will be placed in the Debt Service Fund of the District, which  
8 moneys so deposited are, pursuant to California Government Code Sections 5450 and 5451,  
9 hereby pledged to the payment of the Principal, Accreted Value and Conversion Value of and  
10 interest on the Bonds when and as the same fall due, and for no other purpose.

11 The moneys in the Debt Service Fund, to the extent necessary to pay the Principal,  
12 Accreted Value and Conversion Value of and interest on the Bonds as the same become due  
13 and payable, shall be transferred by the Treasurer to the Paying Agent which, in turn, shall  
14 pay such moneys to DTC to pay such Principal, Accreted Value, Conversion Value and  
15 interest. DTC will thereupon make payments of Principal, Accreted Value and Conversion  
16 Value of and interest on the Bonds to the DTC Participants who will thereupon make  
17 payments of such Principal, Accreted Value, Conversion Value and interest to the Beneficial  
18 Owners of the Bonds. Any moneys remaining in the Debt Service Fund after the Bonds and  
19 the interest thereon have been paid in full, or provision for such payment has been made,  
20 shall be transferred to the general fund of the District, pursuant to Education Code Section  
21 15234.

22 The Bonds are the general obligations of the District and do not constitute an  
23 obligation of the County except as expressly provided in this Resolution. Pursuant to the  
24 District Resolution, the District has pledged funds on deposit in the Debt Service Fund to  
25 payment of the Bonds. No part of any fund or account of the County is pledged or obligated  
26 to the payment of the Bonds or the interest thereon.

27 **Section 16. Defeasance.** The Bonds may be defeased, in whole or in part, prior to  
28 maturity in the following ways:

29 (a) Cash: by irrevocably depositing with an independent escrow agent  
30 selected by the District an amount of cash which together with amounts transferred  
31 from the Debt Service Fund, if any, is sufficient to pay those Bonds Outstanding and  
32 designated for defeasance (including all Principal thereof, accrued or accreted interest  
33 thereon and redemption premiums, if any) at or before their maturity date; or

34 (b) Government Obligations: by irrevocably depositing with an  
35 independent escrow agent selected by the District noncallable Government  
36 Obligations together with cash, if required, and amounts transferred from the Debt  
37 Service Fund, in such amount as will, together with interest to accrue thereon, in the  
38 opinion of an independent certified public accountant, be fully sufficient to pay and  
39 discharge all Bonds Outstanding and designated for defeasance (including all  
40 Principal thereof, accrued or accreted interest thereon and redemption premiums, if  
41 any) at or before their maturity date;

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

8 For purposes of this Resolution, Government Obligations shall mean:

9 Direct and general obligations of the United States of America, or obligations that are  
10 unconditionally guaranteed as to principal and interest by the United States of  
11 America (which may consist of obligations of the Resolution Funding Corporation  
12 that constitute interest strips), or "prerefunded" municipal obligations rated in the  
13 highest rating category by Moody's or S&P. In the case of direct and general  
14 obligations of the United States of America, Government Obligations shall include  
15 evidences of direct ownership of proportionate interests in future interest or principal  
16 payments of such obligations. Investments in such proportionate interests must be  
17 limited to circumstances where (i) a bank or trust company acts as custodian and  
18 holds the underlying United States obligations; (ii) the owner of the investment is the  
19 real party in interest and has the right to proceed directly and individually against the  
20 obligor of the underlying United States obligations; and (iii) the underlying United  
21 States obligations are held in a special account, segregated from the custodian's  
22 general assets, and are not available to satisfy any claim of the custodian, any person  
23 claiming through the custodian, or any person to whom the custodian may be  
24 obligated; provided that such obligations are rated or assessed at least as high as  
25 direct and general obligations of the United States of America by either Moody's or  
26 S&P.

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

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

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

then, notwithstanding that any of such designated maturities of Bonds shall not have  
been surrendered for payment, all obligations of the District and the County with respect to  
such Outstanding maturities of Bonds shall cease and terminate, except only the obligation of  
the County and the Paying Agent to pay or cause to be paid from funds deposited pursuant to

1 paragraphs (a) or (b) of this Section, to the Owners of the Bonds of such maturities  
2 designated for redemption not so surrendered and paid all sums due with respect thereto.

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

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

12 **Section 20. Arbitrage Covenant.** The District has covenanted for and on behalf  
13 of the Owners that it will restrict the use of the proceeds of the Bonds in such manner and to  
14 such extent, if any, as may be necessary, so that the Bonds will not constitute arbitrage bonds  
15 under Section 148 of the Code and the applicable regulations prescribed under that section or  
16 any predecessor section. Calculations for determining arbitrage requirements are the sole  
17 responsibility of the District. The County hereby covenants that it will follow such written  
18 directions as are given to it by the District to restrict the use of the proceeds of the Bonds in  
19 such manner and to such extent, if any, as may be necessary, so that the Bonds will not  
20 constitute arbitrage bonds under Section 148 of the Code and the applicable regulations  
21 prescribed under that section or any predecessor section.

22 **Section 21. Required Information Regarding Capital Appreciation Bonds**  
23 **under AB 182.** Prior to its adoption of the District Resolution and pursuant to Section  
24 15146(b)(1)(E) of the Education Code, the District Board was presented with (i) disclosure  
25 regarding the estimated term and time of maturity, repayment ratio and estimated change in  
26 assessed valuation of taxable property within the District over the term of the Bonds and (ii)  
27 the Underwriter's Rule G-17 submission, which disclosure and submission are attached  
28 hereto as Exhibit D summarize the information provided to the District Board. The debt  
service repayment ratio, in an amount equal to or lower than 4.0:1.0 as mandated by Section  
15144.1 of the Education Code, is set forth in Section 4 of Exhibit D.

**Section 22. Conditions Precedent.** This Board determines that all acts and  
conditions necessary to be performed by the Board or to have been met precedent to and in  
the issuing of the Bonds in order to make them legal, valid and binding general obligations of  
the District have been performed and have been met, or will at the time of delivery of the  
Bonds have been performed and have been met, in regular and due form as required by law;  
and that no statutory or constitutional limitation of indebtedness or taxation will have been  
exceeded in the issuance of the Bonds.

**Section 23. Official Statement.** The District has agreed to cause a Preliminary  
Official Statement and a final Official Statement meeting the requirements of Securities and  
Exchange Commission Rule 15c2-12 to be prepared. Such Preliminary Official Statement  
and Official Statement shall be referred to as the "Official Statement," and will be  
substantially in the form of the Preliminary Official Statement on file with the Clerk of the

1 Board of Supervisors, together with such changes as the District deems necessary to make  
2 such Official Statement accurate as of its date.

3 **Section 24. Other Actions.**

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

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

15 **Section 25. Supplemental Resolutions.**

16 (a) This Resolution, and the rights and obligations of the County, the  
17 District and of the Owners of the Bonds issued hereunder, may be modified or  
18 amended at any time by a Supplemental Resolution adopted by the County with the  
19 written consent of Owners owning at least 60% in aggregate Principal Amount of the  
20 Outstanding Bonds, exclusive of Bonds, if any, owned by the County or the District;  
21 provided, however, that no such modification or amendment shall, without the  
22 express consent of the Owner of each Bond affected, reduce the Principal Amount of  
23 any Bond, reduce the interest rate payable thereon, advance the earliest redemption  
24 date thereof, extend its maturity or the times for paying interest thereon or change the  
25 monetary medium in which Principal and interest is payable, nor shall any  
26 modification or amendment reduce the percentage of consents required for  
27 amendment or modification. No such Supplemental Resolution shall change or  
28 modify any of the rights or obligations of any Paying Agent without its written assent  
thereto. Notwithstanding anything herein to the contrary, no such consent shall be  
required if the Owners are not directly and adversely affected by such amendment or  
modification.

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

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

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

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

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

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

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

22 **Section 26. Insurance.** In the event the District purchases bond insurance for the  
23 Bonds, and to the extent that the Bond Insurer makes payment of the Principal, Accreted  
24 Value and Conversion Value of or interest on the Bonds, it shall become the Owner of such  
25 Bonds with the right to payment of such Principal, Accreted Value, Conversion Value or  
26 interest, and shall be fully subrogated to all of the Owners' rights, including the Owners'  
27 rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to  
28 claims that were past due interest components, the Paying Agent shall note the Bond  
Insurer's rights as subrogee on the Bond Register for the Bonds maintained by the Paying  
Agent upon receipt of a copy of the cancelled check issued by the Bond Insurer for the  
payment of such interest to the Owners of the Bonds, and (ii) in the case of subrogation as to  
claims for past due Principal, the Paying Agent shall note the Bond Insurer as subrogee on  
the Bond Register for the Bonds maintained by the Paying Agent upon surrender of the  
Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond  
Insurer. The Paying Agent shall request payment pursuant to the terms of any bond  
insurance policy to the extent required to pay the Principal of and interest on the Bonds when  
due if amounts on deposit in the Debt Service Fund are not adequate for that purpose.

**Section 27. Resolution to Constitute Contract.** In consideration of the purchase  
and acceptance of any and all of the Bonds authorized to be issued hereunder by those who  
shall own the same from time to time, this Resolution shall be deemed to be and shall  
constitute a contract among the County, the District and the Owners from time to time of the  
Bonds; and the pledge made in this Resolution shall be for the equal benefit, protection and  
security of the Owners of any and all of the Bonds, all of which, regardless of the time or



1 times of their issuance or maturity, shall be of equal rank without preference, priority or  
2 distinction of any of the Bonds over any other thereof.

3 **Section 28. Notices.** All notices or communications herein required or permitted  
4 to be given to any party shall be given to each of the following parties and shall be given in  
5 writing and shall be deemed to have been sufficiently given or served for all purposes by  
6 being delivered or sent by telecopier or by being deposited, postage prepaid, in a post office  
7 letter box, to the addresses set forth below, or to such other address as may be provided to the  
8 other parties hereinafter listed in writing from time to time, namely:

9 If to the County: County of Riverside  
10 4080 Lemon Street, 4th Floor  
11 Riverside, California 92502  
12 Attention: Treasurer-Tax Collector

13 If to the Paying Agent: U.S. Bank National Association  
14 633 West Fifth Street, 24<sup>th</sup> Floor  
15 Los Angeles, California 90071  
16 Attention: Corporate Trust Department

17 If to the District: Corona-Norco Unified School District  
18 2820 Clark Avenue  
19 Norco, California 92860-1903  
20 Attention: Deputy Superintendent, Business Services

21 **Section 29. Unclaimed Moneys.** Anything in this Resolution to the contrary  
22 notwithstanding, any moneys held by the Paying Agent in trust for the payment and  
23 discharge of any of the Bonds which remain unclaimed for two (2) years after the date when  
24 such Bonds have become due and payable, either at their stated maturity dates or by call for  
25 earlier redemption, if such moneys were held by the Paying Agent at such date, or for two (2)  
26 years after the date of deposit of such moneys if deposited with the Paying Agent after said  
27 date when such Bonds become due and payable, shall be repaid by the Paying Agent to the  
28 District, as its absolute property and free from trust, and the Paying Agent shall thereupon be  
released and discharged with respect thereto and the Bond Owners shall look only to the  
District for the payment of such Bonds; provided, however, that before being required to  
make such payment to the District, the Paying Agent shall, at the expense of District, cause to  
be mailed to the Owners of all such Bonds, at their respective addresses appearing on the  
registration books, a notice that said moneys remain unclaimed and that, after a date in said  
notice, which date shall not be less than thirty (30) days after the date of mailing such notice,  
the balance of such moneys then unclaimed will be returned to the District.

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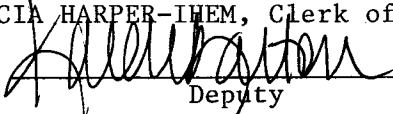
**Section 30. Effective Date.** This Resolution shall take effect immediately upon its passage.

The foregoing resolution was adopted by the Board of Supervisors of the County of Riverside on June 2, 2015.

**ROLL CALL:**

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

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

KECIA HARPER-IHEM, Clerk of said Board  
By  Deputy

**EXHIBIT A**  
**FORM OF DISTRICT RESOLUTION**

**CORONA-NORCO UNIFIED SCHOOL DISTRICT  
2014-15  
RESOLUTION NO. 85**

**A RESOLUTION OF THE BOARD OF EDUCATION OF THE CORONA-NORCO UNIFIED SCHOOL DISTRICT AUTHORIZING THE ISSUANCE OF CORONA-NORCO UNIFIED SCHOOL DISTRICT, RIVERSIDE COUNTY, CALIFORNIA, ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES A, AND ACTIONS RELATED THERETO**

**WHEREAS**, a duly called election was held in the Corona-Norco Unified School District (the "District"), Riverside County (the "County"), State of California, on November 4, 2014 (the "Election") and thereafter canvassed pursuant to law;

**WHEREAS**, at the Election there was submitted to and approved by the requisite fifty-five percent or more vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for the various purposes set forth in the ballot submitted to the voters, in the maximum amount not-to-exceed \$396,000,000, payable from the levy of an *ad valorem* property tax against the taxable property in the District (the "Authorization");

**WHEREAS**, at this time this Board has determined that it is necessary and desirable to request the Board of Supervisors of the County (the "County Board") to issue a first series of such bonds under the Authorization in an aggregate principal amount not to exceed \$100,000,000 to be styled as "Corona-Norco Unified School District (Riverside County, California) Election of 2014 General Obligation Bonds, Series A" (the "Bonds") on behalf of the District;

**WHEREAS**, the District has not filed with nor received from the County Office of Education having jurisdiction over the District a qualified or negative certification in its most recent interim financial report pursuant to Section 42131 of the California Education Code ("Education Code");

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

**WHEREAS**, this Board desires to authorize the issuance of the Bonds as any combination of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, to be issued in one or more Series of Taxable or Tax-Exempt Bonds (as such terms are defined herein);

**WHEREAS**, this Board desires to appoint certain professionals to provide services related to the issuance of the Bonds; and

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

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF THE CORONA-NORCO UNIFIED SCHOOL DISTRICT AS FOLLOWS:**

**SECTION 1. Certain Definitions.** As used in this Resolution, the terms set forth below shall have the meanings ascribed to them (unless otherwise set forth in the County Resolution or the Purchase Contract):

(a) **“Accreted Interest”** means, with respect to Capital Appreciation Bonds and Convertible Capital Appreciation Bonds prior to the Conversion Date, the Accreted Value thereof minus the Denominational Amount thereof as of the date of calculation.

(b) **“Accretion Rate”** means, that rate which, when applied to the Denominational Amount of a Capital Appreciation Bond or a Convertible Capital Appreciation Bond, and compounded semiannually on each February 1 and August 1, commencing on August 1, 2015 (unless otherwise provided for in the Purchase Contract), produces the Maturity Value on the maturity date (with respect to Capital Appreciation Bonds) and the Conversion Value on the Conversion Date (with respect to Convertible Capital Appreciation Bonds).

(c) **“Accreted Value”** means, as of the date of calculation, with respect to Capital Appreciation Bonds and Convertible Capital Appreciation Bonds through to the Conversion Date, the Denominational Amount thereof plus Accreted Interest thereon to such date of calculation, compounded semiannually on each February 1 and August 1, commencing on August 1, 2015 (unless otherwise provided for in the Purchase Contract), at the stated Accretion Rate to maturity thereof, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of 12, 30-day months.

(d) **“Authorized Officer”** means the Superintendent of the District, the Deputy Superintendent, Business Services of the District, and such other officers or employees of the District as may be designated by the Superintendent or the Deputy Superintendent, Business Services.

(e) **“Bond Insurer”** means any insurance company which issues a municipal bond insurance policy insuring the payment of Principal, Accreted Value and Conversion Value of and interest on the Bonds.

(f) **“Bond Payment Date”** means, as applicable (and unless otherwise provided by the Purchase Contract), (i) with respect to the Current Interest Bonds, February 1 and August 1 of each year commencing August 1, 2015 with respect to interest thereon, and the stated maturity dates thereof with respect to the Principal payments on the Current Interest Bonds, (ii) with respect to interest on the Convertible Capital Appreciation Bonds, February 1 and August 1 of each year, commencing on the first February 1 or August 1 following the respective Conversion Dates thereof, and the stated maturity dates thereof with respect to the Conversion Value of the Convertible Capital Appreciation Bonds, and (iii) with respect to the Capital Appreciation Bonds, the stated maturity dates thereof.

(g) **“Capital Appreciation Bonds”** means the Bonds the interest component of which is compounded semiannually on each February 1 and August 1, commencing on August 1, 2015 (unless otherwise provided in the Purchase Contract) to maturity as shown in the table of Accreted Value for such Bonds in the Official Statement or Purchase Contract, as the case may be.

(h) **“Code”** means the Internal Revenue Code of 1986, as amended. Reference to any particular section of the Code shall be deemed to be a reference to any successor to any such section.

(i) **“Continuing Disclosure Certificate”** means that certain contractual undertaking in connection with the Bonds, executed by the District pursuant to paragraph (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, dated as of the date of issuance of the Bonds, as amended from time to time in accordance with the provisions thereof.

(j) **“Conversion Date”** means, with respect to Convertible Capital Appreciation Bonds, the date from which such Bonds bear interest on a current, periodic basis.

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

(l) **“Convertible Capital Appreciation Bonds”** means the Bonds the interest component of which is compounded semiannually to the respective Conversion Dates thereof as shown in the table Accreted Values for the Bonds in the Official Statement or Purchase Contract, as the case may be, and which bear interest from such respective Conversion Dates on the Conversion Value thereof, payable semiannually thereafter on each Bond Payment Date.

(m) **“County Resolution”** means that certain resolution of the County Board providing for the issuance of the Bonds.

(n) **“Current Interest Bonds”** means Bonds, the interest on which is payable semiannually on each Bond Payment Date specified therefor, and maturing in the years and amounts set forth in the Purchase Contract.

(o) **“Denominational Amount”** means the initial Principal Amount of any Capital Appreciation Bond or Convertible Capital Appreciation Bond.

(p) **“Holder” or “Owner”** means the registered owner of a Bond as set forth on the Bond Register maintained by the Paying Agent pursuant to the County Resolution.

(q) **“Long Current Interest Bonds”** means Current Interest Bonds which mature more than 30 years from the date of issuance thereof, but not greater than 40 years.

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

(s) **“Official Statement”** means the Official Statement for the Bonds, as described in Section 8 hereof.

(t) **“Paying Agent”** means, initially U.S. Bank National Association, or such other Paying Agent as shall be named in the Purchase Contract or Official Statement, and afterwards any successor financial institution.

(u) **“Principal” or “Principal Amount”** means, with respect to any Current Interest Bond, the Principal Amount thereof, with respect to any Capital Appreciation Bond or Convertible Capital Appreciation Bond, the Denominational Amount thereof.

(v) **“Purchase Contract”** means the contract or contracts for purchase and sale of the Bonds by and among the County, the District and the Underwriter. To the extent the Bonds are sold pursuant to more than one Purchase Contract, each shall be substantially in the form presented to the Board, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve.

(w) **“Series”** means any Bonds executed, authenticated and delivered pursuant to the provisions hereof which are identified as a separate series of Bonds.

(x) **“Taxable Bonds”** means any Bonds not issued as Tax-Exempt Bonds.

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

(z) **“Underwriter”** means the underwriter named in the Purchase Contract.

**SECTION 2. Purpose; Authorization.** To raise money for the purposes authorized by voters of the District at the Election and to pay all necessary legal, financial and contingent costs in connection with the issuance of the Bonds, this Board hereby petitions the County Board to authorize the issuance of the Bonds pursuant to the Act and Section 15140 of the California Education Code. This Board hereby further orders such Bonds shall be sold at a negotiated sale such that the Bonds shall be dated as of a date to be determined by said County Board, shall bear interest at a rate not-to-exceed that authorized at the Election, shall be payable upon such terms and provisions as shall be set forth in the Bonds and shall be in an aggregate principal amount not-to-exceed \$100,000,000. The Board hereby approves the sale of the Bonds at a negotiated sale, which is determined to provide more flexibility in the timing of the sale, an ability to implement the sale in a shorter time period, an increased ability to structure the Bonds to fit the needs of particular purchasers, and a greater opportunity for the Underwriter to pre-market the Bonds to potential purchasers prior to the sale, all of which will contribute to the District’s goal of achieving the lowest overall cost of funds. The Board estimates that the costs associated with the issuance of the Bonds, including compensation to the Underwriter and any such costs which the Underwriter agrees to pay pursuant to the Purchase Contract, will equal approximately 1.0% of the principal amount of the Bonds.

This Board hereby authorizes the issuance of the Bonds in one or more Series of Taxable or Tax-Exempt Bonds, with appropriate designation if more than one Series is issued, and as any combination of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, all as set forth in the fully-executed Purchase Contract, subject to the provisions of the County Resolution). Notwithstanding any other provision herein, the ratio of total debt service to principal for each Series of Bonds shall not exceed four-to-one.

**SECTION 3. Paying Agent.** This Board does hereby authorize the appointment of U.S. Bank National Association as the Paying Agent for the Bonds. This Board hereby approves the payment of the reasonable fees and expenses of the Paying Agent as they shall become due and payable. The fees and expenses of the Paying Agent which are not paid as a cost of issuance of the Bonds may be paid in each year from *ad valorem* property taxes levied and collected for the payment thereof, insofar as permitted by law, including specifically by Section 15232 of the Education Code.

**SECTION 4. Tax Covenants.**

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

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

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

**SECTION 5. Rebate Fund.** The following provisions shall apply to any Bonds issued as Tax-Exempt Bonds.

(a) The District shall create and establish a special fund designated the "Corona-Norco Unified School District Election of 2014 General Obligation Bonds, Series A Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund shall be held in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") pursuant to Section 148 of the Code, and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and by the Tax Certificate.

(b) Within 45 days of the end of each fifth Bond Year (as such term is defined in the Tax Certificate), (1) the District shall calculate or cause to be calculated with respect to the Tax-Exempt Bonds the amount that would be considered the "rebate amount" within the meaning of Section 1.148-3 of the Treasury Regulations, using as the "computation date" for this purpose the end of such Bond Year, and (2) the District shall deposit to the Rebate Fund from amounts on deposit in the other funds established hereunder or from other District funds, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the "rebate amount" so calculated. The District shall not be required to deposit any amount to the Rebate Fund in accordance with the preceding sentence, if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the "rebate amount" calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under



subsection (g) of this Section. The District shall not be required to calculate the "rebate amount" and shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Tax-Exempt Bonds (including amounts treated as proceeds of the Tax-Exempt Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the District under Section 148(f)(4)(C)(vii) of the Code to pay a one and one-half percent (1½%) penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a "bona fide debt service fund." In such event, and with respect to such amounts, the District shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

(c) Any funds remaining in the Rebate Fund after redemption of all the Tax-Exempt Bonds and any amounts described in paragraph (2) of subsection (d) of this Section, or provision made therefor satisfactory to the District, including accrued interest, shall be remitted to the District.

(d) Subject to the exceptions contained in subsection (b) of this Section to the requirement to calculate the "rebate amount" and make deposits to the Rebate Fund, the District shall pay to the United States, from amounts on deposit in the Rebate Fund,

(1) not later than 60 days after the end of (i) the fifth Bond Year, and (ii) each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the "rebate amount" calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and

(2) not later than 60 days after the payment of all Tax-Exempt Bonds, an amount equal to 100% of the "rebate amount" calculated as of the date of such payment (and any income attributable to the "rebate amount" determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

(e) In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall calculate (or have calculated) the amount of such deficiency and deposit an amount equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(f) Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service, on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, such form to be prepared or caused to be prepared by the District.

(g) In the event that immediately following the calculation required by subsection (b) of this Section, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the "rebate amount" calculated in accordance with said subsection, the District may withdraw the excess from the Rebate Fund and credit such excess to the Debt Service Fund.

(h) The District shall retain records of all determinations made hereunder until three years after the complete retirement of the Tax-Exempt Bonds.

(i) Notwithstanding anything in this Resolution to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Tax-Exempt Bonds.

**SECTION 6. Legislative Determinations.** This Board determines that all acts and conditions necessary to be performed by the District or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will be exceeded in the issuance of the Bonds.

**SECTION 7. Security for the Bonds.** There shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem* tax annually during the period the Bonds are Outstanding (as such term is defined in the County Resolution) in an amount sufficient to pay the Principal, Accreted Value and Conversion Value of and interest on the Bonds when due, which moneys when collected will be placed in the Debt Service Fund of the District (as such term is defined in the County Resolution), which fund is hereby designated for the payment of the Principal, Accreted Value and Conversion Value of and interest on the Bonds when and as the same fall due, and for no other purpose. Pursuant to California Government Code Sections 5450 and 5451, moneys on deposit in the Debt Service Fund are hereby pledged to the payment of the Principal, Accreted Value and Conversion Value of and interest on the Bonds, and for no other purpose.

**SECTION 8. Official Statement.** The Preliminary Official Statement relating to the Bonds, substantially in the form on file with the Secretary to the Board is hereby approved and the Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deliver such Preliminary Official Statement to the Underwriter to be used in connection with the offering and sale of the Bonds. The Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deem the Preliminary Official Statement "final" pursuant to 15c2-12 of the Securities Exchange Act of 1934, prior to its distribution and to execute and deliver to the Underwriter a final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds and is directed to deliver copies of any final Official Statement to the purchasers of the Bonds. Execution of the Official Statement shall conclusively evidence the District's approval of the Official Statement.

**SECTION 9. Purchase Contract.** The form of Purchase Contract for the Bonds on file with the Secretary to the Board is hereby approved. In connection with the sale of the Bonds, the Board authorizes the Authorized Officers, each alone, on behalf of the District, to execute and deliver to the Underwriter a Purchase Contract for the Bonds, with such terms and conditions as may be acceptable to such official; provided, however, that the interest rate on the Bonds shall not exceed that authorized at the Election, the underwriting discount (excluding original discount) shall not exceed 1.0% of the aggregate principal amount of the Bonds issued, and the aggregate principal amount of the Bonds shall not exceed \$100,000,000.

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

**SECTION 10. Bond Insurance.** In the event the District purchases bond insurance for the Bonds, and to the extent that the Bond Insurer makes payment of the Principal, Accreted Value and Conversion Value of and interest on the Bonds, it shall become the Owner of such Bonds with the right to payment of Principal, Accreted Value and Conversion Value of and interest on the Bonds, and shall be fully subrogated to all of the Owners' rights, including the Owners' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims of past due interest, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books for the Bonds maintained by the Paying Agent upon receipt of a copy of the cancelled check issued by the Bond Insurer for the payment of such interest to the Owners of the Bonds, and (ii) in the case of subrogation as to claims for past due Principal or Accreted Value, the Paying Agent shall note the Bond Insurer as subrogee on the registration books for the Bonds maintained by the Paying Agent upon surrender of the Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer.

**SECTION 11. Continuing Disclosure.** The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, as originally executed and as it may be amended from time to time in accordance with the terms thereof. The Board hereby approves the form of the Continuing Disclosure Certificate appended to the form of Preliminary Official Statement on file with the Secretary to the Board as of the date hereof, and the Authorized Officers, each alone, are hereby authorized to execute and deliver such Continuing Disclosure Certificate with such changes therein and modifications thereto as shall be approved by the Underwriter and the Authorized Officer executing the same, such approval to be conclusively evidenced by such execution and delivery. Any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. Noncompliance with this Section shall not result in acceleration of the Bonds.

**SECTION 12. Authorized Actions.** Officers of the Board and District officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

**SECTION 13. Professional Services.** The Board hereby appoints Piper Jaffray & Co., as Financial Advisor and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel and Disclosure Counsel, each with respect to the issuance of the Bonds

**SECTION 14. Other Actions.** (a) Attached as Exhibit A is disclosure regarding the estimated term and time of maturity, repayment ratio and estimated change in assessed valuation of taxable property within the District over the term of the Bonds. Such disclosure is appended in satisfaction of Section 15146(b)(1)(E) of the Education Code, and shall not abrogate or otherwise limit any provision of this Resolution.

(b) To the extent the issuance of Bonds includes Long Current Interest, the useful life of any facility financed with such Long Current Interest Bonds will equal or exceed the maturity of such Long Current Interest Bonds, as shall be further evidenced by a certificate of the District substantially to such effect.

**SECTION 15. Recitals.** All the recitals in this Resolution above are true and correct and this Board so finds, determines and represents.

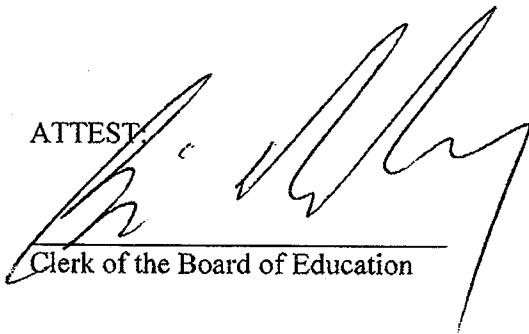
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SECTION 13. Effective Date. This Resolution shall take effect immediately upon its passage.

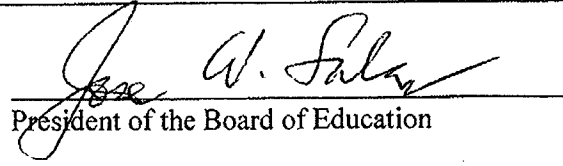
PASSED, ADOPTED AND APPROVED this 5<sup>th</sup> day of May, 2015, by the following vote:

AYES:	MEMBERS	5
NOES:	MEMBERS	0
ABSTAIN:	MEMBERS	0
ABSENT:	MEMBERS	0

ATTEST:



Clerk of the Board of Education



President of the Board of Education

CLERK'S CERTIFICATE

I, Bill Newberry, Clerk to the Board of Education of the Corona-Norco Unified School District, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Education of said District duly and regularly and legally held at the regular meeting place thereof on May 5, 2015, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

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

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

Dated: May 5, 2015

By: 

Bill Newberry, Clerk to the  
Board of Education

**EXHIBIT A**

**DISCLOSURE REQUIRED BY CALIFORNIA EDUCATION CODE 15145(b)(1)(E)**

1. Financing term and time of maturity of the bonds (the entire series of bonds). Illustrative Option 1 includes only current interest bonds (“CIBs”), while Illustrative Option 2 includes both CIBs and capital appreciation bonds (“CABs”).

Illustrative Option 1 - Current Interest Bonds Only			
Date	Principal	Interest	Debt Service
8/1/2015	\$0	\$450,084	\$450,084
8/1/2016	\$3,030,000	\$4,379,200	\$7,409,200
8/1/2017	\$3,390,000	\$4,318,600	\$7,708,600
8/1/2018	\$3,795,000	\$4,216,900	\$8,011,900
8/1/2019	\$4,230,000	\$4,103,050	\$8,333,050
8/1/2020	\$580,000	\$3,933,850	\$4,513,850
8/1/2021	\$790,000	\$3,910,650	\$4,700,650
8/1/2022	\$1,015,000	\$3,871,150	\$4,886,150
8/1/2023	\$1,270,000	\$3,820,400	\$5,090,400
8/1/2024	\$1,150,000	\$3,756,900	\$4,906,900
8/1/2025	\$1,425,000	\$3,699,400	\$5,124,400
8/1/2026	\$0	\$3,628,150	\$3,628,150
8/1/2027	\$0	\$3,628,150	\$3,628,150
8/1/2028	\$0	\$3,628,150	\$3,628,150
8/1/2029	\$0	\$3,628,150	\$3,628,150
8/1/2030	\$10,000	\$3,628,150	\$3,638,150
8/1/2031	\$165,000	\$3,627,650	\$3,792,650
8/1/2032	\$340,000	\$3,619,400	\$3,959,400
8/1/2033	\$535,000	\$3,602,400	\$4,137,400
8/1/2034	\$1,750,000	\$3,581,000	\$5,331,000
8/1/2035	\$2,035,000	\$3,511,000	\$5,546,000
8/1/2036	\$2,335,000	\$3,429,600	\$5,764,600
8/1/2037	\$2,665,000	\$3,336,200	\$6,001,200
8/1/2038	\$7,425,000	\$3,229,600	\$10,654,600
8/1/2039	\$8,150,000	\$2,932,600	\$11,082,600
8/1/2040	\$8,915,000	\$2,606,600	\$11,521,600
8/1/2041	\$9,730,000	\$2,250,000	\$11,980,000
8/1/2042	\$10,700,000	\$1,763,500	\$12,463,500
8/1/2043	\$11,730,000	\$1,228,500	\$12,958,500
8/1/2044	\$12,840,000	\$642,000	\$13,482,000
<b>Total</b>	<b>\$100,000,000</b>	<b>\$97,960,984</b>	<b>\$197,960,984</b>

Illustrative Option 2 - Current Interest and Capital Appreciation Bonds			
Date	Principal	Interest	Debt Service
8/1/2015	\$0	\$422,036	\$422,036
8/1/2016	\$3,270,000	\$4,106,300	\$7,376,300
8/1/2017	\$3,635,000	\$4,040,900	\$7,675,900
8/1/2018	\$4,050,000	\$3,931,850	\$7,981,850
8/1/2019	\$4,490,000	\$3,810,350	\$8,300,350
8/1/2020	\$1,035,000	\$3,630,750	\$4,665,750
8/1/2021	\$1,270,000	\$3,589,350	\$4,859,350
8/1/2022	\$1,525,000	\$3,525,850	\$5,050,850
8/1/2023	\$1,810,000	\$3,449,600	\$5,259,600
8/1/2024	\$1,715,000	\$3,359,100	\$5,074,100
8/1/2025	\$1,717,672	\$3,575,678	\$5,293,350
8/1/2026	\$59,450	\$3,628,901	\$3,313,350
8/1/2027	\$147,902	\$3,315,448	\$3,463,350
8/1/2028	\$0	\$3,223,350	\$3,223,350
8/1/2029	\$86,965	\$3,296,385	\$3,383,350
8/1/2030	\$273,187	\$3,485,163	\$3,758,350
8/1/2031	\$334,142	\$3,584,208	\$3,918,350
8/1/2032	\$390,798	\$3,697,552	\$4,088,350
8/1/2033	\$447,816	\$3,830,534	\$4,278,350
8/1/2034	\$911,672	\$4,601,678	\$5,513,350
8/1/2035	\$942,882	\$4,785,468	\$5,728,350
8/1/2036	\$974,563	\$4,983,787	\$5,958,350
8/1/2037	\$1,005,163	\$5,193,187	\$6,198,350
8/1/2038	\$5,776,309	\$5,232,041	\$11,008,350
8/1/2039	\$8,420,000	\$3,030,150	\$11,450,150
8/1/2040	\$9,215,000	\$2,693,350	\$11,908,350
8/1/2041	\$10,055,000	\$2,324,750	\$12,379,750
8/1/2042	\$11,055,000	\$1,822,000	\$12,877,000
8/1/2043	\$12,120,000	\$1,269,250	\$13,389,250
8/1/2044	\$13,265,000	\$663,250	\$13,928,250
<b>Total</b>	<b>\$99,998,521</b>	<b>\$101,727,215</b>	<b>\$201,725,736</b>

2. Repayment ratio for the bonds (the entire series of bonds).
- Illustrative Option 1: 1.98
  - Illustrative Option 2: 2.02
3. Estimated change in assessed value (“AV”) of taxable property within the District over the term of the bonds.
- 8.17% in fiscal year 2014-15 (actual) and 4.00% from fiscal year 2015-16 until final maturity of the bonds.
4. Total overall cost of the CABs.
- In Illustrative Option 2, the estimated principal amount of CABs is \$7,238,521 with an estimated debt service cost of \$18,120,000. This is a repayment ratio for the CABs of 2.50.

5. Comparison of #4 to overall cost if instead of CABs, the District issued CIBs.
  - The difference in the overall debt service cost is estimated at \$3,764,752.
  
6. Reason for recommending CABs.
  - CABs are recommended in order to access the desired project fund amount today while staying within the tax rate promised to the voters at the November 4, 2014 election.



May 19, 2015

Corona-Norco Unified School District  
2820 Clark Avenue  
Norco, CA 92860

Attn: Ted Rozzi

Re: Disclosures by the Underwriter Pursuant to MSRB Rule G-17  
Election of 2014 General Obligation Bonds, Series A  
2015 General Obligation Refunding Bonds

Dear Ted Rozzi:

We are writing to provide you, as Assistant Superintendent, Facilities, of Corona-Norco Unified School District (the "Issuer"), with certain disclosures relating to the captioned bond issues (the "Bonds"), as required by Municipal Securities Rulemaking Board ("MSRB") Rule G-17 as set forth in MSRB Notice 2012-25 (May 7, 2012).<sup>1</sup>

The Issuer has engaged Merrill Lynch, Pierce, Fenner & Smith Incorporated ("BofAML") to serve as an underwriter and not as a financial advisor or municipal advisor to the Issuer in connection with the issuance of the Bonds.

As part of our underwriting services, BofAML, and any other underwriters (collectively, the "Underwriter"), may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds.<sup>2</sup>

**I. Disclosures Concerning the Underwriter's Role**

- (i) MSRB Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors.
- (ii) The Underwriter's primary role is to purchase the Bonds with a view to distribution in an arm's-length commercial transaction with the Issuer. The Underwriter has financial and other interests that differ from those of the Issuer.
- (iii) Unlike a municipal advisor, the Underwriter does not have a fiduciary duty to the Issuer or any other party under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer or any other party without regard to its own financial or other interests.
- (iv) The Underwriter has a duty to purchase the Bonds from the Issuer at a fair and reasonable price, but must balance that duty with its duty to sell the Bonds to investors at prices that are fair and reasonable.

<sup>1</sup> *Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities (effective August 2, 2012).*

<sup>2</sup> *In the event BofAML is acting as senior managing underwriter, we are providing this letter, other than the disclosure contained in Section III of this letter, on behalf of the underwriters.*

- (v) The Underwriter will review the official statement for the Bonds in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.<sup>3</sup>

## **II. Disclosures Concerning the Underwriter's Compensation**

The Underwriter will be compensated by a fee and/or an underwriting discount that will be set forth in any bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the Underwriter may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

## **III. BofAML Conflicts Disclosures**

Bank of America Corporation and its affiliates (collectively, the "BAC Group") comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and strategic advisory services and other commercial services and products to a wide range of corporations, governments and individuals, domestically and offshore, from which conflicting interests or duties, or a perception thereof, may arise. In the ordinary course of these activities, parts of the BAC Group at any time may invest on a principal basis or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions, for their own accounts or the accounts of customers, in securities or financial instruments (including derivatives, bank loans or other obligations) of the Issuer or any other party that may be involved in the transaction. Parts of the BAC Group may also communicate independent investment recommendations, and market advice, or trading ideas and/or publish or express independent research views with respect to such securities or other financial instruments.

If the Issuer decides to sell short-term maturities of the Bonds through a competitive sealed bid process, then BofAML's Underwriting Desk may manage the process by soliciting bids from the syndicate and potential investors and identifying any winning purchasers. BofAML's Short-Term Desk may elect to place bids on its own behalf. When the Underwriting Desk manages this process, it does not share information regarding any bids with the Short-Term Desk or any other potential investors prior to disclosing the winning purchasers.

BofAML may place Bonds in its or an affiliate's municipal bond joint venture / tender option bond program to be held for the account of BofAML or the affiliate.

BofAML understands that the Issuer intends to use a portion of the proceeds from the issuance of the Bonds to refund certain of the Issuer's outstanding securities (the "Refunded Bonds"). To the extent BofAML or an affiliate thereof holds Refunded Bonds, BofAML or its affiliate, as applicable, would receive a portion of the proceeds from the issuance of the Bonds in connection with such Refunded Bonds being purchased by the Issuer.

<sup>3</sup> Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the Underwriter is solely for purposes of satisfying the Underwriter's obligations under the federal securities laws and such review should not be construed by the Issuer as a guarantee of the accuracy or completeness of the information in the official statement.

"Bank of America Merrill Lynch" is the marketing name for the global banking and global markets businesses of Bank of America Corporation. Lending, derivatives, and other commercial banking activities are performed globally by banking affiliates of Bank of America Corporation, including Bank of America, N.A., member FDIC. Securities, strategic advisory, and other investment banking activities are performed globally by investment banking affiliates of Bank of America Corporation ("Investment Banking Affiliates"), including, in the United States, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Merrill Lynch Professional Clearing Corp., both of which are registered broker dealers and members of FINRA and SIPC, and, in other jurisdictions, by locally registered entities. Investment products offered by Investment Banking Affiliates: Are Not FDIC Insured \* May Lose Value \* Are Not Bank Guaranteed.

**IV. Certain Disclosures Regarding the Financing**

Since BofAML will serve as an underwriter to the Issuer for what may be considered a “complex municipal securities financing” for purposes of MSRB Rule G-17, attached is a description of the material financial characteristics of that financing structure as well as the material financial risks of the financing that are known to us and reasonably foreseeable at this time.

**V. Miscellaneous**

Nothing in this letter should be viewed as a commitment by the Underwriter to purchase or sell the Bonds and any such commitment will only exist upon the execution of any bond purchase agreement or similar agreement and then only in accordance with the terms and conditions thereof.

If you or any other Issuer officials have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the Issuer’s own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

We are required to seek your acknowledgement that you have received this letter. **Accordingly, please send me an email to that effect, or sign and return a copy of this letter to me at the address set forth below.** Having received the disclosures contained in this letter, we additionally wish to seek your acknowledgment of our engagement as underwriter. Depending on the structure of the transaction that the Issuer decides to pursue, or if additional potential or actual material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

*“Bank of America Merrill Lynch” is the marketing name for the global banking and global markets businesses of Bank of America Corporation. Lending, derivatives, and other commercial banking activities are performed globally by banking affiliates of Bank of America Corporation, including Bank of America, N.A., member FDIC. Securities, strategic advisory, and other investment banking activities are performed globally by investment banking affiliates of Bank of America Corporation (“Investment Banking Affiliates”), including, in the United States, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Merrill Lynch Professional Clearing Corp., both of which are registered broker dealers and members of FINRA and SIPC, and, in other jurisdictions, by locally registered entities. Investment products offered by Investment Banking Affiliates: Are Not FDIC Insured \* May Lose Value \* Are Not Bank Guaranteed.*

We look forward to working with you and the Issuer in connection with the issuance of the Bonds. Thank you.

Sincerely,

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED



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Bryon Rockwell  
Managing Director  
333 S. Hope Street, Suite 2310  
Los Angeles, CA 90071  
bryon.rockwell@baml.com

Acknowledgement:

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Ted Rozzi

Date: \_\_\_\_\_

CC: Timothy Carty  
Jin Kim  
David Casnocha  
Katherine Thursby

Bank of America Merrill Lynch Risk Disclosures Pursuant to MSRB Rule G-17

**Capital Appreciation Bonds**

The following is a general description of the financial characteristics of Capital Appreciation Bonds (CABs), as well as a general description of certain financial risks that are known to us and reasonably foreseeable at this time and that you should consider before deciding whether to issue CABs. If you have any questions or concerns about these disclosures, please make those questions or concerns known immediately to us. In addition, you should consult with your financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

**Financial Characteristics**

*Maturity and Interest.* CABs are securities on which the investment return on an initial principal amount is reinvested at a stated accretion rate until maturity, at which time the investor receives a single payment ("maturity value") representing both the initial principal amount and the total investment returns. CABs typically are sold at a deeply discounted price, have long-term maturities and may be offered to investors in authorized denominations of \$5,000 principal amount or integral multiples thereof. In return for not receiving periodic interest payments, investors are often given a higher yield.

**Financial Risk Considerations**

Certain risks may arise in connection with your issuance of CABs, including some or all of the following:

*Issuer Default Risk*

Depending on how the CABs are structured, the maturity value may be a substantial amount. You may be in default if the funds pledged to secure your CABs are not sufficient to pay debt service on the CABs when due. The consequences of a default may be serious for you and, depending on applicable state law and the terms of the authorizing documents, the holders of the bonds, the trustee and any credit support provider may be able to exercise a range of available remedies against you. For example, if the CABs are secured by a general obligation pledge, you may be ordered by a court to raise taxes. Other budgetary adjustments also may be necessary to enable you to provide sufficient funds to pay debt service on the CABs. If the bonds are revenue bonds, you may be required to take steps to increase the available revenues that are pledged as security for the bonds. A default may negatively impact your credit ratings and may effectively limit your ability to publicly offer bonds or other securities at market interest rate levels. Further, if you are unable to provide sufficient funds to remedy the default, subject to applicable state law and the terms of the authorizing documents, you may find it necessary to consider available alternatives under state law, including (for some issuers) state-mandated receivership or bankruptcy. A default also may occur if you are unable to comply with covenants or other provisions agreed to in connection with the issuance of the bonds.

This description is only a brief summary of issues relating to defaults and is not intended as legal advice. You should consult with your bond counsel for further information regarding defaults and remedies.

**Redemption Risk**

"Bank of America Merrill Lynch" is the marketing name for the global banking and global markets businesses of Bank of America Corporation. Lending, derivatives, and other commercial banking activities are performed globally by banking affiliates of Bank of America Corporation, including Bank of America, N.A., member FDIC. Securities, strategic advisory, and other investment banking activities are performed globally by investment banking affiliates of Bank of America Corporation ("Investment Banking Affiliates"), including, in the United States, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Merrill Lynch Professional Clearing Corp., both of which are registered broker dealers and members of FINRA and SIPC, and, in other jurisdictions, by locally registered entities. Investment products offered by Investment Banking Affiliates: Are Not FDIC Insured \* May Lose Value \* Are Not Bank Guaranteed.

Your ability to redeem the CABs prior to maturity may be limited, depending on the optional redemption provisions. In the event that interest rates in the market decline, you may be unable to take advantage of the lower interest rates to reduce debt service if the CABs cannot be redeemed.

Refinancing Risk

If your financing plan contemplates refinancing some or all of the CABs at maturity, market conditions or changes in law may limit or prevent you from refinancing those CABs when required. Further, limitations in the federal tax rules on advance refunding of bonds (an advance refunding of bonds occurs when tax-exempt bonds are refunded more than 90 days prior to the date on which those bonds may be retired) may restrict your ability to refund the CABs to take advantage of lower interest rates.

Debt Service Costs

In return for not receiving periodic interest payments, investors are often given a higher yield. The higher yield, coupled with the longer repayment period, results in higher total debt service costs compared to current interest bonds.

Reinvestment Risk

You may have proceeds of the CABs to invest prior to the time that you are able to spend those proceeds for the authorized purpose. Depending on market conditions, you may not be able to invest those proceeds at or near the yield on the CABs, which is referred to as "negative arbitrage".

Tax Compliance Risk

The issuance of tax-exempt bonds is subject to a number of requirements under the United States Internal Revenue Code, as enforced by the Internal Revenue Service (IRS). You must take certain steps and make certain representations prior to the issuance of tax-exempt bonds. You also must covenant to take certain additional actions after issuance of the tax-exempt bonds. A breach of your representations or your failure to comply with certain tax-related covenants may cause the interest on the CABs (if issued as tax-exempt obligations) to become taxable retroactively to the date of issuance of the CABs, which may result in an increase in the interest rate that you pay on the CABs or the mandatory redemption of the CABs. The IRS also may audit you or your CABs or other bonds, in some cases on a random basis and in other cases targeted to specific types of bond issues or tax concerns. If the CABs are declared taxable, or if you are subject to audit, you may be unable to remarket or refinance the CABs. Further, your ability to issue other tax-exempt bonds also may be limited.

This description of tax compliance risks is not intended as legal advice and you should consult with your bond counsel regarding tax implications of issuing the CABs.

**EXHIBIT B**  
**FORM OF CONTRACT OF PURCHASE**

§ \_\_\_\_\_  
**CORONA-NORCO UNIFIED SCHOOL DISTRICT**  
**(Riverside County, California)**  
**Election of 2014 General Obligation Bonds, Series A**

**PURCHASE CONTRACT**

\_\_\_\_\_, 2015

Riverside County  
Treasurer-Tax Collector  
4080 Lemon St. 47<sup>th</sup> Floor  
Riverside, CA 92502

Corona-Norco Unified School District  
Board of Education  
2820 Clark Avenue  
Norco, California 92860-1903

Ladies and Gentlemen:

Bank of America Merrill Lynch (the "Underwriter"), acting on its own behalf and not acting as a fiduciary or agent of you, offers to enter into this Purchase Contract (the "Purchase Contract") with the County of Riverside, California (the "County"), and the Corona-Norco Unified School District (the "District"), which, upon your acceptance hereof, will be binding upon the County, the District and the Underwriter. By execution of this Bond Purchase Agreement, the parties hereto acknowledge the terms hereof and recognize that they will be bound by certain of the provisions hereof, and to the extent binding thereupon, acknowledge and agree to such terms. This offer is made subject to the written acceptance of this Purchase Contract by the District and delivery of such acceptance to us at or prior to 11:59 P.M., California Time, on the date hereof. Capitalized terms used and not otherwise defined herein shall have the meanings given to such terms in the County Resolution (as defined below).

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the County for reoffering to the public, and the County hereby agrees to sell in the name and on behalf of the District to the Underwriter for such purpose, all (but not less than all) of \$ \_\_\_\_\_ in aggregate initial principal amount of the District's Election of 2014 General Obligation Bonds, Series A (the "Bonds"). The Bonds shall bear interest at the rates, shall mature in the years and shall be subject to redemption as shown on Appendix A hereto, which is incorporated herein by this reference. The Bonds (as defined in the County Resolution described below) shall be dated the date of delivery thereof and shall bear interest from such date payable as to interest on each February 1 and August 1, commencing August 1, 2015. The final maturity dates, interest rates,



yields and redemption provisions of the Bonds are shown in Exhibit A hereto, which exhibit is incorporated by reference herein.

The Bonds shall be 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 Current Interest Bonds will be dated the date of delivery thereof (the "Date of Delivery") and shall be payable as to interest on each February 1 and August 1, commencing August 1, 2015. The Capital Appreciation Bonds will be dated as of their Date of Delivery, and will not bear interest on a periodic basis, instead accreting interest to the maturity or redemption thereof, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2015. The Convertible Capital Appreciation Bonds will be dated as of their Date of Delivery, and will accrete interest to their respective Conversion Dates, as set forth on Appendix A hereto, with such accreting interest compounding semiannually on February 1 and August 1 of each year, commencing August 1, 2015. After their respective Conversion Dates, the Convertible Capital Appreciation Bonds will bear interest on the Conversion Value thereof, payable each subsequent February 1 and August 1, until the maturity or redemption thereof.

The Underwriter shall purchase the Bonds at a price of \$ \_\_\_\_\_ (consisting of the principal amount of the Bonds of \$ \_\_\_\_\_, plus net original issue premium of \$ \_\_\_\_\_, and less underwriter's discount of \$ \_\_\_\_\_).

The District and the County acknowledge and agree that (i) the purchase and sale of the Bonds (defined herein) pursuant to this Purchase Contract is an arm's-length commercial transaction between the District and the County, and the Underwriter, (ii) in connection with such transaction, the Underwriter is acting solely as principal and not as agent or a fiduciary or a financial advisor to either the District or the County, (iii) the Underwriter has not assumed a financial advisory or a fiduciary responsibility in favor of the District or the County with respect to (x) the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or is currently advising the District or the County on other matters) or (y) any other obligation to the District or the County except the obligations expressly set forth in this Purchase Contract and (iv) the District and the County have consulted with their own legal and other professional advisors to the extent they deemed appropriate in connection with the offering of the Bonds. The District further acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required disclosure under rule G-17 of the Municipal Securities Rulemaking Board (the "MSRB").

2. **The Bonds.** The Bonds shall be dated their date of delivery. The Bonds shall mature on the dates shown on Appendix A hereto, and shall otherwise be as described in the Official Statement (as defined herein), and shall be issued and secured pursuant to the provisions of the Resolution of the District adopted on May 5, 2015 (the "District Resolution") and the Resolution of the Board of Supervisors of the County adopted June 2, 2015 (the "County Resolution" and, collectively with the District Resolution, the "Resolutions") and Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Act"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Official Statement (defined below) or, if not in the Official Statement, in the County Resolution.

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

Trust Company, New York, New York (“DTC”); and shall initially be in authorized denominations of \$5,000 principal amount each or any integral multiple thereof.

[The scheduled payment of principal of and interest on the Bonds, when due will be guaranteed under an insurance policy (the “Insurance Policy”), to be issued concurrently with the delivery of the Bonds by \_\_\_\_\_ (the “Insurer”).]

The proceeds of sale of the Bonds are expected to be applied to (i) finance the repair, upgrading, acquisition, construction and equipping of District property and facilities and (ii) pay the costs of issuance associated with the Bonds.

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

4. **Public Offering of the Bonds.** The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the inside front cover page of the Official Statement (defined below) and may subsequently change such offering prices without any requirement of prior notice. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds. On or prior to the Closing, the Underwriter shall certify to the District in writing, in form and substance satisfactory to the District and to Stradling Yocca Carlson & Rauth, a Professional Corporation, bond counsel with respect to the Bonds (“Bond Counsel”): (i) that as of the date of sale, all of the Bonds purchased were reasonably expected to be reoffered in a bona fide public offering; (ii) that as of the date of the certification, all of the Bonds purchased had actually been offered to the general public; (iii) the maximum initial bona fide offering prices at which a substantial amount (at least 10%) of each maturity of the Bonds purchased was sold or was reasonably expected to be sold to the general public.

5. **Review of Official Statement.** The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated June \_\_, 2015 (the “Preliminary Official Statement”). The District represents that it has deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s), redemption provisions, and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the “Rule”).

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

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

The Underwriter agrees to file the Official Statement with the MSRB through its Electronic Municipal Market Access system within one business day after receipt thereof from the District, but in no event later than the Closing (as defined below).

6. **Closing.** At 9:00 A.M., California Time, on \_\_\_\_\_, 2015 or at such other time or on such other date as shall have been mutually agreed upon by the District and the Underwriter (the "Closing"), the District will deliver to the Underwriter, through the facilities of the DTC in New York, New York, or at such other place as we may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation ("Bond Counsel"), in San Francisco, California, the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price set forth in Section 1 hereof in immediately available funds by wire transfer to the account or accounts designated by the County.

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

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

(b) **Due Authorization.** (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Purchase Contract and the Continuing Disclosure Certificate (as defined herein), to adopt the District Resolution, to perform its obligations under each such document or instrument, to approve the Official Statement, and to carry out and effectuate the transactions contemplated by this Purchase Contract, the Continuing Disclosure Certificate, and the District Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the District Resolution, the Continuing Disclosure Certificate, the County Resolution and this Purchase Contract have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Purchase Contract and the Continuing Disclosure Certificate, assuming the due authorization and execution by the other party thereto, constitute valid and legally binding obligations of the District; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Contract and by the Official Statement.

(c) **Consents.** No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds, the execution and delivery of this Purchase Contract and the Continuing Disclosure Certificate, the adoption of the District Resolution, or the consummation of the other transactions effected or contemplated herein or hereby, which have not been taken or obtained, excepting therefrom such actions as may be necessary to

qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

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

(e) No Conflicts. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Contract, the Continuing Disclosure Certificate, the District Resolution and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

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

(g) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District, nor the County, nor any other person on behalf of the District, will have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement or otherwise consented to in writing by the Underwriter.

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

(i) Continuing Disclosure. In accordance with the requirements of the Rule and pursuant to the Resolutions, at or prior to the Closing, the District shall have duly authorized, executed and delivered a continuing disclosure certificate (the "Continuing Disclosure Certificate") on behalf of each obligated person for which financial and/or operating data is presented in the Official Statement. The Continuing Disclosure Certificate shall comply with the provisions of Rule 15c2-12(b)(5) (the "Rule") and be substantially in the form attached to the Official Statement in Appendix C. Except as disclosed in the Official Statement, the District has not, within the past five years, failed to comply in a material respect with any of its previous undertakings pursuant to the Rule to provide annual reports or notice of certain listed events.

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

If the Official Statement is supplemented or amended pursuant to paragraph (f) of Section 9 of this Purchase Contract, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which made, not misleading.

(k) Levy of Tax. The District hereby agrees to take any and all actions as may be required by the County or otherwise necessary in order to arrange for the levy and collection of taxes, payment of the Bonds, and the deposit and investment of Bond proceeds. In particular, the District hereby agrees to provide to the County Auditor and the County Treasurer-Tax Collector a copy of the District Resolution, a copy of Appendix A hereto, and the full debt service schedule for the Bonds, in accordance with Education Code Section 15140(c) and policies and procedures of the County.

(l) Interim Financial Report. The District has not received a qualified or negative certification in its most recent interim report pursuant to Section 42130 et seq. of the State Education Code..

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

(a) Due Organization. The County is a political subdivision duly organized and validly existing under the laws of the State of California, with the power to issue the Bonds pursuant to the Act.

(b) Due Authorization. (i) At or prior to the Closing, the County will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the County has full legal right, power and authority to enter into this Purchase Contract, to adopt the County Resolution, to issue and deliver the Bonds to the Underwriter on behalf of the District and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract and the County Resolution; (iii) the execution and delivery or adoption of, and the performance by the County of its obligations contained in the Bonds, the County Resolution and this Purchase Contract have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) assuming due authorization, execution and delivery by the other parties hereto, this Purchase Contract constitutes a valid and legally binding obligation of the County; and (v) the County has duly authorized the consummation by it of all of its transactions contemplated by this Purchase Contract.

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

(d) No Conflicts. To the best knowledge of the County, the issuance of the Bonds, the execution, delivery and performance of this Purchase Contract, the County Resolution and the Bonds, and the compliance with the provisions thereof and hereof do not conflict with or constitute on the part of the County a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party or by which it is bound or to which it is subject.

(e) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is (1) pending, in which service of process has been completed on the County, or (2) to the best knowledge of the County, threatened against the County: (i) in any way affecting the existence of the County or in any way challenging the respective powers of the several offices or of the titles of the officials of the County to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, or the levy of any taxes contemplated by the Resolutions, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract or the Resolutions or contesting the powers of the County or its authority with respect to the Bonds, the Resolutions or this

Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the County or the consummation of the transactions contemplated by this Purchase Contract or the Resolutions, or (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part.

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

(g) Official Statement Accurate and Complete. The section of the Preliminary Official Statement entitled "Riverside County Treasury Pool," at the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the date hereof and on the Closing Date, the section of the Official Statement entitled "Riverside County Treasury Pool" did not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

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

(a) Securities Laws. The County and the District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations or such states and jurisdictions, provided, however, that the County and the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

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

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

(d) Subsequent Events. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the County or the District, respectively, until the date which is ninety (90) days following the Closing;

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

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

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

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

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

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



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

(d) The Underwriter has reasonably determined that the District's undertaking to provide continuing disclosure with respect to the Bonds pursuant to Section 11(e)(11) hereof is sufficient to effect compliance with the Rule.

11. **Conditions to Closing.** The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties of the County and the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Purchase Contract are and shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

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

(b) Obligations Performed. At the time of the Closing, (i) the Official Statement, this Purchase Contract, the Continuing Disclosure Certificate, the District Resolution and the County Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by us; (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 County and the District shall perform or have performed all of their obligations required under or specified in the District Resolution, the County Resolution, this Purchase Contract or the Official Statement to be performed at or prior to the Closing;

(c) Adverse Rulings. To the best knowledge of the County or the District, no decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Contract (and not reversed on appeal or otherwise set aside), or pending or threatened which has any of the effects described in Section 7(f) and 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 of the Bonds 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 County and the District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds) by reason of any of the following:

(1) legislation enacted by the Congress of the United States, or passed by either House of Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration, or by the legislature of the State of California, 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, with the purpose or effect, directly or indirectly, of changing, directly or indirectly, the federal income tax consequences or State tax consequences of interest on the Bonds or of obligations of the general character of the Bonds in the hands of the holders thereof, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing the inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds;  
or

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

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

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

(4) the declaration of a general banking moratorium by federal, New York or State authorities, or the general suspension of trading by the New York Stock Exchange, any national securities exchange, or any governmental authority securities exchange;

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

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

(7) the withdrawal or downgrading of any underlying rating of the District's outstanding indebtedness by a national rating agency; or

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

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

(e) Delivery of Documents. At or prior to the date of the Closing, the 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:

(1) Bond Opinion. Approving opinion of Bond Counsel, as to the validity and federal or state tax-exempt status of the Bonds, dated the date of the Closing, addressed to the County and the District;

(2) Reliance Letter. A reliance letter from Bond Counsel to the effect that the Underwriter can rely upon the approving opinion described in (e)(1) above [and that the Insurer (defined herein)] can rely upon the opinion described in (e)(1) above relating to the Bonds;

(3) 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 District, the Underwriter, [and the Insurer,] substantially to the effect that:

(i) 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", [(excluding any and all information contained under the subheading "- Bond Insurance")], "LEGAL MATTERS – Continuing Disclosure" and "TAX MATTERS," 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 or 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, number, charts, estimates, projections, assumptions or expressions of opinion, information concerning the Depository Trust Company or related to its book-entry only system, [or any information concerning the Insurer or the Insurance Policy (as defined herein) contained therein,] and with respect to Appendices \_\_, \_\_, and \_\_ to the Official Statement;

(ii) assuming due authorization, execution and delivery by all the parties thereto, the Continuing Disclosure Certificate and this Purchase Contract have each been duly authorized, executed and delivered by the District and constitute legal, valid and binding agreements of the District and are 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, the exercise of judicial discretion in appropriate cases if equitable remedies are sought and the limitations on legal remedies against public agencies in the State of California; and

(iii) 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.

(4) Certificates. A certificate signed by appropriate officials of the County and the District to the effect that (i) such officials are authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the County and the District herein are true and correct in all material respects as of the date of Closing, (iii) the County and the District have complied with all the terms of their respective Resolutions, the Continuing Disclosure Certificate, and this Purchase Contract to be complied with by the County and the District prior to or concurrently with the Closing and, as to the District, such documents are in full force and effect, (iv) such District officials have reviewed the Official Statement and on such basis certify that the Official Statement (excluding therefrom information regarding DTC and its book-entry only system) does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances in which they were made, not misleading, (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Contract substantially conform to the descriptions thereof contained in the County Resolution, (vi) no event concerning the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement thereto, but should be disclosed in order to make the statements in the Official Statement in the light of the circumstances in which they were made not misleading; and (vii) 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 the best knowledge of such officials, threatened against the District or the County, as the case may be, contesting in any way the completeness or accuracy of the Official Statement (with respect to the District only), the issuance of the Bonds by the District on behalf of the District or the due adoption of the Resolutions; provided that the certificate

provided by the County may exclude statements to the effect of (iv), (v) and (vi) above;

(5) Arbitrage. A nonarbitrage and tax certificate of the District with respect to the Bonds in form satisfactory to Bond Counsel;

(6) Rating. [Evidence satisfactory to the Underwriter that (A) the Bonds shall have been rated “\_\_\_” and “\_\_\_” by Standard & Poor’s Ratings Service, a Standard & Poor’s Financial Services LLC business (“S&P”) and Moody’s Investors Service (“Moody’s”), respectively, based upon the issuance of the Policy (as defined herein) by the Insurer (as defined herein),] and (B) the Bonds have received underlying ratings of “AA-” by S&P and “Aa2” by Moody’s (or such other equivalent ratings as such rating agencies may give), (C) and that any such ratings have not been revoked or downgraded;

(7) District Resolution. A certificate, together with fully executed copies of the District Resolution, of the Secretary to or Clerk of the District Board of Education to the effect that:

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

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

(8) County Resolution. An originally executed copy of the adopted County Resolution or a certificate, together with fully executed copies of the County Resolution, of an authorized officer from Clerk of the County Board of Supervisors to the effect that:

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

(ii) that the County Resolution was duly adopted;

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

(10) 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;

(11) Continuing Disclosure Certificate. An executed copy of the Continuing Disclosure Certificate, substantially in the form presented in the Official Statement as Appendix C thereto;

(12) Disclosure Counsel Assurance. A letter of Stradling Yocca Carlson & Rauth, dated the Closing Date and addressed to the District, substantially to the

effect that based on such counsel's participation in conferences with representatives of the Underwriter, the County, Piper Jaffray & Co., the District's financial advisor, the District and others, during which conferences the contents of 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, as a matter of fact and not opinion, that during the course of its engagement as Disclosure Counsel for the Bonds that 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 Official Statement as of its date (except for any financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, [information relating to the Insurer or its Insurance Policy,] information relating to DTC or its book-entry only system included therein, or any information contained in Appendices \_\_, \_\_, and \_\_ to the Official Statement, 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;

(13) Official Statement. A certificate of the appropriate official of the District evidencing his or her determinations with respect to the Preliminary Official Statement in accordance with the Rule;

[(14) Bond Insurance. A policy of municipal bond insurance (the "Insurance Policy") from the Insurer, insuring the payment of principal of and interest on the Bonds; and

(i) a certificate of the Insurer dated the date of Closing in form and substance acceptable to the Underwriter regarding, among other matters, the due authorization, execution and validity of the bond insurance policy; and

(ii) an opinion of counsel to the Insurer, dated the date of Closing and addressed to the District and the Underwriter, to the effect that (i) the bond insurance policy is the legal, valid and binding obligation of the Insurer enforceable in accordance with its terms, and (ii) the statements in the Official Statement under the caption "THE BONDS – Bond Insurance" and "APPENDIX E" accurately reflect and fairly present the information purported to be shown therein.

(15) Certificate of the Paying Agent. A certificate of the Paying Agent, signed by a duly authorized officer thereof, and in form and substance satisfactory to the Underwriter, substantially to the effect that, to the best of the Paying Agent's knowledge, no litigation is pending or threatened (either in state or federal courts) (i) seeking to restrain or enjoin the delivery by the Paying Agent of any of the Bonds, or (ii) in any way contesting or affecting any authority of the Paying Agent for the delivery of the Bonds or the validity or enforceability of the Bonds or any agreement with the Paying Agent;

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

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriter as set forth 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 and the Underwriter under Section 15 hereof.

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

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

13. **Expenses.** (a) To the extent that the transactions contemplated by this Purchase Contract are consummated, the District shall pay (or cause to be paid) costs of issuance of the Bonds, including but not limited to the following (i) the cost of the preparation and reproduction of the Resolutions; (ii) the fees and disbursements of Bond Counsel and Disclosure Counsel; (iii) the fees of Piper Jaffray & Co., the District's financial advisor, (iv) the cost of the preparation, printing and delivery of the Bonds; (v) the fees, if any, for bond ratings, including all necessary travel expenses; (vi) the cost of the printing and distribution of the Preliminary Official Statement and the Official Statement; (vii) the initial fees of the Paying Agent; (viii) the initial fees of the Fiscal Agent, if any [(ix) bond insurance premium]; and (x) all other fees and expenses incident to the issuance and sale of the Bonds. [The District hereby directs the Underwriter to wire, at the Closing, (i) a portion of the purchase price of the Bonds equal to \$\_\_\_\_\_ to the Insurer for payment of the Insurance Policy premium, and] (ii) a portion of the purchase price of the Bonds equal to \$\_\_\_\_\_ to U.S. Bank National Association, as fiscal agent to the District, for the payment of costs of issuance with respect to the Bonds. In the event that following payment of the expenses set forth above, there is any portion remaining, such remaining amount shall be deposited into the building fund for the Bonds.

(b) Notwithstanding any of the foregoing, the Underwriter shall pay all out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, the fees of Underwriter's counsel, travel and other expenses (except those expressly provided above) without limitation.

14. **Notices.** Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the County, to the Treasurer-Tax Collector, Riverside County, 4080 Lemon St, Riverside, CA 92501, if to the District, to the Superintendent, Corona-Norco Unified School District, 2820 Clark Avenue, Norco, CA 92860-1903, or if to the Underwriter, to Bank of America Merrill Lynch, attention: \_\_\_\_\_.

15. **Parties in Interest; Survival of Representations and Warranties.** This Purchase Contract when accepted by the District in writing as heretofore specified shall constitute the entire agreement among the County, the District and the Underwriter. This Purchase Contract is made solely for the benefit of the County, the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All your representations, warranties and agreements of the County and the District in this Purchase Contract 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 Contract.

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

17. **Indemnification.** The District hereby agrees to indemnify, defend and hold harmless, to the extent permitted by law, the County and its officials and employees ("Indemnified Parties"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Parties may become subject because of action or inaction related to the adoption of the Resolutions, or related to the proceedings for sale, award, issuance, and delivery of the Bonds in accordance therewith and herewith. The District shall also reimburse any such Indemnified Parties for any legal or other expenses incurred in connection with investigating or defending any such claims or actions.

[REMAINDER OF PAGE LEFT BLANK]



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

Very truly yours,

BANK OF AMERICA MERRILL LYNCH

By: \_\_\_\_\_  
Authorized Representative

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

RIVERSIDE COUNTY

Accepted:

By: \_\_\_\_\_  
Treasurer-Tax Collector  
Riverside County

Accepted at \_\_\_\_\_ p.m. California Time  
This \_\_\_\_<sup>th</sup> day of \_\_\_\_\_, 2015

CORONA-NORCO UNIFIED SCHOOL DISTRICT

By: \_\_\_\_\_  
Sherry Mata  
Assistant Superintendent,  
Business Services

Accepted at \_\_\_\_\_ p.m. California Time  
This \_\_\_\_<sup>th</sup> day of \_\_\_\_\_, 2015

**APPENDIX A**

\$ \_\_\_\_\_  
**CORONA-NORCO UNIFIED SCHOOL DISTRICT**  
**(Riverside County, California)**  
**Election of 2014 General Obligation Bonds, Series A**

\$ \_\_\_\_\_ **Current Interest Serial Bonds**

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

\$ \_\_\_\_\_ - \_\_\_\_\_ % **Current Interest Term Bonds due August 1, 20\_\_ - Yield \_\_\_\_\_ %**

\$ \_\_\_\_\_ **Capital Appreciation Serial Bonds**

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

\$ \_\_\_\_\_ **Capital Appreciation Term Bonds**

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

\$ \_\_\_\_\_ **Convertible Capital Appreciation Serial Bonds**

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

**Redemption**

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

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

The Convertible Capital Appreciation Bonds maturing on or before August 1, 20\_\_ are not subject to redemption. The Convertible Capital Appreciation Bonds maturing on or after August 1, 20\_\_ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part on any date, on or after August 1, 20\_\_, at a redemption price equal to the principal amount of the Convertible Capital Appreciation Bonds called for redemption, without premium, together with interest accrued thereon to the date of redemption.

**Mandatory Sinking Fund Redemption.** The Term 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 of such Term Bonds to be so redeemed and the redemption dates therefor, and the final principal payment date is as indicated in the following table:

Redemption Date (August 1)	Principal Amount to be Redeemed
-------------------------------	------------------------------------

(1)

TOTAL:

---

(1) Maturity.

**APPENDIX B**

**OPINION OF COUNTY COUNSEL**

**§ \_\_\_\_\_  
CORONA-NORCO UNIFIED SCHOOL DISTRICT  
(Riverside County, California)  
Election of 2014 General Obligation Bonds, Series A**

Ladies and Gentlemen

This opinion is rendered as counsel to the County of Riverside (the "County") in connection with the issuance by the Corona-Norco Unified School District (the "District") of its Election of 2014 General Obligation Bonds, Series A in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Board of Supervisors of the County adopted on March 24, 2015 (the "County Resolution"), at the request of the District made pursuant to a resolution adopted by the Board of Education of the District on March 10, 2015 (the "District Resolution").

In rendering this opinion, we have examined the County Resolution and such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

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

1. The County is a political subdivision duly organized and existing pursuant to the Constitution and the laws of the State of California.
2. The Resolution was duly adopted at a meeting of the governing body of the County which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.
3. To my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened against or affecting the County, which would adversely impact the County's ability to complete the transactions described in and contemplated by the Official Statement, to restrain or enjoin the levy or collection of tax revenues for the Bonds or in any way contesting or affecting the validity of the Resolution or Bonds or the transactions described in and contemplated by the Official Statement wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the Resolution, the Purchase Contract or the Bonds or in which a final adverse decision could materially adversely affect the operations of the County.
4. To my knowledge, the obligations of the County under the Bonds and the execution and delivery of the Purchase Contract and compliance with the provisions thereof, under the

circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument to which the County is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the County is subject.

Very truly yours,

---

ASSISTANT COUNTY COUNSEL

**EXHIBIT C**

**FORMS OF BONDS**

(Form of Current Interest Bond)

**REGISTERED  
NO.**

**REGISTERED  
\$**

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

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

**CORONA-NORCO UNIFIED SCHOOL DISTRICT  
ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES A**

INTEREST RATE:            MATURITY DATE:            DATE OF DELIVERY:            CUSIP  
\_\_\_\_ % per annum            August 1, \_\_\_\_\_            \_\_\_\_\_, 2015

REGISTERED OWNER:        CEDE & CO.

PRINCIPAL AMOUNT:

The Corona-Norco Unified School District (the "District") in Riverside County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing August 1, 2015. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2015, in which event it shall bear interest from the Date of

Delivery. Interest shall be computed on the basis of a 360-day year of 12, 30-day months. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered, such owner being the Registered Owner, on the Register maintained by the Paying Agent, initially U.S. Bank National Association. Principal is payable upon presentation and surrender of this bond at the principal office of the Paying Agent. Interest is payable by check or draft mailed by the Paying Agent on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the Register at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date (the "Record Date"). The Owner of Bonds in the aggregate Principal Amount of \$1,000,000 or more may request in writing to the Paying Agent that the Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

This bond is one of an authorization of bonds approved to raise money for the purposes authorized by voters of the District at the Election (defined herein) and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite vote of the electors of the District cast at a general election held on November 4, 2014 (the "Election"), upon the question of issuing bonds in the amount of \$396,000,000 and the resolution of the Board of Education of the District adopted on May 5, 2015 (the "Bond Resolution"). This bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. This bond and the issue of which this bond is one are payable as to both principal and interest solely from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252.

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

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

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bond during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable

Redemption Notice is given or (b) to transfer any Bond which has been selected or called for redemption in whole or in part.

The Current Interest Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their fixed maturity dates. The Current Interest Bonds maturing on or after August 1, 20\_\_ are subject to redemption at the option of the District, as a whole or in part, on any date on or after August 1, 20\_\_ at a redemption price equal to the principal amount of the Current Interest Bonds to be redeemed, plus interest thereon to the date fixed for redemption, without premium.

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

Redemption Dates

Principal Amounts

TOTAL

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by Paying Agent as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as shall be determined by the Paying Agent, provided, however, that the portion of any Bond to be redeemed shall be in the principal amount, Maturity Value or Conversion Value of \$5,000 or some multiple thereof. If less than all of the Bonds stated to mature on different dates shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be called by the Paying Agent in any order directed by the District and, if not so directed, in the inverse order of maturity.

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

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



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

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

---

Chairman of the Board of Supervisors

COUNTERSIGNED:

---

Clerk of the Board of Supervisors

---

Treasurer-Tax Collector of the County of  
Riverside

**(FORM OF CERTIFICATE OF AUTHENTICATION)**

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on \_\_\_\_\_, 2015.

U.S. BANK NATIONAL ASSOCIATION, as  
Paying Agent

By: \_\_\_\_\_  
Authorized Representative

**(FORM OF LEGAL OPINION)**

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

\_\_\_\_\_  
Clerk of the Board of Supervisors of the  
County of Riverside

**(FORM OF STATEMENT OF INSURANCE)**

**(FORM OF ASSIGNMENT)**

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

---

---

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

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

Dated: \_\_\_\_\_

Signature Guaranteed:

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

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

(Form of Capital Appreciation Bond)

REGISTERED  
NO.

REGISTERED  
\$

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

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF RIVERSIDE

CORONA-NORCO UNIFIED SCHOOL DISTRICT  
ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES A

ACCRETION RATE:                      MATURITY DATE:                      DATED AS OF:                      CUSIP  
\_\_\_\_\_ %                      August 1, \_\_\_\_\_                      \_\_\_\_\_, 2015

REGISTERED OWNER: CEDE & CO.

DENOMINATIONAL AMOUNT:

MATURITY VALUE:

The Corona-Norco Unified School District (the "District") in Riverside County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Maturity Value on the Maturity Date, each as stated above, such Maturity Value comprising the Denominational Amount and interest accreted thereon. This bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing August 1, 2015, at the Accretion Rate specified above to the Maturity Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the Denominational Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of 12, 30-day months. Accreted Value and redemption premium, if any, are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered, such owner being the Registered Owner, on the Register maintained by the Paying Agent, initially U.S. Bank National Association. Accreted Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the principal office of the Paying Agent.

This bond is one of an authorization of bonds approved to raise money for the purposes authorized by voters of the District at the Election (defined herein) and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite vote of the electors of the District cast at a general election held on November 4, 2014 (the "Election"), upon the question of issuing bonds in the amount of \$396,000,000 and the resolution of the Board of Education of the District adopted on May 5, 2015 (the "Bond Resolution"). This bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. This bond and the issue of which this bond is one are payable as to both principal and interest solely from the proceeds of the levy of ad valorem taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252.

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

This bond is exchangeable and transferable for bonds of like tenor, maturity and Transfer Amount (as defined in the Bond Resolution) and in authorized denominations at the principal office of the Paying Agent, located in Los Angeles, California, by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this bond for the purpose of

receiving payment of or on account of principal or interest and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary.

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

The Capital Appreciation Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their fixed maturity dates. The Capital Appreciation Bonds maturing on or after August 1, 20\_\_ are subject to redemption at the option of the District, as a whole or in part, on any date on or after \_\_\_\_\_, 20\_\_ at a redemption price equal to the Accreted Value of such Capital Appreciation Bonds to be redeemed as of the date set for such redemption, without premium.

The Capital Appreciation 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 Accreted Value of such Capital Appreciation Bonds as of the dates set for such redemption, without premium. The Accreted Value represented by such Bonds to be so redeemed and the dates therefor and the final payment date is as indicated in the following table:

Redemption Dates

Accreted Value

TOTAL

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by Paying Agent as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as shall be determined by the Paying Agent, provided, however, that the portion of any Bond to be redeemed shall be in the principal amount, Maturity Value or Conversion Value of \$5,000 or some multiple thereof. If less than all of the Bonds stated to mature on different dates shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be called by the Paying Agent in any order directed by the District and, if not so directed, in the inverse order of maturity.

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

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

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

[REMAINDER OF PAGE LEFT BLANK]



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

\_\_\_\_\_  
Chairman of the Board of Supervisors

COUNTERSIGNED:

\_\_\_\_\_  
Clerk of the Board of Supervisors

\_\_\_\_\_  
Treasurer-Tax Collector of the County of  
Riverside

**(FORM OF CERTIFICATE OF AUTHENTICATION)**

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on \_\_\_\_\_, 2015.

U.S. BANK NATIONAL ASSOCIATION, as  
Paying Agent

By: \_\_\_\_\_  
Authorized Representative

**(FORM OF LEGAL OPINION)**

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

\_\_\_\_\_  
Clerk of the Board of Supervisors of the  
County of Riverside

**(FORM OF STATEMENT OF INSURANCE)**

**(FORM OF ASSIGNMENT)**

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

\_\_\_\_\_  
\_\_\_\_\_

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

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

Dated: \_\_\_\_\_

Signature Guaranteed:

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

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

(Form of Convertible Capital Appreciation Bond)

REGISTERED  
NO.

REGISTERED  
\$

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

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF RIVERSIDE

CORONA-NORCO UNIFIED SCHOOL DISTRICT  
ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES A

ACCRETION RATE TO <u>CONVERSION DATE</u>	<u>CONVERSION DATE</u>	INTEREST RATE AFTER THE <u>CONVERSION DATE</u>	<u>MATURITY DATE</u>	<u>DATED AS OF:</u>	<u>CUSIP</u>
_____	_____ 1, 20__	_____ %	_____ 1, 20__	_____, 2015	_____

REGISTERED OWNER: CEDE & CO.

DENOMINATIONAL AMOUNT:

CONVERSION VALUE :

The Corona-Norco Unified School District (the "District") in Riverside County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Conversion Value on the Maturity Date, each as stated above, such Conversion Value comprising the Denominational Amount and interest accreted thereon to the Conversion Date. Prior to the Conversion Date, this bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing August 1, 2015, at the Accretion Rate specified above to the Conversion Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the Denominational

Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of 12, 30-day months. After the Conversion Date, the District promises to pay to the Registered Owner named above, interest on the Conversion Value from the Conversion Date until the Conversion Value is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_ (the "Bond Payment Dates"). This bond will bear such interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16<sup>th</sup> day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before \_\_\_\_\_ 15, 20\_\_, in which event it will bear interest from the Conversion Date. Conversion Value and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the Paying Agent, initially U.S. Bank National Association. Accreted Value or Conversion Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the principal office of the Paying Agent. Interest following the Conversion Date is payable by check or draft mailed by the Paying Agent on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the Register at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date (the "Record Date"). The Owner of Convertible Capital Appreciation Bonds in the aggregate Conversion Value of \$1,000,000 or more may request in writing to the Paying Agent that the Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

This bond is one of an authorization of bonds approved to raise money for the purposes authorized by voters of the District at the Election (defined herein) and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite vote of the electors of the District cast at a general election held on November 4, 2014 (the "Election"), upon the question of issuing bonds in the amount of \$396,000,000 and the resolution of the Board of Education of the District adopted on May 5, 2015 (the "Bond Resolution"). This bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. This bond and the issue of which this bond is one are payable as to both principal and interest solely from the proceeds of the levy of ad valorem taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252.

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

This bond is exchangeable and transferable for bonds of like tenor, maturity and Transfer Amount (as defined in the Bond Resolution) and in authorized denominations at the designated office of the Paying Agent in Los Angeles, California, by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject

to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary.

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

The Convertible Capital Appreciation Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their fixed maturity dates. The Convertible Capital Appreciation Bonds maturing on or after August 1, 20\_\_ are subject to redemption at the option of the District, as a whole or in part, on any date on or after \_\_\_\_\_, 20\_\_ at a redemption price equal to either (i) the Accreted Value thereof as of the date set for redemption, without premium, if redeemed prior to the Conversion Date, or (ii) the Conversion Value thereof, together with interest accrued thereon to the date set for redemption, without premium, if redeemed on and after the Conversion Date.

[The Capital Appreciation 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 Conversion Value of such Convertible Capital Appreciation Bonds, together with interest accrued thereon to the date set for redemption, without premium. The Conversion Value represented by such Bonds to be so redeemed and the dates therefor and the final payment date is as indicated in the following table:]

Redemption Dates

Conversion Value

TOTAL

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by Paying Agent as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as shall be determined by the Paying Agent, provided, however, that the portion of any Bond to be redeemed shall be in the principal amount, Maturity Value or Conversion Value of \$5,000 or some multiple thereof. If less than all of the Bonds stated to mature on different dates shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be called by the Paying Agent in any order directed by the District and, if not so directed, in the inverse order of maturity.

Reference is made to the Bond Resolution for a more complete description of certain defined terms used herein, as well as the provisions, among others, with respect to the nature and extent of the security for the Bonds of this series, the rights, duties and obligations of the

District, the Paying Agent and the Registered Owners, and the terms and conditions upon which the Bonds are issued and secured. The Registered Owner of this bond assents, by acceptance hereof, to all of the provisions of the Bond Resolution.

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

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

[REMAINDER OF PAGE LEFT BLANK]

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

---

Chairman of the Board of Supervisors

COUNTERSIGNED:

---

Clerk of the Board of Supervisors

---

Treasurer-Tax Collector of the County of  
Riverside



**(FORM OF CERTIFICATE OF AUTHENTICATION)**

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on \_\_\_\_\_, 2015.

U.S. BANK NATIONAL ASSOCIATION, as  
Paying Agent

By: \_\_\_\_\_  
Authorized Representative

**(FORM OF LEGAL OPINION)**

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

\_\_\_\_\_  
Clerk of the Board of Supervisors of the  
County of Riverside

**(FORM OF STATEMENT OF INSURANCE)**

**(FORM OF ASSIGNMENT)**

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

\_\_\_\_\_  
\_\_\_\_\_

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

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

Dated: \_\_\_\_\_

Signature Guaranteed:

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

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

**EXHIBIT D**

**DISCLOSURE REQUIRED BY CALIFORNIA EDUCATION CODE 15145(b)(1)(E)**

1. Financing term and time of maturity of the bonds (the entire series of bonds). Illustrative Option 1 includes only current interest bonds (“CIBs”), while Illustrative Option 2 includes both CIBs and capital appreciation bonds (“CABs”).

Illustrative Option 1 - Current Interest Bonds Only			
Date	Principal	Interest	Debt Service
8/1/2015	\$0	\$450,084	\$450,084
8/1/2016	\$3,030,000	\$4,379,200	\$7,409,200
8/1/2017	\$3,390,000	\$4,318,600	\$7,708,600
8/1/2018	\$3,795,000	\$4,216,900	\$8,011,900
8/1/2019	\$4,230,000	\$4,103,050	\$8,333,050
8/1/2020	\$580,000	\$3,933,850	\$4,513,850
8/1/2021	\$790,000	\$3,910,650	\$4,700,650
8/1/2022	\$1,015,000	\$3,871,150	\$4,886,150
8/1/2023	\$1,270,000	\$3,820,400	\$5,090,400
8/1/2024	\$1,150,000	\$3,756,900	\$4,906,900
8/1/2025	\$1,425,000	\$3,699,400	\$5,124,400
8/1/2026	\$0	\$3,628,150	\$3,628,150
8/1/2027	\$0	\$3,628,150	\$3,628,150
8/1/2028	\$0	\$3,628,150	\$3,628,150
8/1/2029	\$0	\$3,628,150	\$3,628,150
8/1/2030	\$10,000	\$3,628,150	\$3,638,150
8/1/2031	\$165,000	\$3,627,650	\$3,792,650
8/1/2032	\$340,000	\$3,619,400	\$3,959,400
8/1/2033	\$535,000	\$3,602,400	\$4,137,400
8/1/2034	\$1,750,000	\$3,581,000	\$5,331,000
8/1/2035	\$2,035,000	\$3,511,000	\$5,546,000
8/1/2036	\$2,335,000	\$3,429,600	\$5,764,600
8/1/2037	\$2,665,000	\$3,336,200	\$6,001,200
8/1/2038	\$7,425,000	\$3,229,600	\$10,654,600
8/1/2039	\$8,150,000	\$2,932,600	\$11,082,600
8/1/2040	\$8,915,000	\$2,606,600	\$11,521,600
8/1/2041	\$9,730,000	\$2,250,000	\$11,980,000
8/1/2042	\$10,700,000	\$1,763,500	\$12,463,500
8/1/2043	\$11,730,000	\$1,228,500	\$12,958,500
8/1/2044	\$12,840,000	\$642,000	\$13,482,000
<b>Total</b>	<b>\$100,000,000</b>	<b>\$97,960,984</b>	<b>\$197,960,984</b>

Illustrative Option 2 - Current Interest and Capital Appreciation Bonds			
Date	Principal	Interest	Debt Service
8/1/2015	\$0	\$422,036	\$422,036
8/1/2016	\$3,270,000	\$4,106,300	\$7,376,300
8/1/2017	\$3,635,000	\$4,040,900	\$7,675,900
8/1/2018	\$4,050,000	\$3,931,850	\$7,981,850
8/1/2019	\$4,490,000	\$3,810,350	\$8,300,350
8/1/2020	\$1,035,000	\$3,630,750	\$4,665,750
8/1/2021	\$1,270,000	\$3,589,350	\$4,859,350
8/1/2022	\$1,525,000	\$3,525,850	\$5,050,850
8/1/2023	\$1,810,000	\$3,449,600	\$5,259,600
8/1/2024	\$1,715,000	\$3,359,100	\$5,074,100
8/1/2025	\$1,717,672	\$3,575,678	\$5,293,350
8/1/2026	\$59,450	\$3,253,901	\$3,313,350
8/1/2027	\$147,902	\$3,315,448	\$3,463,350
8/1/2028	\$0	\$3,223,350	\$3,223,350
8/1/2029	\$86,965	\$3,296,385	\$3,383,350
8/1/2030	\$273,187	\$3,485,163	\$3,758,350
8/1/2031	\$334,142	\$3,584,208	\$3,918,350
8/1/2032	\$390,798	\$3,697,552	\$4,088,350
8/1/2033	\$447,816	\$3,830,534	\$4,278,350
8/1/2034	\$911,672	\$4,601,678	\$5,513,350
8/1/2035	\$942,882	\$4,785,468	\$5,728,350
8/1/2036	\$974,563	\$4,983,787	\$5,958,350
8/1/2037	\$1,005,163	\$5,193,187	\$6,198,350
8/1/2038	\$5,776,309	\$5,232,041	\$11,008,350
8/1/2039	\$8,420,000	\$3,030,150	\$11,450,150
8/1/2040	\$9,215,000	\$2,693,350	\$11,908,350
8/1/2041	\$10,055,000	\$2,324,750	\$12,379,750
8/1/2042	\$11,055,000	\$1,822,000	\$12,877,000
8/1/2043	\$12,120,000	\$1,269,250	\$13,389,250
8/1/2044	\$13,265,000	\$663,250	\$13,928,250
<b>Total</b>	<b>\$99,998,521</b>	<b>\$101,727,215</b>	<b>\$201,725,736</b>

2. Repayment ratio for the bonds (the entire series of bonds).
- Illustrative Option 1: 1.98
  - Illustrative Option 2: 2.02
3. Estimated change in assessed value (“AV”) of taxable property within the District over the term of the bonds.
- 8.17% in fiscal year 2014-15 (actual) and 4.00% from fiscal year 2015-16 until final maturity of the bonds.
4. Total overall cost of the CABs.
- In Illustrative Option 2, the estimated principal amount of CABs is \$7,238,521 with an estimated debt service cost of \$18,120,000. This is a repayment ratio for the CABs of 2.50.

5. Comparison of #4 to overall cost if instead of CABs, the District issued CIBs.
  - The difference in the overall debt service cost is estimated at \$3,764,752.
  
6. Reason for recommending CABs.
  - CABs are recommended in order to access the desired project fund amount today while staying within the tax rate promised to the voters at the November 4, 2014 election.

May 19, 2015

Corona-Norco Unified School District  
2820 Clark Avenue  
Norco, CA 92860

Attn: Ted Rozzi

Re: Disclosures by the Underwriter Pursuant to MSRB Rule G-17  
Election of 2014 General Obligation Bonds, Series A  
2015 General Obligation Refunding Bonds

Dear Ted Rozzi:

We are writing to provide you, as Assistant Superintendent, Facilities, of Corona-Norco Unified School District (the "Issuer"), with certain disclosures relating to the captioned bond issues (the "Bonds"), as required by Municipal Securities Rulemaking Board ("MSRB") Rule G-17 as set forth in MSRB Notice 2012-25 (May 7, 2012).<sup>1</sup>

The Issuer has engaged Merrill Lynch, Pierce, Fenner & Smith Incorporated ("BofAML") to serve as an underwriter and not as a financial advisor or municipal advisor to the Issuer in connection with the issuance of the Bonds.

As part of our underwriting services, BofAML, and any other underwriters (collectively, the "Underwriter"), may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds.<sup>2</sup>

**I. Disclosures Concerning the Underwriter's Role**

- (i) MSRB Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors.
- (ii) The Underwriter's primary role is to purchase the Bonds with a view to distribution in an arm's-length commercial transaction with the Issuer. The Underwriter has financial and other interests that differ from those of the Issuer.
- (iii) Unlike a municipal advisor, the Underwriter does not have a fiduciary duty to the Issuer or any other party under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer or any other party without regard to its own financial or other interests.
- (iv) The Underwriter has a duty to purchase the Bonds from the Issuer at a fair and reasonable price, but must balance that duty with its duty to sell the Bonds to investors at prices that are fair and reasonable.

<sup>1</sup> *Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities (effective August 2, 2012).*

<sup>2</sup> *In the event BofAML is acting as senior managing underwriter, we are providing this letter, other than the disclosure contained in Section III of this letter, on behalf of the underwriters.*

- (v) The Underwriter will review the official statement for the Bonds in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.<sup>3</sup>

## **II. Disclosures Concerning the Underwriter's Compensation**

The Underwriter will be compensated by a fee and/or an underwriting discount that will be set forth in any bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the Underwriter may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

## **III. BofAML Conflicts Disclosures**

Bank of America Corporation and its affiliates (collectively, the "BAC Group") comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and strategic advisory services and other commercial services and products to a wide range of corporations, governments and individuals, domestically and offshore, from which conflicting interests or duties, or a perception thereof, may arise. In the ordinary course of these activities, parts of the BAC Group at any time may invest on a principal basis or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions, for their own accounts or the accounts of customers, in securities or financial instruments (including derivatives, bank loans or other obligations) of the Issuer or any other party that may be involved in the transaction. Parts of the BAC Group may also communicate independent investment recommendations, and market advice, or trading ideas and/or publish or express independent research views with respect to such securities or other financial instruments.

If the Issuer decides to sell short-term maturities of the Bonds through a competitive sealed bid process, then BofAML's Underwriting Desk may manage the process by soliciting bids from the syndicate and potential investors and identifying any winning purchasers. BofAML's Short-Term Desk may elect to place bids on its own behalf. When the Underwriting Desk manages this process, it does not share information regarding any bids with the Short-Term Desk or any other potential investors prior to disclosing the winning purchasers.

BofAML may place Bonds in its or an affiliate's municipal bond joint venture / tender option bond program to be held for the account of BofAML or the affiliate.

BofAML understands that the Issuer intends to use a portion of the proceeds from the issuance of the Bonds to refund certain of the Issuer's outstanding securities (the "Refunded Bonds"). To the extent BofAML or an affiliate thereof holds Refunded Bonds, BofAML or its affiliate, as applicable, would receive a portion of the proceeds from the issuance of the Bonds in connection with such Refunded Bonds being purchased by the Issuer.

<sup>3</sup> Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the Underwriter is solely for purposes of satisfying the Underwriter's obligations under the federal securities laws and such review should not be construed by the Issuer as a guarantee of the accuracy or completeness of the information in the official statement.

"Bank of America Merrill Lynch" is the marketing name for the global banking and global markets businesses of Bank of America Corporation. Lending, derivatives, and other commercial banking activities are performed globally by banking affiliates of Bank of America Corporation, including Bank of America, N.A., member FDIC. Securities, strategic advisory, and other investment banking activities are performed globally by investment banking affiliates of Bank of America Corporation ("Investment Banking Affiliates"), including, in the United States, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Merrill Lynch Professional Clearing Corp., both of which are registered broker dealers and members of FINRA and SIPC, and, in other jurisdictions, by locally registered entities. Investment products offered by Investment Banking Affiliates: Are Not FDIC Insured \* May Lose Value \* Are Not Bank Guaranteed.

**IV. Certain Disclosures Regarding the Financing**

Since BofAML will serve as an underwriter to the Issuer for what may be considered a “complex municipal securities financing” for purposes of MSRB Rule G-17, attached is a description of the material financial characteristics of that financing structure as well as the material financial risks of the financing that are known to us and reasonably foreseeable at this time.

**V. Miscellaneous**

Nothing in this letter should be viewed as a commitment by the Underwriter to purchase or sell the Bonds and any such commitment will only exist upon the execution of any bond purchase agreement or similar agreement and then only in accordance with the terms and conditions thereof.

If you or any other Issuer officials have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the Issuer’s own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

We are required to seek your acknowledgement that you have received this letter. **Accordingly, please send me an email to that effect, or sign and return a copy of this letter to me at the address set forth below.** Having received the disclosures contained in this letter, we additionally wish to seek your acknowledgment of our engagement as underwriter. Depending on the structure of the transaction that the Issuer decides to pursue, or if additional potential or actual material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

We look forward to working with you and the Issuer in connection with the issuance of the Bonds. Thank you.

Sincerely,

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED



---

Bryon Rockwell  
Managing Director  
333 S. Hope Street, Suite 2310  
Los Angeles, CA 90071  
bryon.rockwell@baml.com

Acknowledgement:

---

Ted Rozzi

Date: \_\_\_\_\_

CC: Timothy Carty  
Jin Kim  
David Casnocha  
Katherine Thursby



Bank of America Merrill Lynch Risk Disclosures Pursuant to MSRB Rule G-17

**Capital Appreciation Bonds**

The following is a general description of the financial characteristics of Capital Appreciation Bonds (CABs), as well as a general description of certain financial risks that are known to us and reasonably foreseeable at this time and that you should consider before deciding whether to issue CABs. If you have any questions or concerns about these disclosures, please make those questions or concerns known immediately to us. In addition, you should consult with your financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

**Financial Characteristics**

*Maturity and Interest.* CABs are securities on which the investment return on an initial principal amount is reinvested at a stated accretion rate until maturity, at which time the investor receives a single payment (“maturity value”) representing both the initial principal amount and the total investment returns. CABs typically are sold at a deeply discounted price, have long-term maturities and may be offered to investors in authorized denominations of \$5,000 principal amount or integral multiples thereof. In return for not receiving periodic interest payments, investors are often given a higher yield.

**Financial Risk Considerations**

Certain risks may arise in connection with your issuance of CABs, including some or all of the following:

*Issuer Default Risk*

Depending on how the CABs are structured, the maturity value may be a substantial amount. You may be in default if the funds pledged to secure your CABs are not sufficient to pay debt service on the CABs when due. The consequences of a default may be serious for you and, depending on applicable state law and the terms of the authorizing documents, the holders of the bonds, the trustee and any credit support provider may be able to exercise a range of available remedies against you. For example, if the CABs are secured by a general obligation pledge, you may be ordered by a court to raise taxes. Other budgetary adjustments also may be necessary to enable you to provide sufficient funds to pay debt service on the CABs. If the bonds are revenue bonds, you may be required to take steps to increase the available revenues that are pledged as security for the bonds. A default may negatively impact your credit ratings and may effectively limit your ability to publicly offer bonds or other securities at market interest rate levels. Further, if you are unable to provide sufficient funds to remedy the default, subject to applicable state law and the terms of the authorizing documents, you may find it necessary to consider available alternatives under state law, including (for some issuers) state-mandated receivership or bankruptcy. A default also may occur if you are unable to comply with covenants or other provisions agreed to in connection with the issuance of the bonds.

This description is only a brief summary of issues relating to defaults and is not intended as legal advice. You should consult with your bond counsel for further information regarding defaults and remedies.

*Redemption Risk*

“Bank of America Merrill Lynch” is the marketing name for the global banking and global markets businesses of Bank of America Corporation. Lending, derivatives, and other commercial banking activities are performed globally by banking affiliates of Bank of America Corporation, including Bank of America, N.A., member FDIC. Securities, strategic advisory, and other investment banking activities are performed globally by investment banking affiliates of Bank of America Corporation (“Investment Banking Affiliates”), including, in the United States, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Merrill Lynch Professional Clearing Corp., both of which are registered broker dealers and members of FINRA and SIPC, and, in other jurisdictions, by locally registered entities. Investment products offered by Investment Banking Affiliates: Are Not FDIC Insured \* May Lose Value \* Are Not Bank Guaranteed.

Your ability to redeem the CABs prior to maturity may be limited, depending on the optional redemption provisions. In the event that interest rates in the market decline, you may be unable to take advantage of the lower interest rates to reduce debt service if the CABs cannot be redeemed.

Refinancing Risk

If your financing plan contemplates refinancing some or all of the CABs at maturity, market conditions or changes in law may limit or prevent you from refinancing those CABs when required. Further, limitations in the federal tax rules on advance refunding of bonds (an advance refunding of bonds occurs when tax-exempt bonds are refunded more than 90 days prior to the date on which those bonds may be retired) may restrict your ability to refund the CABs to take advantage of lower interest rates.

Debt Service Costs

In return for not receiving periodic interest payments, investors are often given a higher yield. The higher yield, coupled with the longer repayment period, results in higher total debt service costs compared to current interest bonds.

Reinvestment Risk

You may have proceeds of the CABs to invest prior to the time that you are able to spend those proceeds for the authorized purpose. Depending on market conditions, you may not be able to invest those proceeds at or near the yield on the CABs, which is referred to as "negative arbitrage".

Tax Compliance Risk

The issuance of tax-exempt bonds is subject to a number of requirements under the United States Internal Revenue Code, as enforced by the Internal Revenue Service (IRS). You must take certain steps and make certain representations prior to the issuance of tax-exempt bonds. You also must covenant to take certain additional actions after issuance of the tax-exempt bonds. A breach of your representations or your failure to comply with certain tax-related covenants may cause the interest on the CABs (if issued as tax-exempt obligations) to become taxable retroactively to the date of issuance of the CABs, which may result in an increase in the interest rate that you pay on the CABs or the mandatory redemption of the CABs. The IRS also may audit you or your CABs or other bonds, in some cases on a random basis and in other cases targeted to specific types of bond issues or tax concerns. If the CABs are declared taxable, or if you are subject to audit, you may be unable to remarket or refinance the CABs. Further, your ability to issue other tax-exempt bonds also may be limited.

This description of tax compliance risks is not intended as legal advice and you should consult with your bond counsel regarding tax implications of issuing the CABs.

**NEW ISSUE—FULL BOOK-ENTRY**

**RATINGS: Moody's "Aa2"; S&P "AA-"**  
See "MISCELLANEOUS – Ratings" herein

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

**\$99,995,000\***  
**CORONA-NORCO UNIFIED SCHOOL DISTRICT**  
**(Riverside County, California)**  
**Election of 2014 General Obligation Bonds, Series A**

**\$49,500,000\***  
**CORONA-NORCO UNIFIED SCHOOL DISTRICT**  
**(Riverside County, California)**  
**2015 General Obligation Refunding Bonds**

**Dated: Date of Delivery**

**Due: August 1, as shown on inside cover**

*This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used but not otherwise defined on this cover page shall have the meanings assigned to such terms herein.*

The Corona-Norco Unified School District (Riverside County, California) Election of 2014 General Obligation Bonds, Series A (the "Series A Bonds"), were authorized at an election of the registered voters of the Corona-Norco Unified School District (the "District") held on November 4, 2014, at which the requisite fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$396,000,000 aggregate principal amount of general obligation bonds of the District. The Series A Bonds are being issued to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and to (ii) pay the costs of issuing the Series A Bonds.

The Corona-Norco Unified School District (Riverside County, California) 2015 General Obligation Refunding Bonds (the "Refunding Bonds") are being issued by the District to (i) currently refund a portion of the District's outstanding 2005 General Obligation Refunding Bonds, (ii) advance refund a portion of the District's outstanding Election of 2006 General Obligation Bonds, Series A, and (iii) pay the costs associated with the issuance of the Refunding Bonds. The Refunding Bonds and the Series A Bonds are collectively referred to herein as the "Bonds."

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of Riverside County is empowered and obligated to levy *ad valorem* taxes, without limitation as to rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of (i) the principal and Accreted Value of and interest on the Series A Bonds when due and (ii) the principal and interest on the Refunding Bonds when due.

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of interests in the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the Bonds. See "THE BONDS – Book-Entry Only System" herein.

The Series A Bonds will be issued as current interest bonds (the "Current Interest Bonds") and capital appreciation bonds (the "Capital Appreciation Bonds"). Interest on the Current Interest Bonds accrues from their date of delivery, and is payable on February 1 and August 1 of each year, commencing August 1, 2015. The Capital Appreciation Bonds are dated as of their date of delivery and accrete interest from such date, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2015. The Capital Appreciation Bonds will not pay interest on a periodic basis. The Refunding Bonds will be issued solely as Current Interest Bonds.

Payments of principal and Accreted Value of and interest on the Bonds will be made by U.S. Bank National Association, as the designated paying agent, bond registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry Only System" herein. **The Bonds are subject to optional and mandatory sinking fund redemption as further described herein.\***

**[Bank of America Merrill Lynch Logo]**

**Maturity Schedules\***  
(See inside front cover)

*The Bonds are offered when, as and if issued, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel to the District. It is anticipated that the Bonds, in book entry form, will be available for delivery through the facilities of Cede & Co., as nominee of The Depository Trust Company, in New York, New York, on or about \_\_\_\_\_, 2015.*

Dated: \_\_\_\_\_, 2015

\* Preliminary, subject to change.

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

**MATURITY SCHEDULES FOR BONDS**

**CORONA-NORCO UNIFIED SCHOOL DISTRICT  
(Riverside County, California)**

Base CUSIP<sup>(1)</sup>: \_\_\_\_\_

**Election of 2014 General Obligation Bonds, Series A**

\$ \_\_\_\_\_ Current Interest Serial Bonds

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u>
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\$ \_\_\_\_\_ - \_\_\_\_\_ % Current Interest Term Bonds due August 1, 20\_\_ - Yield \_\_\_\_\_ %; CUSIP<sup>(1)</sup>: \_\_\_\_\_

\$ \_\_\_\_\_ Capital Appreciation Serial Bonds

<u>Maturity (August 1)</u>	<u>Denominational Amount</u>	<u>Accretion Rate</u>	<u>Yield</u>	<u>Maturity Value</u>	<u>CUSIP<sup>(1)</sup></u>
--------------------------------	----------------------------------	---------------------------	--------------	-----------------------	----------------------------

\$ \_\_\_\_\_ Capital Appreciation Term Bonds

<u>Maturity (August 1)</u>	<u>Denominational Amount</u>	<u>Accretion Rate</u>	<u>Yield</u>	<u>Maturity Value</u>	<u>CUSIP<sup>(1)</sup></u>
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**2015 General Obligation Refunding Bonds**

\$ \_\_\_\_\_ Current Interest Serial Bonds

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

\$ \_\_\_\_\_ - \_\_\_\_\_ % Current Interest Term Bonds due August 1, 20\_\_ - Yield \_\_\_\_\_ %; CUSIP<sup>(1)</sup>: \_\_\_\_\_

\* Preliminary, subject to change.

<sup>(1)</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Services. None of the Underwriter, the Financial Advisor, or the District is responsible for the selection or correctness of the CUSIP numbers set forth herein.

<sup>(2)</sup> Yield to call at par on August 1, 20\_\_.

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 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 should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein, other than that provided by the District, has been obtained from sources which are believed to be reliable, but 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.

When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The Underwriter has provided the following sentence for inclusion in this Official Statement: "The Underwriter has reviewed the information in this Official Statement in accordance with, and as 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."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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

**CORONA-NORCO UNIFIED SCHOOL DISTRICT**  
**(Riverside County, California)**

**Board of Education**

Jose W. Lalas, Ph.D., *President*  
Cathy L. Sciortino, *Vice President*  
Bill Newberry, *Clerk*  
Mary Ybarra, *Member*  
John Zickefoose, *Member*

**District Administration**

Michael H. Lin, Ed.D., *Superintendent*  
Sherry Mata, *Deputy Superintendent, Business Services*  
Ted E. Rozzi, *Assistant Superintendent, Facilities*

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**PROFESSIONAL SERVICES**

**Bond and Disclosure Counsel**

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

**Financial Advisor**

Piper Jaffray & Co.  
*El Segundo, California*

**Paying Agent and Escrow Agent**

U.S. Bank National Association  
*Los Angeles, California*

**Verification Agent**

Causey Demgen & Moore P.C.  
*Denver, Colorado*

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