

FORM APPROVED COUNTY COUNSEL
BY: GREGORY P. PRIAMOS DATE 6/18/15

Departmental Concurrence

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

367A



FROM: Don Kent, Treasurer/Tax Collector

SUBMITTAL DATE:
June 18, 2015

SUBJECT: Resolution No. 2015-153 Desert Sands Unified School District General Obligation Bonds, Election of 2014, Series 2015; 4th Dist.; [\$0] (Vote on Separately)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve and adopt Resolution No. 2015-153 authorizing and approving the issuance and sale of Desert Sands Unified School District General Obligation Bonds, Election of 2014, Series 2015 in a principal amount not to exceed \$77,000,000 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
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	

SOURCE OF FUNDS:

Budget Adjustment: n/a
For Fiscal Year: 2015-16

C.E.O. RECOMMENDATION:

APPROVE

BY:
Samuel Wong

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley
Nays: None
Absent: None
Date: June 30, 2015
xc: Treasurer

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

Prev. Agn. Ref.:

District: 4

Agenda Number:

3-72

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

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Resolution No. 2015-153 Desert Sands Unified School District General Obligation Bonds, Election of 2014, Series 2015; 4th Dist.; [\$0] (Vote on Separately)
DATE: June 18, 2015
PAGE: Page 2 of 2

BACKGROUND:

Summary (continued).

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

An election was held on November 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 \$225,000,000.

Resolution 2015-153 authorizes the issuance and sale of Desert Sands Unified School District General Obligation Bonds, Election of 2014, Series 2015 (the "Series 2015 Bonds") in a principal amount not to exceed \$77,000,000. The proceeds of the Series 2015 Bonds will be used to finance the acquisition, construction, modernization, and equipping of certain District sites and facilities.

The Series 2015 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 2015 Bonds.

County Counsel has reviewed Resolution No. 2015-153 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.

ATTACHMENTS (if needed, in this order):

District Map
Resolution No. 2015-153
Preliminary Official Statement

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RESOLUTION NO. 2015-153

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY
OF RIVERSIDE, CALIFORNIA, AUTHORIZING THE SALE AND
ISSUANCE OF DESERT SANDS UNIFIED SCHOOL DISTRICT,
RIVERSIDE COUNTY, CALIFORNIA, GENERAL OBLIGATION
BONDS, ELECTION OF 2014, SERIES 2015 IN THE PRINCIPAL
AMOUNT NOT TO EXCEED \$77,000,000

Table of Contents

		<u>Page</u>
1	Section 1. Purpose of the Bonds.....	2
	Section 2. Terms and Conditions of Sale	2
2	Section 3. Approval of Purchase Contract.....	2
	Section 4. Certain Definitions	3
3	Section 5. Terms of the Bonds.	7
	Section 6. Execution.....	8
4	Section 7. Appointment of Paying Agent.....	8
	Section 8. Resignation or Removal of Paying Agent and Appointment of Successor.	9
5	Section 9. Payment of Principal and Interest.....	9
6	Section 10. Bond Registration and Transfer.....	9
	Section 11. Redemption.	11
7	Section 12. Book-Entry System.	14
	Section 13. Forms of Bonds	16
8	Section 14. Deposit of Proceeds of Bonds; Creation of Funds.....	16
	Section 15. Security for the Bonds; Tax Levy.....	18
9	Section 16. Defeasance.....	18
	Section 17. Partial Defeasance	19
10	Section 18. Continuing Disclosure	19
	Section 19. Tax Covenants of the District.....	19
11	Section 20. Arbitrage Covenant	20
	Section 21. Conditions Precedent.....	20
12	Section 22. Preliminary Official Statement.....	20
	Section 23. Other Actions.	20
13	Section 24. Supplemental Resolutions.	20
	Section 25. Insurance	22
14	Section 26. Resolution to Constitute Contract.....	22
	Section 27. Notices.....	22
15	Section 28. Unclaimed Moneys.....	23
	Section 29. Effective Date.....	23
16		
	Exhibit A Adopted District Resolution	A-1
17	Exhibit B Form of Purchase Contract.....	B-1
	Exhibit C Form of Bonds.....	C-1
18		
19		
20		
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24		
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RESOLUTION NO. 2015-153

RESOLUTION OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF RIVERSIDE, CALIFORNIA,
AUTHORIZING THE SALE AND ISSUANCE OF
DESERT SANDS UNIFIED SCHOOL DISTRICT,
RIVERSIDE COUNTY, CALIFORNIA, GENERAL
OBLIGATION BONDS, ELECTION OF 2014, SERIES
2015 IN THE PRINCIPAL AMOUNT NOT TO EXCEED
\$77,000,000

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

WHEREAS, at the Election there was submitted to and approved by the requisite vote of fifty-five percent or more 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 \$225,000,000 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 June 16, 2015, requesting the issuance of the first series of bonds under the Authorization in an aggregate principal amount not-to-exceed \$77,000,000 and styled as "Desert Sands Unified School District, Riverside County, California, General Obligation Bonds, Election of 2014, Series 2015 (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 in one or more series of Taxable or Tax-Exempt Current Interest Bonds (as further defined herein); and

WHEREAS, the District Board has authorized the sale of the Bonds at a negotiated sale, which the District Board has determined will 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 (defined herein) 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; and

WHEREAS, the District Board has estimated that the costs associated with the delivery of the Bonds will equal approximately 1.2% of the aggregate principal amount of the

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 6/16/15
DALE A. GARDNER DATE

1 Bonds; and

2 **WHEREAS**, the District Board has appointed Stradling Yocca Carlson & Rauth, a
3 Professional Corporation, San Francisco, California as Bond Counsel and Disclosure Counsel
4 in connection with the issuance of the Bonds; and

5 **WHEREAS**, the District Board has appointed RBC Capital Markets LLC as
6 Underwriter in connection with the issuance of the Bonds; and

7 **WHEREAS**, the District Board has appointed Fieldman Rolapp & Associates as
8 Financial Advisor in connection with the issuance of the Bonds; and

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

14 **NOW, THEREFORE, IT IS FOUND, DETERMINED, ORDERED AND**
15 **RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF**
16 **RIVERSIDE, CALIFORNIA, AS FOLLOWS:**

17 **Section 1. Purpose of the Bonds.** The Bonds of the District shall be issued in
18 the name and on behalf of the District in an aggregate Principal Amount not to exceed
19 \$77,000,000 to raise money for the purposes authorized by voters of the District at the
20 Election, and to pay all necessary legal, financial, engineering and contingent costs in
21 connection therewith.

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

26 **Section 3. Approval of Purchase Contract.** The form of Purchase Contract
27 (defined herein), by and among the County, the District and RBC Capital Markets LLC (the
28 "Underwriter"), for the purchase and sale of the Bonds, is hereby approved substantially in
the form attached hereto as Exhibit B. The Treasurer-Tax Collector of the County (the
"Treasurer"), or designated deputy thereof, is hereby authorized to execute and deliver the
Purchase Contract, and the Authorized Representatives of the District, each alone, are hereby
authorized and requested to acknowledge the execution of such Purchase Contract, if
necessary, but with such changes therein, deletions therefrom and modifications thereto as
the Treasurer, or a designated deputy thereof, may approve, such approval to be conclusively
evidenced by his or her execution and delivery thereof; provided, however, that the Bonds
shall mature no later than forty (40) years from the date of issue and the Underwriter's
discount, excluding original issue discount, shall not exceed 0.5% of the aggregate Principal
Amount of Bonds issued. The Treasurer, in conjunction with an Authorized Representative
of the District, shall be authorized to determine the final Principal Amount of the Bonds, not-
to-exceed \$77,000,000, and enter into and execute the Purchase Contract with the District
and the Underwriter, if the conditions set forth in this Resolution are satisfied.

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

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

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

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

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

14 **"Bond Insurer"** means any insurance company and any successor thereto,
15 which issues a municipal bond insurance policy insuring the payment of the Principal
16 Amount of and interest on the Bonds.

17 **"Bond Payment Date"** means (unless otherwise provided by the Purchase
18 Contract or the Official Statement) February 1 and August 1 of each year,
19 commencing August 1, 2015, with respect to the interest on the Bonds, and the stated
20 maturity dates thereof, with respect to the Principal payments on the Bonds.

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

24 **"Bonds"** means the Desert Sands Unified School District General Obligation
25 Bonds, Election of 2014, Series 2015, issued and delivered pursuant to this
26 Resolution.

27 **"Building Fund"** means the Desert Sands Unified School District, General
28 Obligation Bonds, Election of 2014, Series 2015 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.

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

"Continuing Disclosure Certificate" means that certain contractual
undertaking of 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,

1 and relating to the Bonds, dated as of the date of issuance thereof, as amended from
2 time to time in accordance with the provisions thereof.

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

4 **“Current Interest Bonds”** means bonds, the interest on which is payable
5 semiannually on each Bond Payment Date specified for each such Bond as designated
6 and maturing in the years and in the amounts set forth in the Purchase Contract.

7 **“Dated Date”** means the date of initial issuance and delivery of the Bonds, or
8 such other date as shall appear in the Purchase Contract or Official Statement.

9 **“Debt Service Fund”** means the Desert Sands Unified School District,
10 General Obligation Bonds, Election of 2014, Series 2015 Debt Service Fund
11 established pursuant to Section 14 of this Resolution.

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

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

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

19 **“Fair Market Value”** means the price at which a willing buyer would
20 purchase the investment from a willing seller in a bona fide, arm's length transaction
21 (determined as of the date the contract to purchase or sell the investment becomes
22 binding) if the investment is traded on an established securities market (within the
23 meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value”
24 means the acquisition price in a bona fide arm's length transaction (as referenced
25 above) if (i) the investment is a certificate of deposit that is acquired in accordance
26 with applicable regulations under the Code, (ii) the investment is an agreement with
27 specifically negotiated withdrawal or reinvestment provisions and a specifically
28 negotiated interest rate (for example, a guaranteed investment contract, a forward
supply contract or other investment agreement) that is acquired in accordance with
applicable regulations under the Code, (iii) the investment is a United States Treasury
Security—State and Local Government Series that is acquired in accordance with
applicable regulations of the United States Bureau of Public Debt, or (iv) any
commingled investment fund in which the District and related parties do not own
more than a ten percent (10%) beneficial interest therein if the return paid by the fund
is without regard to the source of the investment.

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

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

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

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

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

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

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

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

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

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

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

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

"Permitted Investments" means (i) any lawful investments permitted by
Section 16429.1 and Section 53601 of the Government Code, including Non-AMT
Bonds and Qualified Non-AMT Mutual Funds, (ii) shares in a California common
law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government
Code which invests exclusively in investments permitted by Section 53635 of the
Government Code, but without regard to any limitations in such Section concerning
the percentage of moneys available for investment being invested in a particular type

1 of security, (iii) a guaranteed investment contract with a provider having a rating
2 meeting the minimum rating requirements of the County investment pool maintained
3 by the Treasurer, (iv) the Local Agency Investments Fund of the California State
4 Treasurer, (v) the County investment pool described above, and (vi) State and Local
5 Government Series Securities.

6 **"Principal" or "Principal Amount"** means, with respect to any Bond, the
7 initial Principal Amount thereof.

8 **"Purchase Contract"** means the Contract of Purchase, by and among the
9 County, the District and the Underwriter, relating to the Bonds.

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

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

22 **"Rebate Fund"** means the Desert Sands Unified School District, General
23 Obligation Bonds, Election of 2014, Series 2015 Rebate Fund established pursuant to
24 Section 14 of this Resolution.

25 **"Record Date"** means the close of business on the fifteenth day of the month
26 preceding each Bond Payment Date.

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

"Resolution" means this Resolution adopted by the Board of Supervisors of
the County on June 30, 2015.

"Series" means any Bonds executed, authenticated and delivered pursuant to
the provisions hereof identified as a separate series of Bonds.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's
Financial Services LLC business, its successors and assigns, or, if such corporation
shall be dissolved or liquidated or shall no longer perform the functions of a
securities rating agency, such other nationally recognized securities rating agency
designated by the District.

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

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

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

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

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

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

21 **“Transfer Amount”** means, with respect to any Outstanding Bond, the
22 Principal Amount.

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

25 **“Underwriter”** means RBC Capital Markets LLC.

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

27 (a) Denomination, Interest, Dated Dates and Terms. The Bonds shall be
28 issued as fully registered Current Interest Bonds registered as to both Principal and
interest, in denominations of \$5,000 Principal Amount or any integral multiple
thereof. The Bonds shall bear interest at a rate or rates not in excess of that
authorized at the Election. 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 Bond shall be dated as of the Dated Date, and shall bear interest
at the rates set forth in the Purchase Contract or Official Statement 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

1 the first Record Date, in which event it shall bear interest from its Dated Date.
2 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.

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

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

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

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

17 (c) The Paying Agent, upon receipt of any notice, resolution, request,
18 consent, order, certificate, report, opinion, bond or other paper or document furnished
19 to it pursuant to any provision of this Resolution, shall examine such instrument to
20 determine whether it conforms to the requirements of this Resolution and shall be
21 protected in acting upon any such instrument believed by it to be genuine and to have
22 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.

23 (d) The District shall pay to the Paying Agent from time to time
24 reasonable compensation for all services rendered under this Resolution, and also all
25 reasonable expenses, charges, counsel fees and other disbursements, including those
26 of its attorneys, agents and employees, incurred in and about the performance of their
27 powers and duties under this Resolution. Notwithstanding the foregoing, the fees and
28 expenses of the Paying Agent not paid from the proceeds of the sale of the Bonds
may be paid in each year from taxes levied and collected for payment 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.

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

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

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

26 **Section 9. Payment of Principal and Interest.** Payment of interest on any
27 Bond on any Bond Payment Date shall be made to the person appearing on the registration
28 books of the Paying Agent as the Owner thereof as of the Record Date immediately
29 preceding such Bond Payment Date, such interest to be paid by check mailed to such Owner
30 on the Bond Payment Date at his address as it appears on such registration books or at such
31 other address as he may have filed with the Paying Agent for that purpose on or before the
32 Record Date. The Owner of Bonds in an aggregate Principal Amount of \$1,000,000 or more
33 may request in writing to the Paying Agent that such Owner be paid interest by wire transfer
34 to the bank and account number on file with the Paying Agent as of the Record Date. The
35 principal, and redemption price, if any, payable on the Bonds shall be payable upon maturity
36 or redemption upon surrender at the designated office of the Paying Agent. The interest,
37 Principal and redemption premiums, if any, on the Bonds shall be payable in lawful money of
38 the United States of America. The Paying Agent is hereby authorized to pay the Bonds when
39 duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The
40 Bonds are general obligations of the District payable solely from the proceeds of *ad valorem*
41 taxes levied on property subject to taxation by the District. No part of any fund of the
42 County is pledged or obligated to the payment of the Bonds.

43 **Section 10. Bond Registration and Transfer.** So long as any of the Bonds
44 remain outstanding, the District will cause the Paying Agent to maintain and keep at its

1 principal office all books and records necessary for the registration, exchange and transfer of
2 the Bonds as provided in this Section.

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

11 Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount
12 upon presentation and surrender at the office of the Paying Agent designated for such
13 purpose, together with a request for exchange signed by the registered Owner or by a person
14 legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be
15 transferred only on the Bond Register by the person in whose name it is registered, in person
16 or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office
17 of the Paying Agent designated for such purpose, accompanied by delivery of a written
18 instrument of transfer in a form approved by the Paying Agent, duly executed. Upon
19 exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or
20 Bonds of like tenor and of any authorized denomination or denominations requested by the
21 Owner equal to the Transfer Amount of the Bond surrendered and bearing interest at the
22 same rate and maturing on the same date.

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

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

Neither the District, the County nor the Paying Agent will be required (a) to issue or
transfer any Bonds during a period beginning with the opening of business on the 16th 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

1 the applicable notice of redemption is given or (b) to transfer any Bonds which have been
2 selected or called for redemption in whole or in part.

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

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

18 **Section 11. Redemption.**

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

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

23 (c) Selection of Bonds for Redemption. Whenever provision is made in
24 this Resolution for the redemption of Bonds and less than all Outstanding Bonds are
25 to be redeemed, the Paying Agent, upon written instruction from the District, shall
26 select Bonds for redemption as so directed and if not directed, in inverse order of
27 maturity. Within a maturity, the Paying Agent, in a manner determined by the
28 District, shall select Bonds for redemption by lot; provided, however, the Purchase
Contract may provide that (i) 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, or (ii) with
respect to redemption by lot, that the portion of any Bond to be redeemed in part shall
be in the Principal Amount of \$5,000.

(d) Notice of Redemption. When redemption is authorized or required
pursuant to Section 11 hereof, the Paying Agent, upon written instruction from the
District, shall give notice (a "Redemption Notice") of the redemption of the Bonds.
Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof
(in the case of redemption of the Bonds in part but not in whole) which are to be
redeemed, (b) the date of redemption, (c) the place or places where the redemption
will be made, including the name and address of the Paying Agent, (d) the
redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be

1 redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and,
2 in the case of any Bond to be redeemed in part only, the Principal Amount of such
3 Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity
4 date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall
5 further state that on the specified date there shall become due and payable upon each
6 Bond or portion thereof being redeemed at the redemption price thereof, together
7 with the interest accrued to the redemption date, and that from and after such date,
8 interest with respect thereto shall cease to accrue.

9 The Paying Agent shall take the following actions with respect to such
10 Redemption Notice:

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

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

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

23 (iv) The Redemption Notice shall be given to such other persons
24 as shall be required by the Continuing Disclosure Certificate.

25 Neither failure to receive or failure to send any Redemption Notice nor any
26 defect in any such Redemption Notice so given shall affect the sufficiency of the
27 proceedings for the redemption of the affected Bonds. Each check issued or other
28 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.

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

1 and in the manner in which the notice of redemption was given, that such moneys
2 were not so received.

3 (e) Payment of Redeemed Bonds. When notice of redemption has been
4 given substantially as provided for herein, and, when the amount necessary for the
5 redemption of the Bonds called for redemption (Principal and premium, if any) is set
6 aside in trust for that purpose, as provided herein, the Bonds designated for
7 redemption shall become due and payable on the date fixed for redemption thereof
8 and upon presentation and surrender of said Bonds at the place specified in the notice
9 of redemption, said Bonds shall be redeemed and paid at the redemption price
10 thereof.

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

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

20 (g) Effect of Notice of Redemption. If on such redemption date, money
21 for the redemption of all the Bonds to be redeemed as provided in Section 11 hereof,
22 together with interest accrued to such redemption date, shall be held by an
23 independent escrow agent selected by the District, so as to be available therefor on
24 such redemption date, and if notice of redemption thereof shall have been given as
25 aforesaid, then from and after such redemption date, interest with respect to the
26 Bonds to be redeemed shall cease to accrue and become payable. All money held by
27 such escrow agent for the redemption of Bonds shall be held in trust for the account
28 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 (h) 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, accrued interest with respect thereto to the date fixed for redemption, all as
12 provided in this Resolution, then such Bonds shall no longer be deemed Outstanding
13 and shall be surrendered to the Paying Agent for cancellation.

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

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

22 With respect to the Bonds registered in the Bond Register in the name of the
23 Nominee, neither the District, the County nor the Paying Agent shall have any
24 responsibility or obligation to any broker-dealers, banks and other financial
25 institutions from time to time for which the Depository holds Bonds as securities
26 depository (the "Participant") or to any person on behalf of which such a Participant
27 holds an interest in the Bonds. Without limiting the immediately preceding sentence,
28 neither the District, the County nor the Paying Agent shall have any responsibility or
29 obligation with respect to (i) the accuracy of the records of the Depository, the
30 Nominee, or any Participant with respect to any ownership interest in the Bonds,
31 (ii) the delivery to any Participant or any other person, other than an Owner of a Bond
32 as shown in the Bond Register, of any notice with respect to the Bonds, including any
33 notice of redemption, (iii) the selection by the Depository and its Participants of the
34 beneficial interests in the Bonds to be redeemed in the event the District redeems the
35 Bonds in part, or (iv) the payment to any Participant or any other person, other than
36 an Owner of a Bond as shown in the Bond Register, of any amount with respect to
37 Principal of or interest on the Bonds. The District and the Paying Agent may treat
38 and consider the person in whose name each Bond is registered in the Bond Register
39 as the holder and absolute Owner of such Bond for the purpose of the payment of
40 Principal of and interest with respect to such Bond, for the purpose of giving notices
41 of redemption, if applicable, and other matters with respect to such Bond, for the
42 purpose of registering transfers with respect to such Bond, and for all other purposes
43 whatsoever. The Paying Agent shall pay all Principal of and interest on the Bonds
44 only to or upon the order of the respective Owner of the Bond, as shown in the Bond
45 Register, or his respective attorney duly authorized in writing, and all such payments
46 shall be valid and effective to fully satisfy and discharge the District's obligations
47 with respect to payment of Principal of and interest on the Bonds to the extent of the

1 sum or sums so paid. No person other than an Owner of a Bond, as shown in the
2 Bond Register, shall receive a Bond evidencing the obligation of the District to make
3 payments of Principal and interest. Upon delivery by the Depository to the Owners
4 of the Bonds, and the District of written notice to the effect that the Depository has
5 determined to substitute a new nominee in place of the Nominee, and subject to the
6 provisions herein with respect to Record Dates, the word Nominee in this Resolution
7 shall refer to such nominee of the Depository.

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

17 (c) If at any time the Depository notifies the County and the District that
18 it is unwilling or unable to continue as Depository with respect to the Bonds or if at
19 any time the Depository shall no longer be registered or in good standing under the
20 Securities Exchange Act or other applicable statute or regulation and a successor
21 Depository is not appointed by the Treasurer within 90 days after the County and the
22 District receive notice or become aware of such condition, as the case may be,
23 subsection (a) hereof shall no longer be applicable and the Treasurer shall issue bonds
24 representing the Bonds as provided below. In addition, the County and the District
25 may determine at any time that the Bonds shall no longer be represented by book-
26 entry securities and that the provisions of subsection (a) hereof shall no longer apply
27 to the Bonds. In any such event, the Treasurer shall execute and deliver certificates
28 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
delivered in such denominations as the Depository shall instruct the County and the
District. The Treasurer shall deliver such bonds representing the Bonds to the
persons in whose names such Bonds are so registered.

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

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

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

3 **Section 13. Form of Bonds.** The Bonds shall be in substantially the form as
4 shown in Exhibit C hereto; provided, however, that those officials executing the Bonds are
5 hereby authorized to make the insertions and deletions necessary to conform the Bonds to
6 this Resolution, the Purchase Contract and the Official Statement and to correct any defect or
7 inconsistent provision therein or to cure any ambiguity or omission therein.

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

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

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

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

(c) Moneys in the Debt Service Fund and the Building Fund shall be
invested at the written direction of the District, and after consultation with the
County, in Permitted Investments. If at the time of issuance the District determines
to issue the Bonds as Tax-Exempt Bonds without regard to the Internal Revenue
Code "temporary period" restrictions, all investment of Bond proceeds shall be
subject to paragraph (i) below; and the District, in consultation with the County, may
provide for an agent to assist the District in investing funds pursuant to paragraph (i)
below. If the District fails to direct such agent, the agent shall invest or cause the
funds in the Building Fund to be invested in Qualified Permitted Investments, subject

1 to the provisions of paragraph (i) below, until such time as the District provides
2 written direction to invest such funds otherwise. Neither the County nor its officers
3 and agents, as the case may be, shall have any responsibility or obligation to
4 determine the tax consequences of any investment, nor shall the County or its officers
5 and agents be liable for any loss on investments. The interest earned on the moneys
6 deposited to the Building Fund shall be applied as set forth in subparagraph (ii)
7 below.

8 (i) Covenant Regarding Investment of Proceeds.

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

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

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

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

(d) 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.

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

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

9 **Section 15. Security for the Bonds; Tax Levy.** There shall be levied on all the
10 taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem*
11 tax annually during the period the Bonds are Outstanding in an amount sufficient, together
12 with moneys on deposit in the Debt Service Fund available for such purpose, to pay the
13 Principal of, premium, if any, and interest on the Bonds when due. The taxes collected for
14 the Bonds will be placed in the Debt Service Fund of the District, which is hereby designated
15 for the payment of the Principal of and interest on the Bonds when the same fall due.
16 Pursuant to Government Code Sections 5450 and 5451 and the District Resolution, the
17 District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds.
18 The Bonds are the general obligations of the District and do not constitute an obligation of
19 the County except as expressly provided in this Resolution. No part of any fund or account
20 of the County is pledged or obligated to the payment of the Bonds or the interest thereon.

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

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

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

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

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

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

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

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

23 (b) by irrevocably depositing with a bank or trust company in escrow,
24 noncallable Government Obligations, together with cash and amounts transferred
25 from the Debt Service Fund, if required, in such amount as will, in the opinion of an
26 independent certified public accountant, together with interest to accrue thereon, be
27 fully sufficient to pay and discharge the designated Outstanding maturities of Bonds
28 (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
paragraphs (a) or (b) of this Section, to the Owners of the Bonds of such maturities
designated for redemption not so surrendered and paid all sums due with respect thereto.

Section 18. Continuing Disclosure. The District has covenanted and agreed that
it will comply with and carry out all of the provisions of the Continuing Disclosure
Certificate. Any Bond Owner 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 the Continuing Disclosure Certificate.

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

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

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

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

25 **Section 23. Other Actions.**

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

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

29 **Section 24. Supplemental Resolutions.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 **Section 28. Unclaimed Moneys.** Anything in this Resolution to the contrary
2 notwithstanding, any moneys held by the Paying Agent in trust for the payment and
3 discharge of any of the Bonds which remain unclaimed for two (2) years after the date when
4 such Bonds have become due and payable, either at their stated maturity dates or by call for
5 earlier redemption, if such moneys were held by the Paying Agent at such date, or for two (2)
6 years after the date of deposit of such moneys if deposited with the Paying Agent after said
7 date when such Bonds become due and payable, shall be repaid by the Paying Agent to the
8 District, as its absolute property and free from trust, and the Paying Agent shall thereupon be
9 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.

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

12 The foregoing resolution was adopted by the Board of Supervisors of the County of
13 Riverside on June 30, 2015.

14 ROLL CALL:

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

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

20 KECIA HARPER-IHEM, Clerk of said Board

21 By  _____

22 Deputy

EXHIBIT A
[FORM OF DISTRICT RESOLUTION]

DESERT SANDS UNIFIED SCHOOL DISTRICT

RESOLUTION NO. 36/2014-2015

A RESOLUTION OF THE BOARD OF EDUCATION OF THE DESERT SANDS UNIFIED SCHOOL DISTRICT, RIVERSIDE COUNTY, CALIFORNIA, AUTHORIZING THE ISSUANCE OF DESERT SANDS UNIFIED SCHOOL DISTRICT (RIVERSIDE COUNTY, CALIFORNIA) GENERAL OBLIGATION BONDS, ELECTION OF 2014, SERIES 2015, AND ACTIONS RELATED THERETO

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

WHEREAS, at such election there was submitted to and approved by the requisite vote of fifty-five percent or more 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 not to exceed \$225,000,000, payable from the levy of an *ad valorem* tax against the taxable property in the District (the "Authorization"); and

WHEREAS, at this time the Board of Education has determined that it is necessary and desirable to request the issuance by the Board of Supervisors of the County (the "County Board") of the first series of bonds under the Authorization in an aggregate principal amount not-to-exceed \$77,000,000 and to be designated as "Desert Sands Unified School District (Riverside County, California) General Obligation Bonds, Election of 2014, Series 2015" (the "Bonds"); and

WHEREAS, the County Board shall issue the Bonds on behalf of the District pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of the California Government Code (the "Act"), for the purposes set forth in the ballot submitted to voters at the Election; and

WHEREAS, the Board desires to authorize the issuance of the Bonds in one or more Series of Taxable or Tax-Exempt Current Interest Bonds (as such terms are defined herein); and

WHEREAS, the 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 DESERT SANDS 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) **"Authorized Officer"** means the Superintendent or Assistant Superintendent, Business Services, or such other officer or employee of the District as may be designated by the Superintendent or Assistant Superintendent, Business Services.

(b) **"Bond Insurer"** means any insurance company which issues a municipal bond insurance policy insuring the payment of principal of and interest on the Bonds.

(c) **"Bond Payment Date"** means, unless otherwise provided by the Purchase Contract, February 1 and August 1 of each year commencing August 1, 2015, with respect to the interest on the Bonds, and August 1 of each year commencing August 1, 2015, with respect to the principal payments on the Bonds.

(d) **"Bond Register"** means the registration books which the Paying Agent shall keep or cause to be kept on which the registered ownership, transfer and exchange of Bonds shall be recorded.

(e) **"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.

(f) **"Continuing Disclosure Certificate"** means that certain contractual undertaking executed by the District in connection with the issuance of the Bonds pursuant to paragraph (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities and 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.

(g) **"County Resolution"** means that certain resolution of the County Board providing for the issuance of the Bonds.

(h) **"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.

(i) **"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.

(j) **"Long Current Interest Bonds"** means Current Interest Bonds that mature more than 30 years from their date of issuance.

(k) **"Official Statement"** means the Official Statement for the Bonds, as described in Section 9 hereof.

(l) **"Paying Agent"** means, initially U.S. Bank National Association, or such other Paying Agent as shall be named in the County Resolution or the Purchase Contract, and afterwards any successor financial institution.

(m) **"Purchase Contract"** means the contract or contracts for purchase and sale of the Bonds, by and between 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.

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

(o) **"Taxable Bonds"** means any Bonds not issued as Tax-Exempt Bonds.

(p) **"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.

(q) **"Treasurer"** means the Treasurer-Tax Collector of Riverside County.

(r) **"Underwriter"** means RBC Capital Markets LLC, as underwriter of the Bonds.

SECTION 2. Purpose; Authorization. For the purpose of raising 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, the Board hereby requests the County Board to authorize the issuance of the Bonds pursuant to the Act and Section 15140 of the California Education Code, and to order such Bonds sold at a negotiated sale such that the Bonds shall be dated as of a date to be determined by an Authorized Officer of the District, 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 \$77,000,000. 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 further authorizes the issuance of the Bonds as any combination of Taxable or Tax-exempt Current Interest Bonds, as set forth in the fully executed Purchase Contract for the Bonds, subject to the provisions of the County Resolution.

SECTION 3. Paying Agent. The Board hereby appoints the Paying Agent to serve as the paying agent, bond registrar, transfer agent and authentication agent for the Bonds on behalf of the District. The 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. Approval of Purchase Contract. The form of Purchase Contract by and among the District, the County and the Underwriter 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 to execute such Purchase Contract at time the Bonds are sold; provided, however, that the maximum interest rate on the Bonds shall not exceed the maximum rate permitted by law and the underwriting discount thereon, excluding original issue discount and expenses of the Underwriter, shall not exceed 0.5% of the aggregate principal amount of Bonds actually issued. The Authorized Officers, in consultation with the Treasurer, each alone, are further authorized to determine the principal amount of the Bonds to be specified in the Purchase Contract for sale by the District up to \$77,000,000 and to enter into and execute the Purchase Contract with the County and the Underwriter, if the conditions set forth in this Resolution and the County Resolution are satisfied. The Board estimates that the costs associated with the issuance of the Bonds, including compensation to the Underwriter, will equal approximately 1.2% of the principal amount of the Bonds.

SECTION 5. Tax Covenants.

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

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

The District will not use or permit the use of its facilities or any portion thereof by any person other than a governmental unit as such term is used in Section 141 of the Code, in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of the interest paid on the Bonds. In furtherance of the foregoing tax covenants of this Section 3(a), 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 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 6. Rebate Fund. The following provisions shall apply to any Bonds issued as Tax-Exempt Bonds.

(a) Pursuant to the County Resolution, there shall be created and established a special fund designated the "Desert Sands Unified School District General Obligation Bonds, Election of 2014, Series 2015 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, the County Resolution 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 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 cause to be deposited 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 Bonds (including amounts treated as proceeds of the 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 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 consistent with the County Resolution.

(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 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 Bonds.

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

SECTION 7. Legislative Determinations. The 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 8. 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 in an amount sufficient to pay the principal 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 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 of and interest on the Bonds.

SECTION 9. 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 such Underwriter 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 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 of or interest on the Bonds, it shall become the Owner of such Bonds with the right to payment of principal or 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, 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 that certain Continuing Disclosure Certificate executed by the District and dated as of the Date of Delivery, 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 Continuing Disclosure Certificate appended to the Preliminary Official Statement on file with the Secretary to the Board, and the Authorized Officers, each alone, are hereby authorized to execute the Continuing Disclosure Certificate with such changes thereto as the Authorized Officers executing the same shall approve, such approval to be conclusively evidenced by such execution and delivery. Noncompliance with the Continuing Disclosure Certificate shall not result in acceleration of the Bonds.

SECTION 12. Other Actions.

(a) District officers, 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.

(b) The Board hereby appoints Fieldman Rolapp & Associates, as the Financial Advisor, RBC Capital Markets LLC as Underwriter, and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel and Disclosure Counsel, each with respect to the issuance of the Bonds.

(c) To the extent the issuance of Bonds includes Long Current Interest Bonds (as defined herein), 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 13. Nonliability of the County; Reimbursement of Costs. Notwithstanding anything to the contrary contained herein, in the Bonds or in any other document mentioned herein, neither the County, nor its officials, officers, employees or agents shall have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby, the Bonds are not a debt of the County or a pledge of the County's full faith and credit, and the Bonds and any liability in connection therewith shall be paid solely from *ad valorem* property taxes lawfully levied to pay the principal of or interest on the Bonds, which taxes shall be unlimited as to rate or amount. The District shall reimburse the County for all costs and expenses incurred by the County, its officials, officers, agents and employees in issuing or otherwise in connection with the issuance of the Bonds.

SECTION 14. Request to County to Levy Tax. The County Board and officers of the County are obligated by statute to provide for the levy and collection of *ad valorem* property taxes in each year sufficient to pay all principal of and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds. The District hereby requests the County Board to annually levy a tax upon all taxable property in the District sufficient to pay all such principal and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds.

SECTION 15. Resolution to County Treasurer. The Secretary to the Board is hereby directed to provide a certified copy of this Resolution to the Treasurer immediately following its adoption.

SECTION 16. Recitals. All the recitals in this Resolution above are true and correct and the Board so finds, determines and represents.

SECTION 17. Effective Date. This Resolution shall take effect immediately upon its passage.

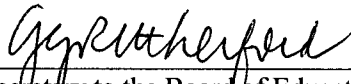
PASSED, ADOPTED AND APPROVED this 16th day of June 2015, by the following vote:

AYES:	MEMBERS	<u>Duran, Tomak, Griffith, Monica, Jonathan</u>
NOES:	MEMBERS	<u>0</u>
ABSTAIN:	MEMBERS	<u>0</u>
ABSENT:	MEMBERS	<u>0</u>



President of the Board of Education
Desert Sands Unified School District

ATTEST:



Secretary to the Board of Education
Desert Sands Unified School District

CERTIFICATE

I, Dr. Gary Rutherford, Secretary to the Board of Education of the Desert Sands Unified School District (the "District"), hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a meeting of the Board of Education of said District duly and legally held at the regular meeting place thereof on June 16, 2015, of which meeting a quorum was present.

I have carefully compared the same with the original minutes of said meeting on file and of record in at the District 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: June 18, 2015

By: 
Secretary to the Board of Education
Desert Sands Unified School District

EXHIBIT B
FORM OF CONTRACT OF PURCHASE

§ _____
DESERT SANDS UNIFIED SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds, Election of 2014, Series 2015

PURCHASE CONTRACT

_____, 2015

Riverside County
Treasurer-Tax Collector
4080 Lemon St. 4th Floor
Riverside, CA 92501

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

Ladies and Gentlemen:

The undersigned, RBC Capital Markets, LLC (the "Underwriter"), offers to enter into this Purchase Contract (the "Purchase Contract") with the County of Riverside, California (the "County"), and the Desert Sands Unified School District (the "District"), which, upon your acceptance hereof, will be binding upon the County, the District and the Underwriter. This offer is made subject to the written acceptance of this Purchase Contract by the County and the District and delivery of such acceptance to us at or prior to 11:59 P.M., California Time, on the date hereof.

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the County for reoffering to the public, and the County hereby agrees to sell in the name and on behalf of the District to the Underwriter for such purpose, all (but not less than all) of \$_____ in aggregate initial principal amount of the District's General Obligation Bonds, Election of 2014, Series 2015 (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 herein by reference.

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 \$_____).

Inasmuch as this purchase and sale represents a negotiated transaction, the District and the County acknowledge and agree that: (i) the transaction contemplated by this Contract of Purchase is an arm's-length commercial transaction by and among the District, the County and the Underwriter, in which the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisory or fiduciary to the District or the County; (ii) the Underwriter has not assumed a financial advisor or fiduciary responsibility to the District or the County with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto, irrespective of whether or not the Underwriter has provided other services or is currently providing other services to the District or the County on other matters; (iii) the Underwriter is acting solely in its capacity as an underwriter for its own account; (iv) the only obligations the Underwriter has to the District or the County with respect to the transaction contemplated hereby expressly are set forth in this Contract of Purchase; and (v) the District has consulted with its own legal, accounting, tax, financial and other advisors to the extent it deemed appropriate in connection with the offering of the Bonds. The District further acknowledges that it has previously provided the Underwriter with an acknowledgment 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 June 16, 2015 (the "District Resolution") and the Resolution of the Board of Supervisors of the County adopted June 30, 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.

3. **Use of Documents.** The District and the County hereby authorize the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Contract and an Official Statement (defined below), the Resolutions 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 issuance and offering of the Bonds (except as such documents otherwise provide).

4. **Public Offering of the Bonds.** The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the cover page of the Official Statement. 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; and (iii) that 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 _____, 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) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities 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 or cause to be delivered to the Underwriter, at the offices of The Depository Trust Company ("DTC") in New York, New York, or at such other place as the District and the Underwriter 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 thereof in immediately available funds by check, draft or wire transfer to the account of 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 unified school district 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 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, 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 Resolutions; (iii) the execution and delivery or adoption of, and the performance by the District of its obligations contained in the Bonds, the District Resolution, the Continuing Disclosure Certificate 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 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.

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any 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, except for 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, as amended (the "Code"), 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 of and 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 District Resolution or this Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Purchase Contract or the Resolutions, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest on the Bonds from State of California 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.

(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. 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 otherwise disclosed in the Official Statement, the District has not, within the past five years, failed to comply in a material respect with its prior undertakings pursuant to the Rule.

(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 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 Official Statement 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. 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.

(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) Audited Financial Statements. The audited financial statements of the District for the fiscal year ending June 30, 2014 were prepared in accordance with generally accepted accounting principles consistently applied and fairly presented the financial position and results of operations of the District for the period and at the date set forth therein, and there has been no material adverse change in the business, affairs, financial position, results of operations or condition, financial or otherwise, of the District since the date of such financial statements, except as otherwise described in the Official Statement.

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 actions contemplated by this Purchase Contract.

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions 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 County 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 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 appendix to the Preliminary Official Statement entitled "Riverside County Pooled Investment Fund," at the date thereof, did 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. At the date hereof and on the Closing Date, the appendix to the Official Statement entitled "Riverside County Pooled Investment Fund" 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 an 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 necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Underwriter, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the District shall prepare and furnish to the Underwriter, at the District's expense, such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the District and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the Closing, the District also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

For purposes of this Purchase Contract, the "End of the Underwriting Period" is used as defined in the Rule and shall occur on the later of (A) the date of Closing or (B) when the Underwriter no longer retains an unsold balance of the 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.

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 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. The Underwriter shall have the right to cancel their obligation to purchase the Bonds if, between the date of this Purchase Contract and the Closing, customer orders have been canceled due to the market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, being materially adversely affected, in the reasonable judgment of the Underwriter, by the occurrence of any of the following:

(1) legislation enacted by Congress, or passed by either House thereof, or favorably reported for passage thereto by any Committee of such House to which such legislation has been referred for consideration, or by the legislature of the State of California (the "State"), or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of the United States or the State or by the United States Tax Court, or an order, 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 (the "IRS"), 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

(ii) by or on behalf of the Securities and Exchange Commission (the "SEC"), 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) any outbreak or escalation of hostilities affecting the United States, the declaration by the United States of a national emergency or war, or engagement in or material escalation of major military hostilities by the United States or the occurrence of any other national emergency, calamity or crisis relating to the effective operation of the government or the financial community in the United States;

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

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in

force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

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

(6) there shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to the outstanding indebtedness of the District;

(7) any fact or event shall exist or have existed that, in the reasonable judgment of the Underwriter, requires or has required an amendment of or supplement to the Official Statement; provided, however, that in the event the District, based on the advice of Bond Counsel or Disclosure Counsel, should notify the Underwriter in writing that the District disagrees with the judgment of the Underwriter, the Underwriter shall, as a condition of invoking the within-described right of termination, produce to the District evidence of cancelled trade tickets from retail or institutional purchasers of the Bonds;

(8) the occurrence, since the date hereof, of any materially adverse change in the affairs or financial condition of the District;

(9) the suspension by the SEC of trading in the outstanding securities of the District;

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

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

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

(e) Delivery of Documents. At or prior to the date of the Closing, Bond Counsel shall deliver 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 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 and the Underwriter, 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," "LEGAL MATTERS – Continuing Disclosure – Current Undertaking" 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, and with respect to Appendices __, __, __, __ 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 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 does not contain any untrue statement of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Contract substantially conform to the descriptions thereof contained in the County Resolution, and (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 light of the circumstances in which they were made not misleading; provided that the certificate provided by the County may exclude statements to the effect of (iv), (v) and (vi) above;

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

(6) Ratings. 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”) (or such other equivalent ratings as such rating agencies may give), (B) 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 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 and the Underwriter, substantially to the effect that based on such counsel's participation in conferences with representatives of the Underwriter, the County, Fieldman, Rolapp & Associates, 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 DTC or its book-entry only system included therein, or any information contained in Appendices __, __, __, __ 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) 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 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; and (ix) 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, 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 counsel to the Underwriter, 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 Assistant Superintendent, Business Services, Desert Sands Unified School District, 47-950 Dune Palms Road, La Quinta, CA 92553, or if to the Underwriter, to RBC Capital Markets LLC, 777 S Figueroa Street, Suite 850, Los Angeles, CA 90017, attention: Roderick Carter, Managing Director.

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.

18. **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,

RBC CAPITAL MARKETS, LLC.

By: _____
Managing Director

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 __ day of _____, 2015

DESERT SANDS UNIFIED SCHOOL DISTRICT

By: _____
James Novak
Assistant Superintendent, Business Services

Accepted at _____ p.m. California Time
This __ day of _____, 2015

APPENDIX A

\$ _____
DESERT SANDS UNIFIED SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds, Election of 2014, Series 2015

	\$ _____ Serial Bonds		
Maturity	Principal	Interest	
<u>August 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>

\$ _____ - ____% - Term Bond due August 1, 20__ - Yield ____%⁽¹⁾

⁽¹⁾ Yield to call at par on August 1, 20__.

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 20__ are not subject to redemption. The 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 Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

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, together with accrued interest to the date fixed for redemption, without premium. The principal amounts represented by such Term Bonds to be so redeemed and the dates therefor and the final principal payment date are as indicated in the following table:

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

⁽¹⁾ Maturity.

In the event that a portion of the Term Bonds maturing on August 1, 20__ are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 of principal amount, in respect of the portion of such Term Bonds optionally redeemed.

APPENDIX B

OPINION OF COUNTY COUNSEL

§ _____
DESERT SANDS UNIFIED SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds, Election of 2014, Series 2015

Ladies and Gentlemen

This opinion is rendered as counsel to the County of Riverside (the "County") in connection with the issuance by the Desert Sands Unified School District (the "District") of its General Obligation Bonds, Election of 2014, Series 2015 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 June 30, 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 June 16, 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

FORM OF BONDS

R-_____

\$_____

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

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

**DESERT SANDS UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, ELECTION OF 2014, SERIES 2015**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
_____%	August 1, ____	_____, 2015	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Desert Sands Unified School District (the "District") in Riverside County, California, for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing August 1, 2015. Interest on this Bond shall be computed on the basis of a 360-day year of twelve 30-day months. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2015, in which event it shall bear interest from the date of delivery. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if

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

This bond is one of an authorization of \$77,000,000 of bonds approved to raise money for the purposes authorized by voters of the District at the Election, defined below; and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite fifty-five percent vote of the qualified electors of the District cast at an election held on November 4, 2014 (the "Election"), upon the question of issuing bonds in the amount of \$225,000,000 and resolutions of the Board of Education of the District adopted on June 16, 2015 and by the Board of Supervisors of the County on June 30, 2015 (collectively, the "Bond Resolution"). This bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. This bond and the issue of which this bond is one are general obligations of the District payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252.

The bonds of this issue comprise \$_____ principal amount of Current Interest Bonds, of which this bond is a part.

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

Neither the District, the County nor the Paying Agent will be required (a) to issue or transfer any bond during a period beginning with the opening of business on the 16th 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 Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The 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 Bonds called for redemption, together with interest accrued thereon to the date

fixed for redemption, without premium.

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

<u>Redemption Date</u> <u>(August 1)</u>	<u>Principal Amount</u>
	Total
<hr/>	
(1) Final Maturity.	

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

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

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

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

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.

NEW ISSUE—FULL BOOK-ENTRY**RATINGS: Moody's: "___"; Standard & Poor's: "___"
(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.

**DESERT SANDS UNIFIED SCHOOL DISTRICT
(Riverside County, California)**

\$77,000,000*
General Obligation Bonds, Election of 2014,
Series 2015

\$105,000,000*
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.

The Desert Sands Unified School District (Riverside County, California) General Obligation Bonds, Election of 2014, Series 2015 (the "Series 2015 Bonds"), were authorized at an election of the registered voters of the Desert Sands Unified School District (the "District") held on November 4, 2014, at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of \$225,000,000 aggregate principal amount of general obligation bonds of the District. The Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuance of the Series 2015 Bonds.

The Desert Sands Unified School District (Riverside County, California) 2015 General Obligation Refunding Bonds (the "Refunding Bonds," and together with the Series 2015 Bonds, the "Bonds") are being issued by the District to (i) advance refund [a portion of] the District's outstanding General Obligation Bonds, Election of 2001, Series 2006 and (ii) pay the costs of issuance of the Refunding 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 annually levy such *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 principal of and interest on the 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 the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the Bonds.

The Bonds will be dated as of their date of initial delivery (the "Date of Delivery") and will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2015. The Bonds are issuable as fully registered bonds in denominations of \$5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, as the designated Paying Agent, to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Bonds.

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as further described herein.*

Maturity Schedule*
(see inside front cover)

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Nixon Peabody LLP. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about _____, 2015.

RBC Capital Markets

Dated: _____, 2015

* Preliminary, subject to change.

MATURITY SCHEDULE*

Base CUSIP⁽¹⁾:

\$ _____

DESERT SANDS UNIFIED SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds, Election of 2014, Series 2015

\$ _____ Serial Bonds

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

\$ _____ - _____ % Term Bonds due August 1, 20__ - Yield: _____ %; CUSIP⁽¹⁾: _____

\$ _____

DESERT SANDS UNIFIED SCHOOL DISTRICT
(Riverside County, California)
Election of 2015 General Obligation Refunding Bonds

\$ _____ Serial Bonds

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

\$ _____ - _____ % Term Bonds due August 1, 20__ - Yield: _____ %; CUSIP⁽¹⁾: _____

* Preliminary, subject to change.

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by 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 are responsible for the selection or correctness of the CUSIP numbers set forth herein.

(2) 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.

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

The District 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.

DESERT SANDS UNIFIED SCHOOL DISTRICT

Board of Education

Wendy Jonathan, *President*
Matteo Monica III, *Vice President and Clerk*
Michael Duran, *Member*
Donald B. Griffith, *Member*
Gary Tomak, *Member*

District Administration

Dr. Garrett Rutherford, *Superintendent*
Dr. James Novak, *Assistant Superintendent, Business Services*
Sherry Johnstone, *Assistant Superintendent, Personnel*
Kathleen Felci, *Assistant Superintendent, Educational Services*
Patrick Cisneros, *Director of Facilities Services*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

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

Financial Advisor

Fieldman Rolapp & Associates
Irvine, California

Paying Agent and Escrow Agent

U.S. Bank National Association
Los Angeles, California

Escrow Verification

TABLE OF CONTENTS

Page

INTRODUCTION	1
THE DISTRICT	1
PURPOSE OF THE BONDS	2
AUTHORITY FOR ISSUANCE OF THE BONDS	2
SOURCES OF PAYMENT FOR THE BONDS	2
DESCRIPTION OF THE BONDS	2
TAX MATTERS	3
OFFERING AND DELIVERY OF THE BONDS	3
BOND OWNER RISKS	3
CONTINUING DISCLOSURE	3
PROFESSIONALS INVOLVED IN THE OFFERING	4
CONCURRENT BORROWING	4
OTHER INFORMATION	4
THE BONDS.....	5
AUTHORITY FOR ISSUANCE.....	5
SECURITY AND SOURCES OF PAYMENT	5
GENERAL PROVISIONS	6
ANNUAL DEBT SERVICE	7
APPLICATION AND INVESTMENT OF BOND PROCEEDS	8
REDEMPTION	9
BOOK-ENTRY ONLY SYSTEM.....	11
DISCONTINUATION OF BOOK-ENTRY ONLY SYSTEM; REGISTRATION, PAYMENT AND TRANSFER OF BONDS	14
DEFEASANCE	14
ESTIMATED SOURCES AND USES OF FUNDS	16
TAX BASE FOR REPAYMENT OF BONDS	16
AD VALOREM PROPERTY TAXATION	16
ASSESSED VALUATIONS.....	17
SECURED TAX CHARGES AND DELINQUENCIES	22
ALTERNATIVE METHOD OF TAX APPORTIONMENT - TEETER PLAN	22
TAX RATES	23
PRINCIPAL TAXPAYERS.....	23
STATEMENT OF DIRECT AND OVERLAPPING DEBT.....	24
CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS.....	26
ARTICLE XIII A OF THE CALIFORNIA CONSTITUTION	26
LEGISLATION IMPLEMENTING ARTICLE XIII A	27
UNITARY PROPERTY	27
ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION	27
PROPOSITION 26.....	28
ARTICLE XIII C AND ARTICLE XIII D OF THE CALIFORNIA CONSTITUTION	29
PROPOSITIONS 98 AND 111	29
PROPOSITION 39.....	31
PROPOSITION 1 A AND PROPOSITION 22	32
JARVIS VS. CONNELL	32
PROPOSITION 30.....	33
PROPOSITION 2.....	33
FUTURE INITIATIVES	34
DISTRICT FINANCIAL INFORMATION	35
STATE FUNDING OF EDUCATION	35

TABLE OF CONTENTS (cont'd)

	<u>Page</u>
OTHER REVENUE SOURCES.....	39
ACCOUNTING PRACTICES.....	41
COMPARATIVE FINANCIAL STATEMENTS.....	42
BUDGET PROCESS.....	44
STATE BUDGET MEASURES	47
DESERT SANDS UNIFIED SCHOOL DISTRICT.....	54
INTRODUCTION	54
ADMINISTRATION	54
DISTRICT GROWTH	55
CHARTER SCHOOLS	55
LABOR RELATIONS	56
DISTRICT RETIREMENT SYSTEMS.....	56
OTHER POST-EMPLOYMENT BENEFITS	61
RISK MANAGEMENT	62
DISTRICT DEBT STRUCTURE	63
TAX MATTERS.....	67
LEGAL MATTERS	68
LEGALITY FOR INVESTMENT IN CALIFORNIA	68
EXPANDED REPORTING REQUIREMENTS.....	68
CONTINUING DISCLOSURE	69
NO LITIGATION.....	69
FINANCIAL STATEMENTS	69
LEGAL OPINION	69
MISCELLANEOUS.....	70
RATINGS	70
UNDERWRITING	70
ADDITIONAL INFORMATION.....	71
APPENDIX A: FORMS OF OPINIONS OF BOND COUNSEL.....	A-1
APPENDIX B: 2013-14 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT.....	B-1
APPENDIX C: FORM OF CONTINUING DISCLOSURE CERTIFICATE	C-1
APPENDIX D: ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITIES OF INDIO, LA QUINTA AND PALM DESERT AND THE COUNTY OF RIVERSIDE.....	D-1
APPENDIX E: RIVERSIDE COUNTY POOLED INVESTMENT FUND	E-1

**DESERT SANDS UNIFIED SCHOOL DISTRICT
(Riverside County, California)**

\$77,000,000*
General Obligation Bonds, Election of 2014
Series 2015

\$105,000,000*
2015 General Obligation Refunding Bonds

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the (i) Desert Sands Unified School District (Riverside County, California) General Obligation Bonds, Election of 2014, Series 2015 (the "Series 2015 Bonds"), and (ii) Desert Sands Unified School District (Riverside County, California) 2015 General Obligation Refunding Bonds (the "Refunding Bonds" and together with the Series 2015 Bonds, the "Bonds").

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

The District

The Desert Sands Unified School District, located in Riverside County (the "County"), provides elementary and secondary levels of education under a single Board of Education and centralized administration. Established in 1966, the District currently operates 19 elementary schools, one charter elementary school, six middle schools, one charter middle school, four comprehensive high schools, two continuation high schools, one Alternative Education School and one adult school. The District encompasses approximately 752 square miles of the southern part of the County, serving the cities of Indio, Coachella, La Quinta, Indian Wells, Palm Desert, Rancho Mirage and the community of Bermuda Dunes. For fiscal year 2014-15, the District's average daily attendance ("ADA") is expected to be 25,301 students, and taxable property within the District has an assessed valuation of \$34,711,258,841.

The District is governed by a five-member Board of Education (the "District Board"), each member of which is elected to a four-year term. Elections for positions to the District Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent appointed by the District Board who is responsible for day-to-day District operations as well as the supervision of the District's other personnel. Dr. Garrett Rutherford is currently the District Superintendent.

See "TAX BASE FOR REPAYMENT OF BONDS" for information regarding the District's assessed valuation, and "DISTRICT FINANCIAL INFORMATION" and "DESERT SANDS UNIFIED SCHOOL DISTRICT" herein for information regarding the District generally.

* Preliminary, subject to change.

Purpose of the Bonds

Series 2015 Bonds. The proceeds from the sale of the Series 2015 Bonds will be used by the District to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities and (ii) pay the costs of issuance of the Series 2015 Bonds. See “THE BONDS – Application and Investment of Bond Proceeds” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Refunding Bonds. The Refunding Bonds are being issued to (i) advance refund [a portion of] the District’s outstanding General Obligation Bonds, Election of 2001, Series 2006 (the “Prior Bonds”), and (ii) pay the costs of issuance of the Refunding Bonds. The [portion of the] Prior Bonds refunded with proceeds of the Refunding Bonds is referred to herein as the “Refunded Bonds.”

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the State of California Government Code and pursuant to resolutions adopted by the District Board and, with respect to the Series 2015 Bonds, the Board of Supervisors of the County. See “THE BONDS – Authority for Issuance” herein.

Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy such *ad valorem* taxes, without limitation as to rate or amount, upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Bonds when due. See “THE BONDS – Security and Sources of Payment” and “TAX BASE FOR REPAYMENT OF BONDS” herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, without coupons. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), who will act as securities depository for the Bonds. See “THE BONDS – General Provisions” and “– Book-Entry Only System” herein. Purchasers of the Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interests in the Bonds purchased. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution described herein. See “THE BONDS – Discontinuation of Book-Entry Only System; Registration, Payment and Transfer of Bonds” herein.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the “Owners,” “Bondowners” or “Holders” of the Bonds (other than under the caption “TAX MATTERS” and in APPENDIX A) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

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

Redemption.* The Bonds are subject to optional and mandatory sinking fund redemption prior to their stated maturity dates as further described herein. See “THE BONDS – Redemption” herein.

Payments. The Bonds will be dated as of their date of initial delivery (the “Date of Delivery”) and will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and be payable semiannually on each February 1 and August 1 (each, a “Bond Payment Date”), commencing August 1, 2015. Principal of the Bonds is payable on August 1 in the amounts and years as set forth on the inside cover page hereof.

Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, the designated paying agent, registrar and transfer agent (the “Paying Agent”), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the 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 on the Bonds is exempt from State of California personal income tax. See “TAX MATTERS” herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about _____, 2015.

Bond Owner Risks

The Bonds are general obligations of the District payable from *ad valorem* property taxes which may be levied on all taxable property in the District, without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the taxation of property within the District, see “TAX BASE FOR REPAYMENT OF BONDS” herein.

Continuing Disclosure

Pursuant to that certain Continuing Disclosure Certificate relating to the Bonds, the District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in compliance with S.E.C. Rule 15c2-12(b)(5) (the “Rule”). The specific nature of the information to be made available and of the notices of listed events is summarized below under “LEGAL MATTERS – Continuing Disclosure” and “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein.

* Preliminary, subject to change.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Fieldman Rolapp & Associates, Irvine, California is acting as Financial Advisor to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation and Fieldman Rolapp & Associates will receive compensation from the District contingent upon the sale and delivery of the Bonds. In addition to acting as Paying Agent, U.S. Bank National Association will act as Escrow Agent for the Refunded Bonds. _____ will act as Verification Agent for the Refunded Bonds. Certain matters will be passed on for the Underwriter (defined herein) by Nixon Peabody LLP.

Concurrent Borrowing

Concurrent with the issuance of the Bonds, the District also expects to execute and deliver its 2015 Refunding Certificates of Participation (the "2015 Certificates"), evidencing principal in the aggregate amount of \$34,000,000.* The 2015 Certificates are being executed and delivered by the District to refund its outstanding Certificates of Participation (2008 Financing Project) (the "2008 Certificates"). The 2015 Certificates will evidence fractional and undivided interests in the right to receive certain lease payments, and any prepayments thereof, to be made by the District pursuant to a lease-purchase agreement (the "Lease") by and between the District and the Desert Sands Unified School District School Building Corporation. Such lease payments are designed to pay, when due, the principal and interest with respect to the 2015 Certificates. The District will covenant in the Lease to take such action as may be necessary to include such lease payments and other payments due under the Lease in its annual budgets and to make the necessary annual appropriations therefor. See also "DESERT SANDS UNIFIED SCHOOL DISTRICT – District Debt Structure – Certificates of Participation" herein.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Desert Sands Unified School District, 47-950 Dune Palms Road, La Quinta, California 92253, telephone: (760) 777-4200. The District may impose a charge for copying, mailing and handling.

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 herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

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

The information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness,

* Preliminary, subject to change.

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

THE BONDS

Authority for Issuance

Series 2015 Bonds. The Series 2015 Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code of the State of California (the “Act”), commencing with Section 53506 *et seq.*, as amended, Article XIII A of the California Constitution and pursuant to resolutions adopted by the District Board on June 16, 2015 and the County Board of Supervisors on June 30, 2015 (collectively, the “Series 2015 Resolution”). The District received authorization at an election held on November 4, 2014 by the requisite 55% of the votes cast by eligible voters within the District to issue \$225,000,000 aggregate principal amount of general obligation bonds (the “2014 Authorization”). The Bonds are the first series of bonds issued under the 2014 Authorization, and following the issuance thereof, \$150,000,000* of the 2014 Authorization will remain.

Refunding Bonds. The Refunding Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of the Government Code of the State of California (the “Act”), and pursuant to a resolution adopted by the District Board on June 16, 2015 (the “Refunding Resolution,” and together with the Series 2015 Resolution, the “Resolution”).

See also “DESERT SANDS UNIFIED SCHOOL DISTRICT – District Debt Structure – General Obligation Bonds” herein.

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy such *ad valorem* taxes, without limitation as to rate or amount, upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. While the County has historically levied *ad valorem* property taxes to establish such a reserve for other bonds of the District, the County is not obligated to establish or maintain such a reserve, and the District can make no representations that the County will do so in future years. *Ad valorem* property taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. Such taxes, when collected, will be placed by the County in the respective Debt Service Funds (defined herein), which are required to be segregated and maintained by the County and which are designated for the payment of the Bonds and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in each Debt Service Fund to the payment of the respective issue of Bonds to which such fund relates. Although the County is obligated to levy an *ad valorem* property tax for the payment of the Bonds, and will maintain the Debt Service Funds, the Bonds are not a debt of the County.

* Preliminary, subject to change.

The moneys in each Debt Service Fund, to the extent necessary to pay the principal of and interest on the related series of Bonds, as the same becomes due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants (as defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

The amount of the annual *ad valorem* property taxes levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State of California (the "State") and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

General Provisions

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Beneficial Owners will not receive certificates representing their interest in the Bonds. The Bonds will be dated as of the Date of Delivery.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery and will be payable semiannually on each Bond Payment Date, commencing August 1, 2015. Interest on the Bonds will be computed on the basis of a 360-day year of 12, 30-day months. Each Bond shall bear interest from the respective Bond Payment Date next preceding the date of authentication thereof 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 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 July 15, 2015, in which event it shall bear interest from the Date of Delivery. The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1 in the years and amounts set forth on the inside cover page hereof.

Payment of interest on any Bond on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month immediately preceding such Bond Payment Date (the "Record Date"), such interest to be paid by check mailed to such Bond Owner on the Bond Payment Date at his or her address as it appears on such registration books or at such other address as he may have filed with the Paying Agent for that purpose on or before the Record Date. The Bond Owner in an aggregate principal amount of \$1,000,000 or more may request in writing to the Paying Agent that such Bond Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal, and redemption premiums, if any, payable on the Bonds shall be payable upon maturity upon surrender at the principal office of the Paying Agent. The interest, principal and premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is authorized

to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof.

Annual Debt Service

The following table displays the annual debt service requirements of the District for Bonds (assuming no optional redemptions).

	<u>Series 2015 Bonds</u>		<u>Refunding Bonds</u>		
<u>Year</u> <u>Ending</u> <u>Aug. 1</u>	<u>Annual</u> <u>Principal</u> <u>Payment</u>	<u>Annual</u> <u>Interest</u> <u>Payment</u> ⁽¹⁾	<u>Annual</u> <u>Principal</u> <u>Payment</u>	<u>Annual</u> <u>Interest</u> <u>Payment</u> ⁽¹⁾	<u>Total Annual</u> <u>Debt Service</u>

⁽¹⁾ Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2015.

Application and Investment of Bond Proceeds

Series 2015 Bonds. The Series 2015 Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities, and (ii) pay the costs of issuance of the Series 2015 Bonds.

The net proceeds from the sale of the Series 2015 Bonds will be paid to the County to the credit of the "Desert Sands Unified School District General Obligation Bonds, Election of 2014, Series 2015 Building Fund" (the "Building Fund"). Any premium received by the County from the sale of the Series 2015 Bonds, as well as annual tax levies for the payment of the Series 2015 Bonds, will be kept separate and apart in the fund designated as the "Desert Sands Unified School District General Obligation Bonds, Election of 2014, Series 2015 Debt Service Fund" (the "Series 2015 Debt Service Fund") and used only for payment of principal of and interest on the Series 2015 Bonds. Any excess proceeds of the Series 2015 Bonds not needed for the authorized purposes for which the Series 2015 Bonds are being issued shall be transferred to the Series 2015 Debt Service Fund and applied to the payment of principal of and interest on the Series 2015 Bonds. Pursuant to the Series 2015 Resolution, the District has pledged monies on deposit in the Series 2015 Debt Service Fund to the payment of the Series 2015 Bonds. If, after payment in full of the Series 2015 Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

Refunding Bonds. The proceeds from the sale of the Refunding Bonds will be used by the District to (i) advance refund the Refunded Bonds and (ii) pay the costs of issuance of the Refunding Bonds.

The net proceeds from the sale of the Refunding Bonds will be deposited with U.S. Bank National Association, acting as escrow agent (the "Escrow Agent"), to the credit of a fund (the "Escrow Fund") held pursuant to an escrow agreement (the "Escrow Agreement") by and between the District and the Escrow Agent. A portion of the amount deposited in the Escrow Fund will be used to purchase certain non-callable direct and general obligations of the United States of America, or non-callable obligations the payment of which is unconditionally guaranteed by the United States of America, the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the principal of the Refunded Bonds on the first optional redemption date therefor, as well as the interest due on such Refunded Bonds on and before such date.

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to pay the redemption price of the Refunded Bonds and the accrued interest thereon on the above-referenced date, will be verified by _____ (the "Verification Agent"). As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the computations of the Underwriter and the Verification Agent, the Refunded Bonds will be defeased and the obligation of the County to levy *ad valorem* property taxes for payment of the Refunded Bonds will terminate.

Any accrued interest and surplus moneys in the Escrow Fund following the redemption of the Refunded Bonds, as well as annual tax levies for payment of the Refunding Bonds, will be deposited in the fund designated as the "Desert Sands Unified School District 2015 General Obligation Refunding Bonds Debt Service Fund" (the "Refunding Debt Service Fund," and together with the Series 2015 Debt Service Fund, the "Debt Service Funds"), and used by the District only for payment of principal of and interest on the Refunding Bonds. Any excess proceeds of the Refunding Bonds not needed for the authorized purposes for which the Refunding Bonds are being issued shall be transferred to the Refunding Debt Service Fund and applied to the payment of principal of and interest on the Refunding

Bonds. Pursuant to the Refunding Resolution, the District has pledged monies on deposit in the Refunding Debt Service Fund to the payment of the Refunding Bonds. If, after payment in full of the Refunding Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

Investment of Proceeds. Funds on deposit in the Escrow Fund will be invested as described above. Moneys in the Debt Service Funds and the Building Fund are expected to be invested through the County's pooled investment fund. See "APPENDIX E - RIVERSIDE COUNTY POOLED INVESTMENT FUNDS" herein.

Redemption

Optional Redemption.* The Series 2015 Bonds maturing on August 1, 20__ are not subject to redemption prior to their stated maturity dates. The Series 2015 Bonds maturing on and after August 1, 20__ may be redeemed prior to their respective stated maturity dates at the option of the District, from any source of funds, in whole or in part, on August 1, 20__ or on any date thereafter, at a redemption price equal to the principal amount of such Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

The Refunding Bonds maturing on August 1, 20__ are not subject to redemption prior to their stated maturity dates. The Refunding Bonds maturing on and after August 1, 20__ may be redeemed prior to their respective stated maturity dates at the option of the District, from any source of funds, in whole or in part, on August 1, 20__ or on any date thereafter, at a redemption price equal to the principal amount of such Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption.* The Series 2015 Bonds maturing on August 1, 20__ (the "Term Bonds") 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 as of the date fixed for redemption, together with interest accrued to the date set for such redemption, without premium. The principal amount of Term Bonds to be so redeemed and the redemption dates therefor, and the final payment date is as indicated in the following table:

Redemption Date
(August 1)

Principal Amount

⁽¹⁾ Maturity.

In the event that a portion of such Term Bonds are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately (or as otherwise directed by the District), in integral multiples of \$5,000 principal amount, in respect of the portion of such Term Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever provision is made for the redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a

* Preliminary, subject to change.

maturity, the Paying Agent, shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond to be redeemed in part shall be in a principal amount of \$5,000, or any integral multiple thereof.

Redemption Notice. When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a "Redemption Notice") of the redemption of the Bonds. Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) give such Redemption Notice to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 1 Cragwood Road, 2nd Floor, South Plainfield, New Jersey 07080, Attention: Editor; Mergent Inc., 585 Kingsley Park Drive, Fort Mill, South Carolina 29715, Attention: Called Bond Department; and Standard and Poor's J.J. Kenny Information Services' "Called Bond Record," 55 Water Street, 45th Floor, New York, New York 10041.

"Securities Depository" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will 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 will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Payment of Redeemed Bonds. When a Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is irrevocably set aside in trust for that purpose, as described in "—Defeasance," the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in principal amounts to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the County and the District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Redemption Notice. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest to such redemption date, is held by an independent escrow agent selected by the District so as to be available therefor on such redemption date as described in “—Defeasance,” and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Rescission of Redemption Notice. With respect to any Redemption Notice in connection with the optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in “—Defeasance,” such Redemption Notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal, and premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said Redemption Notice will be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Book-Entry Only System

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest on, principal of or premium, if any, on the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered Owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the

Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants," and together with the Direct Participants, the "Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

For every transfer and exchange of Bonds, Owners requesting such transfer or exchange may be charged a sum sufficient to cover any tax, governmental charge or transfer fees that may be imposed in relation thereto, which charge may include transfer fees imposed by the Paying Agent, DTC or the DTC Participant in connection with such transfers or exchanges.

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

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

Discontinuation of Book-Entry Only System; Registration, Payment and Transfer of Bonds

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its principal office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolution.

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, registration, transfer, exchange and replacement of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the designated office of the Paying Agent, initially located in Los Angeles, California. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered Owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered Owner of at least \$1,000,000 in aggregate principal amount, interest shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the principal amount thereof) upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

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

Defeasance

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

- (a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with amounts transferred from the Debt Service Fund, if required, is sufficient to pay all Bonds outstanding and designated for defeasance, including all principal thereof, interest thereon and redemption premium, if any, at or before their maturity dates;

- (b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations together with monies transferred from the Debt Service Fund together with any other cash, if required, in such amount as will, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance, including all principal thereof, interest thereon and redemption premium, if any, at or before their maturity dates;

then, notwithstanding that any such maturities of Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

“Government Obligations” means direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or “prerefunded” municipal obligations rated in the highest rating category by Moody’s Investors Service (“Moody’s”) or Standard & Poor’s Ratings Service, a Standard & Poor’s Financial Services LLC business (“S&P”). In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct general obligations of the United States of America by S&P or Moody’s.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows:

Sources of Funds	<u>Series 2015 Bonds</u>	<u>Refunding Bonds</u>
Principal Amount of Bonds		
Net Original Issue Premium		
Total Sources		
Uses of Funds		
Costs of Issuance ⁽¹⁾		
Deposit to Escrow Fund	--	
Deposit to Building Fund		--
Deposit to Series 2015 Debt Service Fund		--
Total Uses		--

⁽¹⁾ Reflects all costs of issuance, including the underwriting discount, legal and financial advisory fees, printing costs, rating agency fees, and the costs and fees of the Paying Agent, Verification Agent and Escrow Agent.

TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from ad valorem property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy such ad valorem taxes, without limitation as to rate or amount, upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of principal of and interest on the Bonds when due. The District's general fund is not a source for the repayment of the Bonds.

Ad Valorem Property Taxation

District property taxes are assessed and collected by the County at the same time and on the same rolls as special district property taxes. Assessed valuations are the same for both the District and the County's taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are due in two installments, November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a minimum 10% penalty attaches to any delinquent installment plus a \$10 cost on the second installment,

plus any additional amount determined by the Treasurer-Tax Collector (the "Treasurer") of the County. Property on the secured roll with delinquent taxes declared tax-defaulted on or about June 30 of the calendar year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a minimum \$15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent if they are not paid by August 31. In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien may be recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "—Secured Tax Charges and Delinquencies" herein.

State law exempts from taxation \$7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including school districts, share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization ("SBE"). Assessed valuations are reported at 100% of the "full cash value" of the property, as defined in Article XIII A of the California Constitution. For a discussion of how properties currently are assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" herein. The table on the following page shows a eight-year history of assessed valuations of the District.

ASSESSED VALUATIONS
Fiscal Years 2007-08 through 2014-15
Desert Sands Unified School District

<u>Fiscal Year</u>	<u>Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>	<u>% Change</u>
2007-08	\$35,156,948,535	\$3,124,056	\$745,519,576	\$35,905,592,167	--
2008-09	36,550,773,414	2,094,892	860,663,886	37,413,532,192	4.20%
2009-10	34,397,952,171	2,094,892	826,541,512	35,226,588,575	(5.85)
2010-11	32,640,030,469	2,094,892	768,219,487	33,410,344,848	(5.16)
2011-12	31,390,889,522	2,094,892	703,294,335	32,096,278,749	(3.93)
2012-13	31,205,081,734	1,953,524	669,656,716	31,876,691,971	(0.68)
2013-14	32,265,711,046	1,953,524	708,719,098	32,976,383,665	3.45
2014-15	34,080,738,595	1,953,524	628,566,725	34,711,258,841	5.26

Source: California Municipal Statistics, Inc.

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

Drought. On January 17, 2014, the Governor declared a State-wide Drought State of Emergency. As of such date, the State faced water shortfalls due to the driest year in recorded State history; California's river and reservoirs were below their record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (chiefly in the Sierra Nevada mountain range) at about 20% of normal average for the winter season. As part of his State of Emergency declaration, the Governor directed State officials to assist agricultural producers and communities that may be economically impacted by dry conditions. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. On April 1, 2015, the Governor issued an executive order mandating certain conservation measures including a requirement that the Water Board impose restrictions to achieve a statewide 25% reduction in urban water usage through February 28, 2016.

The District cannot make any representation regarding the effects that the current drought has had, or, if it should continue, may have on the value of taxable property within the District, or to what extent the drought could cause disruptions to economic activity within the boundaries of the District.

Appeals and Adjustments of Assessed Valuations. Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the SBE, with the appropriate county board of equalization or assessment appeals board. The County Assessor may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. A second type of assessment appeal involves a challenge to the base year value of an assessed

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

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, drought, fire, or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIII A. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Article XIII A of the California Constitution" herein.

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

Assessed Valuation by Jurisdiction. The following table below shows an analysis of the distribution of taxable property in the District by jurisdiction, in terms of its fiscal year 2014-15 assessed valuation.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2014-15
Desert Sands Unified School District

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in District</u>
City of Coachella	\$98,929,433	0.29%	\$1,470,374,818	6.73%
City of Indian Wells	5,036,704,940	14.51	5,036,704,940	100.00
City of Indio	5,934,759,051	17.10	6,736,088,434	88.10
City of La Quinta	7,021,742,294	20.23	11,428,511,593	61.44
City of Palm Desert	12,023,413,548	34.64	13,091,608,236	91.84
City of Rancho Mirage	1,506,632,173	4.34	7,642,762,900	19.71
Unincorporated Riverside County	<u>3,089,077,402</u>	<u>8.90</u>	34,589,271,495	8.93
Total District	\$34,711,258,841	100.00%		
Riverside County	\$34,711,258,841	100.00%	\$225,770,065,8291	5.37%

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single Family Homes. The following table shows a per-parcel analysis of single family residential homes within the District, in terms of their fiscal year 2014-15 assessed valuation.

PER PARCEL ASSESSED VALUATION OF SINGLE FAMILY HOMES

Fiscal Year 2014-15

Desert Sands Unified School District

	No. of Parcels	2014-15 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	52,600	\$20,456,469,394	\$388,906	\$251,033

2014-15 Assessed Valuation	No. of Parcels⁽¹⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$49,999	948	1.802%	1.802%	\$35,566,589	0.174%	0.174%
\$50,000 - \$99,999	3,364	6.395	8.198	268,506,075	1.313	1.486
\$100,000 - \$149,999	6,299	11.975	20.173	789,213,151	3.858	5.344
\$150,000 - \$199,999	7,622	14.490	34.663	1,333,323,110	6.518	11.862
\$200,000 - \$249,999	7,760	14.753	49.416	1,740,880,736	8.510	20.372
\$250,000 - \$299,999	5,875	11.169	60.586	1,604,318,029	7.843	28.215
\$300,000 - \$349,999	4,328	8.228	68.814	1,400,849,728	6.848	35.063
\$350,000 - \$399,999	3,170	6.027	74.840	1,183,188,680	5.784	40.847
\$400,000 - \$449,999	2,678	5.091	79.932	1,134,220,858	5.545	46.392
\$450,000 - \$499,999	1,686	3.205	83.137	794,673,959	3.885	50.276
\$500,000 - \$549,999	1,230	2.338	85.475	644,400,201	3.150	53.426
\$550,000 - \$599,999	1,013	1.926	87.401	580,865,461	2.840	56.266
\$600,000 - \$649,999	888	1.688	89.089	553,154,306	2.704	58.970
\$650,000 - \$699,999	779	1.481	90.570	524,059,437	2.562	61.532
\$700,000 - \$749,999	628	1.194	91.764	453,396,335	2.216	63.748
\$750,000 - \$799,999	477	0.907	92.671	368,487,075	1.801	65.549
\$800,000 - \$849,999	284	0.540	93.211	233,838,545	1.143	66.693
\$850,000 - \$899,999	252	0.479	93.690	220,342,842	1.077	67.770
\$900,000 - \$949,999	163	0.310	94.000	150,816,039	0.737	68.507
\$950,000 - \$999,999	205	0.390	94.390	200,153,414	0.978	69.485
\$1,000,000 and greater	<u>2,951</u>	<u>5.610</u>	100.000	<u>6,242,214,824</u>	<u>30.515</u>	100.000
Total	52,600	100.000%		\$20,456,469,394	100.000%	

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

Assessed Valuation and Parcels by Land Use. The following table shows a per-parcel analysis of the distribution of taxable property within the District by principal use, and the fiscal year 2014-15 assessed valuation of such parcels.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2014-15
Desert Sands Unified School District

	2014-15	% of	No. of	% of
<u>Non-Residential:</u>	<u>Assessed Valuation</u>⁽¹⁾	<u>Total</u>	<u>Parcels</u>	<u>Total</u>
Agricultural/Rural	\$48,171,870	0.14%	91	0.06%
Commercial/Industrial/Recreation	4,706,680,818	13.81	4,713	3.14
Vacant Commercial	455,858,230	1.34	1,104	0.74
Government/Social/Institutional	55,656,271	0.16	351	0.23
Miscellaneous/Vacant/Desert	308,342,304	0.90	12,121	8.08
Miscellaneous	10,608,669	0.03	119	0.08
Subtotal Non-Residential	\$5,585,318,162	16.39%	18,499	12.33%
<u>Residential:</u>				
Single Family Residence	\$20,456,469,394	60.02%	52,600	35.06%
Condominium/Townhouse	5,852,766,918	17.17	22,866	15.24
Mobile Home	404,070,563	1.19	4,854	3.24
Mobile Home Park	67,275,202	0.20	285	0.19
2+ Residential Units/Apartments	803,267,218	2.36	1,113	0.74
Timeshare Interests	242,755,519	0.71	44,879	29.91
Miscellaneous Residential	17,577,212	0.05	169	0.11
Vacant Residential	651,238,407	1.91	4,777	3.18
Subtotal Residential	\$28,495,420,433	83.61%	131,543	87.67%
Total	\$34,080,738,595	100.00%	150,042	100.00%

⁽¹⁾ Local secured assessed valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Secured Tax Charges and Delinquencies

The following table shows secured *ad valorem* property tax levies for payment of bonded debt of the District, and amounts delinquent as of June 30, for fiscal years 2007-08 through 2013-14.

SUMMARY OF SECURED TAX CHARGES AND DELINQUENCIES

Fiscal Years 2007-08 through 2013-14
Desert Sands Unified School District
(General Obligation Bond Debt Service Levy)

<u>Fiscal Year</u>	<u>Secured Tax Charge</u>	<u>Amount Delinquent June 30</u>	<u>% Delinquent June 30</u>
2007-08	\$26,430,894.22	\$1,087,253.91	4.11%
2008-09	28,939,204.74	1,301,620.19	4.50
2009-10	27,605,084.56	898,282.22	3.25
2010-11	32,242,760.93	728,144.56	2.26
2011-12	35,448,960.89	568,084.03	1.60
2012-13	34,414,709.35	466,340.24	1.36
2013-14	34,973,332.22	462,400.63	1.32

Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - Teeter Plan

With respect to collection of property taxes, the County has adopted the "Teeter Plan," which is an alternate method of tax apportionment authorized in Chapter 3, Part 8, Division 1 of the Revenue and Taxation Code of the State of California (comprising Sections 4701 through 4717, inclusive) for distribution of certain property tax and assessment levies on the secured roll. Generally, under the Teeter Plan each participating local agency levying property taxes, including school districts, receives from the county or counties in which it is located the amount of uncollected taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the applicable county or counties receive(s) and retain(s) delinquent payments, penalties and interest as collected that would have been due to the local agency. The Teeter Plan, once adopted by a county, remains in effect unless the applicable county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the applicable county. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%. The Teeter Plan applies to the 1% general purpose property tax levy. Whether or not the Teeter Plan is also applied to other tax levies for local agencies, such as the tax levy for general obligation bonds of a local agency, varies by county.

Under the Teeter Plan, as adopted by the County, secured property taxes are apportioned on an accrual basis when due (irrespective of actual collections) to local political subdivisions for which the County acts as the tax-levying or tax-collecting agency. The *ad valorem* property tax to be levied by the County to pay the principal of and interest on the Bonds will be subject to the Teeter Plan, beginning in the first year of such levy. The District will receive 100% of the *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the County.

Tax Rates

The following table summarizes the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in a typical tax rate area (a "TRA") within the District during the five-year fiscal year period from 2010-11 to 2014-15.

SUMMARY OF *AD VALOREM* TAX RATES (TRA 75-004) Fiscal Years 2010-11 through 2014-15 Desert Sands Unified School District

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15⁽¹⁾</u>
General	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Desert Sands Unified School District	.10036	.11467	.11156	.10954	.10984
Desert Community College District	.01995	.01995	.01995	.01995	.02325
Coachella Valley Water District	.08000	.08000	.08000	.10000	.10000
	1.20031%	1.21462%	1.21151%	1.22949%	1.23309%

⁽¹⁾ Fiscal year 2014-15 assessed valuation of TRA 75-004 is \$1,239,204,098, representing 3.57% of the District's total assessed valuation.

Source: California Municipal Statistics, Inc.

Principal Taxpayers

The following table lists the 20 largest local taxpayers in the District in terms of their 2014-15 secured assessed valuations.

20 LARGEST LOCAL SECURED TAXPAYERS Fiscal Year 2014-15 Desert Sands Unified School District

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2014-15 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1.	KSL Desert Resort	Hotel	\$233,672,295	0.69%
2.	Garden of Champions	Recreational	166,606,389	0.49
3.	WEA Palm Desert LP	Shopping Center	145,310,030	0.43
4.	DS Hotel	Hotel	142,417,301	0.42
5.	Gardens on El Paseo	Shopping Center	100,756,044	0.30
6.	WVC Rancho Mirage Inc.	Hotel	94,034,247	0.28
7.	Pru Desert Crossing	Commercial	85,231,391	0.25
8.	Worldmark the Club	Hotel	59,714,755	0.18
9.	Elisabeth E. Stewart	Residential Properties	58,434,980	0.17
10.	Sunrise Desert Partners	Land Holdings	56,697,456	0.17
11.	Grand Champions LLC	Hotel	50,516,425	0.15
12.	Segovia Operations	Assisted Living Facility	47,866,651	0.14
13.	Monarch Sevilla Venture	Apartments	47,585,410	0.14
14.	Feldor Esmeralda	Hotel	47,365,000	0.14
15.	Walgreen Co.	Commercial	44,554,523	0.13
16.	Inland American La Quinta Pavilion	Commercial	44,468,471	0.13
17.	Harsch Investment Realty	Commercial	43,670,062	0.13
18.	Jackson 42	Shopping Center	39,557,949	0.12
19.	Canterra I	Apartments	38,665,794	0.11
20.	Target Corp.	Commercial	37,394,983	0.11
			<u>\$1,584,520,156</u>	<u>4.65%</u>

⁽¹⁾ 2014-15 Local Secured Assessed Valuation: \$34,080,738,595.

Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. dated as of May 4, 2015 for debt outstanding as of May 1, 2015. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

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

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

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STATEMENT OF DIRECT AND OVERLAPPING DEBT
Desert Sands Unified School District

2014-15 Assessed Valuation: \$34,711,258,481

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/15</u>
Desert Community College District	51.000%	\$137,664,041
Desert Sands Unified School District	100.000	281,535,470⁽¹⁾
Desert Sands Unified School District Community Facilities District No. 1	100.000	1,295,000
City of Indio Community Facilities Districts	100.000	44,140,000
City of Palm Desert Community Facilities District No. 91-1	100.000	3,730,000
1915 Act Bonds (Estimated)	Various	42,688,514
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$511,053,025

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	15.375%	\$100,060,011
Riverside County Pension Obligation Bonds	15.375	49,272,263
Riverside County Board of Education Certificates of Participation	15.375	282,131
Desert Sands Unified School District Certificates of Participation	100.000	61,360,000⁽²⁾
City of Indio Certificates of Participation	88.104	34,527,958
City of La Quinta General Fund Obligations	61.441	1,477,656
City of Palm Desert General Fund Obligations	91.841	4,119,069
City of Rancho Mirage Certificates of Participation	19.713	830,903
Coachella Valley Recreation and Park District Certificates of Participation	78.843	1,302,695
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$253,232,686
Less: Riverside County supported obligations		1,297,382
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$251,935,304

<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		
Coachella Valley Redevelopment Agency Project Areas	7.707-8.403%	\$ 2,819,243
Indian Wells Redevelopment Agency Consolidated Whitewater Project Area	100.000	109,615,000
Indio Redevelopment Agency Project Areas	100.000	69,440,000
La Quinta Redevelopment Agency Project Areas	85.073-100.	182,614,918
Palm Desert Redevelopment Agency Project Areas	60.700-100.	263,531,024
Rancho Mirage Redevelopment Agency Project Areas	17.455-20.105	20,543,683
Riverside County Redevelopment Agency Project Area No. 4	0.680-3.086	5,383,183
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$653,947,051

GROSS COMBINED TOTAL DEBT	\$1,418,232,762⁽²⁾
NET COMBINED TOTAL DEBT	\$1,416,935,380

Ratios to 2014-15 Assessed Valuation:

Direct Debt (\$281,535,470)	0.81%
Combined Direct Debt (\$342,895,470)	0.99%
Total Direct and Overlapping Tax and Assessment Debt.....	1.47%
Gross Combined Total Debt.....	4.09%
Net Combined Total Debt.....	4.08%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$19,368,620,446):

Total Overlapping Tax Increment Debt.....	3.38%
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⁽¹⁾ Excludes the Bonds described herein, but includes the Refunded Bonds, in an aggregate principal amount of \$ _____.

⁽²⁾ Excludes the 2015 Certificates described herein, but includes the 2008 Certificates evidencing an outstanding principal amount of \$ _____.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are not payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County on taxable property within the District in an amount sufficient for the payment thereof. (See "THE BONDS – Security and Sources of Payment" herein) Articles XIII A, XIII B, XIII C and XIII D of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and to the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Series 2015 Bonds was approved by the District's voters in compliance with Article XIII A, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

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

Article XIII A has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Article XIII A requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to August 1, 1978, or (b), as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property on or after August 1, 1978, or (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by fifty-five percent or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Series 2015 Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition,

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

Legislation Implementing Article XIII A

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

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

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

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

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

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "DISTRICT FINANCIAL INFORMATION" herein.

Article XIII B of the California Constitution

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