

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

Section 18. Compliance with Proposition 39. The District hereby determines that it has complied, or will comply, with the applicable requirements prescribed by Proposition 39, and related applicable State statutory provisions, as follows:

(a) Pursuant to Section 1(b)(3) of Article XIII A of the California Constitution, the proceeds of the sale of the Series B Bonds (exclusive of costs of issuance and delivery of the Series B Bonds) (“Bond Proceeds” or “Series B Bond Proceeds”) shall be used for the purposes specified in the list of specific school facilities projects set forth in District Resolution No. 2012-87 and approved by the voters in the Bond Election (“School Facilities Project List”) and not for any other purpose, including teacher and administrator salaries and any other school operating expenses.

(b) Pursuant to Section 1(b)(3) of Article XIII A of the California Constitution, the School Facilities Project List was made available to the public for review prior to and during the Bond Election, which included the District Board’s evaluation of safety, class size reduction and information technology needs in developing the School Facilities Project List as set forth in Resolution No. 2012-87.

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

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

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

(f) The Bond Election results were certified by the District Board pursuant to its Resolution No. 2013-44, and such resolution will be filed as required under Education Code Sections 15124 and 15274.

(g) Pursuant to Education Code Sections 15278 *et seq.*, the District Board has established its Citizens’ Oversight Committee (“Committee”) for Measure X and has appointed members thereto pursuant to the Committee Policy and Regulations previously adopted by this

District Board.

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

Section 19. Compliance with Certain Provisions of State Law; Annual Reporting.

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

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

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

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

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

The report(s) required by this Section 19(c) may be combined with other periodic reports which include the same information, including, but not limited to, periodic reports made to the California Debt and Investment Advisory Commission, continuing disclosure reports, financial statements and audits and/or other written reports made in connection with the Series B Bonds. The requirements of this Section 19(c) shall apply only until all the Series B Bonds are redeemed or defeased, but if the Series B Bonds, or any series of bonds, are refunded, such provisions shall apply until all such refunding bonds are redeemed or defeased.

Section 20. Additional Findings and Directives. Pursuant to Education Code Section 15146(b) and (c), the District Board hereby finds, determines and directs as follows:

(a) The Series B Bonds shall be sold by negotiated sale to the Underwriter as set forth in Sections 5, 6, 7 and 8 of this Resolution and elsewhere herein.

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

(c) The District intends that the Series B Bonds be sold to RBC Capital Markets, LLC, as Underwriter, pursuant to a negotiated sale and the terms and conditions of the Purchase Agreement. The District is represented by Bowie, Arneson, Wiles & Giannone as Bond Counsel, McFarlin & Anderson LLP as Disclosure Counsel, and Fieldman Rolapp & Associates as Financial Advisor to the District.

(d) The estimates of costs associated with the issuance and sale of the Series B Bonds include the following: (i) the Underwriter's discount shall be as described in Section 7 hereof; (ii) Bond Counsel and Disclosure Counsel fees are based upon the final par amount of the Series B Bonds and are set out in the retention agreements with Bond Counsel and Disclosure Counsel, which are on file with the District; (iii) costs for purchase of a policy of bond insurance or other credit enhancement; and (iv) costs for printing of the Preliminary Official Statement and Official Statement, other legal counsel fees, rating agency fees and presentation, pricing consultant, the initial fees and expenses of the paying agent, California Municipal Statistics and other fees and expenses incident to the issuance and sale of the Series B Bonds are expected to be not greater than 4.00% of the expected maximum par amount of the Series B, as further set forth in Exhibit "C" attached hereto. All such figures are estimates and shall not constrain or limit the District as to the issuance and sale of the Series B Bonds pursuant to the directives and conditions set forth herein.

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

(f) The District Board hereby directs that following the sale and delivery of the Series B Bonds that an itemized summary of the costs of the sale, issuance and delivery costs of the Series B Bonds shall be provided to the California Debt and Investment Advisory Commission (CDIAC). The District Board hereby determines that submission of such information as part of the filing of the Report of Final Sale for the Series B Bonds made to CDIAC pursuant to State law, including Government Code Section 8855, shall constitute compliance with the applicable requirements of Education Code Section 53509.5(b) and, as applicable, Education Code Section 15146(c)(2).

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

(h) The District Board has been provided with a copy of the disclosure made by the proposed Underwriter (RBC Capital Markets, LLC) in compliance with Rule G-17, adopted by the federal Municipal Securities Rulemaking Board (MSRB).

Section 21. Retention of Consultants; District Consultant Costs, County Costs, and Costs of Issuance Agreement.

(a) The Superintendent of the District is authorized and directed to contract for consultant services, including legal, financial, underwriting, verification agent and related professional services, as specified below, or as otherwise necessary so the District may proceed with, and complete, the proposed issuance and sale of the Series B Bonds.

(b) The District Board hereby confirms the Appointment of Fieldman Rolapp & Associates to act as Financial Advisor to the District relative to the issuance and sale of the Series B Bonds.

(c) The District Board hereby confirms the appointment of the firm of Bowie, Arneson, Wiles & Giannone to act as Bond Counsel to the District relative to the issuance and sale of the Series B Bonds.

(d) The District Board hereby confirms the appointment of the firm of McFarlin & Anderson LLP to act as Disclosure Counsel to the District relative to the issuance and sale of the Series B Bonds.

(e) The District Board intends and expects to sell the Series B Bonds to RBC Capital Markets, LLC, as the initial Underwriter thereof as set out in Sections 5, 6 and 7 hereof.

(f) The Superintendent is authorized to select and retain professional services for such other and further services as are necessary to carry out the issuance, marketing, sale and delivery of the Series B Bonds.

(g) The District Board authorizes the payment to Riverside County of out-of-pocket expenses and other costs incurred by Riverside County in connection with Riverside County's support of, and participation in, the issuance, sale and delivery of the Series B Bonds.

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

thereunder and the payment of costs of issuance may be requisitioned by a Designated Officer(s) in accordance with such agreement.

Section 22. Approval of Actions. All actions heretofore taken by officers, agents and consultants of the District with respect to the sale and issuance of the Series B Bonds are hereby approved, confirmed and ratified. The President and Clerk of the District Board and the Superintendent and the Designated Officer(s) are each authorized and directed in the name and on behalf of the District to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which they, or any of them, might deem necessary or appropriate in order to consummate the lawful issuance, sale and delivery of the Series B Bonds. Whenever in this Resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in case such officer shall be absent or unavailable.

Section 23. Other Actions. The President and Clerk of the District Board, and the Designated Officers of the District, are authorized and directed to execute all documents and to take all actions necessary to cause or facilitate the issuance and delivery of the Series B Bonds.

Section 24. Partial Invalidity; Severability. If any one or more of the covenants or agreements, or portions thereof, provided in this Resolution on the part of the District to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreement or portions thereof and shall in no way affect the validity of this Resolution or of the Series B Bonds; but the Bond owners shall retain all rights and benefits accorded to them under any applicable provisions of law. The District hereby declares that it would have approved this Resolution and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Series B Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

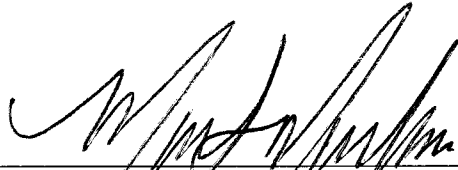
Section 25. Governing Law. This Resolution shall be construed and governed in accordance with the laws of the State of California.

Section 26. County Filing. The Clerk of the District Board is hereby directed to file, or cause to be filed, certified copies of this Resolution with the Clerk of the Riverside County Board of Supervisors and the Superintendents of Schools of Riverside County and Imperial County.

Section 27. Effective Date. This Resolution shall take effect immediately upon adoption.

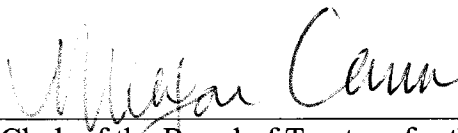
ADOPTED, SIGNED and APPROVED this 14th day of July, 2015, by the Board of Trustees of the Coachella Valley Unified School District of the Counties of Riverside and Imperial, State of California.

**BOARD OF TRUSTEES OF THE COACHELLA
VALLEY UNIFIED SCHOOL DISTRICT**

By: 

President of the Board of Trustees for the
Coachella Valley Unified School District

ATTEST:

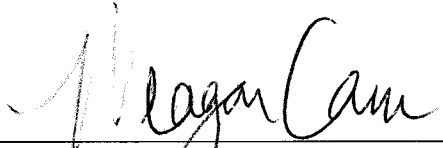
By: 

Clerk of the Board of Trustees for the Coachella
Valley Unified School District

STATE OF CALIFORNIA)
) ss.
COUNTIES OF RIVERSIDE)
AND IMPERIAL)

I, Meagan Caress, Clerk of the Board of Trustees of the Coachella Valley Unified School District, do hereby certify that the foregoing resolution was duly adopted by the Board of Trustees of the Coachella Valley Unified School District at a meeting thereof held on the 14th day of July, 2015, at which meeting a quorum of such Board was present and acting throughout and for which notice and an agenda was prepared and posted as required by law, and that such resolution was so adopted by the following vote:

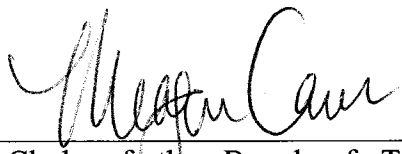
AYES: 6
NOES: 0
ABSTAIN: 0
ABSENT: 1

By: 
Clerk of the Board of Trustees of the
Coachella Valley Unified School District

STATE OF CALIFORNIA)
) ss.
COUNTIES OF RIVERSIDE)
AND IMPERIAL)

I, Meagan Caress, Clerk of the Board of Trustees of the Coachella Valley Unified School District, do hereby certify that the foregoing is a full, true and correct copy of Resolution No. 2016-02, which was duly adopted by the Board of Trustees of the Coachella Valley Unified School District at a meeting thereof held on the 14th day of July, 2015.

Dated: July 14, 2015

By: 

Clerk of the Board of Trustees of the
Coachella Valley Unified School District

EXHIBIT "A"

FORM OF BOND PURCHASE AGREEMENT

[\$[PAR AMOUNT]]
COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS
2012 ELECTION, SERIES B
(Riverside and Imperial Counties, California)

BOND PURCHASE AGREEMENT

_____, 2015

Board of Supervisors
County of Riverside
4080 Lemon Street, 4th Floor
Riverside, California 92502

Coachella Valley Unified School District
87225 Church Street
Thermal, California 92274

Ladies and Gentlemen:

The undersigned, RBC Capital Markets, LLC, as underwriter (the “Underwriter”), acting on its own behalf and not acting as a fiduciary or agent of you, offers to enter into this Bond Purchase Agreement (the “Purchase Agreement”) with the Coachella Valley Unified School District (the “District”) and the County of Riverside (the “County”), which, upon your written acceptance hereof, will be binding upon the District, the County and the Underwriter. By execution of this Purchase Agreement, the District, the County and the Underwriter acknowledge the terms hereof and recognize that they will be bound by certain of the provisions hereof, and to the extent binding thereupon, acknowledge and agree to such terms. This offer is made subject to the written acceptance of this Purchase Agreement by the District and the County, 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.** Subject to 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, on behalf of the District, for reoffering to the public, and the County, on behalf of the District, hereby agrees to sell and deliver to the Underwriter for such purpose, all (but not less than all) of \$[PAR AMOUNT] aggregate principal amount of the District’s General Obligation Bonds, 2012 Election, Series B (the “Bonds”). The Bonds shall bear interest at the rates with the yields to maturity (or yields to the call date), shall mature in the years and shall be subject to redemption as shown on Exhibit A hereto, which is incorporated herein by this reference. The Bonds 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 authorizing the issuance of the Bonds, adopted on [July 14, 2015] (the “District Resolution”), the resolution with respect to the Bonds adopted by the County Board of Supervisors on [August 18, 2015](the “County Resolution” and, together with the District

Resolution, the "Resolutions"), California Government Code Section 53506 *et seq.*, California Education Code Sections 15100 *et seq.* and other applicable law (collectively, the "Act"). The Underwriter has been duly authorized to execute this Purchase Agreement and to act hereunder. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolutions.

Inasmuch as this purchase and sale represents a negotiated transaction, the District and the County understand, and hereby confirm, that (i) the purchase and sale of the Bonds pursuant to this Purchase Agreement is an arm's-length commercial transaction among the District, the County and the Underwriter; (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an agent, municipal advisor, or financial advisor or fiduciary to the District or the County; (iii) the Underwriter has not assumed any advisory or fiduciary responsibility to the District or the County with respect to the offering of the Bonds, and the discussions, undertakings and procedures leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has provided services or is currently providing services to the District or the County on other matters); (iv) the Underwriter is acting solely in its capacity as underwriter for its own accounts; (v) the only obligations the Underwriter has to the District and the County with respect to the transaction contemplated hereby are expressly set forth in this Purchase Agreement; (vi) the District and the County have consulted their own respective legal, accounting, tax, financial and other advisors, as applicable, to the extent it they have deemed appropriate. The Underwriter has been duly authorized to execute this Purchase Agreement and to act hereunder.

The Underwriter shall purchase the Bonds at a price of \$ _____ (consisting of the aggregate principal amount of the Bonds of \$[PAR AMOUNT], plus net original issue premium of \$ _____, less an Underwriter's discount of \$ _____). At the request of the District, on the day of Closing, the Underwriter will wire a portion of the purchase price in the respective amounts of: [(a) \$ _____ to _____ (the "Insurer") for the bond insurance premium and (b)] \$ _____ to the District's Cost of Issuance Custodian for payment of costs of issuance.

The proceeds of sale of the Bonds are expected to be applied (i) for the purposes set forth in the ballot submitted to and approved by District voters during the bond election on November 6, 2012, including but not limited to the financing of short-term technology improvements of the District, (ii) fund a debt service fund to pay interest through [February 1, 2016] and (iii) to pay certain costs of issuance of the Bonds.

2. **The Bonds.** The Bonds shall be dated as of their date of delivery and shall mature on August 1 in the years shown on Exhibit A hereto with a final maturity of August 1, 20[45]. Interest on the Bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing on [February 1, 2016]. The Bonds shall otherwise be as described in, and shall be issued and secured pursuant to the provisions of the Resolutions, this Purchase Agreement, the Official Statement and the Act. The initial Paying Agent for the Bonds, as designated by the Resolutions, shall be U.S. Bank National Association, or any successor thereto (in such capacity, the "Paying Agent").

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

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

4. **Public Offering of the Bonds.** The Underwriter agrees to make a *bona fide* public offering of all of the Bonds at the initial public offering prices or yields to be set forth on the cover or inside cover page of the Official Statement (defined below). Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as they deem necessary in connection with the marketing of the Bonds; provided that the Underwriter shall not change the interest rates set forth on the cover or inside cover of the Official Statement. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated in the Official Statement.

The Underwriter hereby represents to the District and the County (i) that as of the date of sale, all of the Bonds purchased were expected to be reoffered in a *bona fide* public offering; (ii) that as of the date of the certification at closing, all of the Bonds purchased had actually been offered to the general public at the offering prices shown on the cover or the inside cover of the Official Statement; and (iii) that the prices given on the cover or the inside cover of the Official Statement are the maximum initial *bona fide* offering prices at which a substantial amount (at least 10%) of each maturity of the Bonds purchased (or as otherwise indicated) was offered to the general public. The Underwriter agrees, upon request, to furnish to the District or to Bond Counsel, reasonable written verification of its compliance with this paragraph, in the form of a Certificate of Underwriter at closing.

5. **Official Statement.** The District has caused to be drafted and previously delivered to the Underwriter a Preliminary Official Statement, dated August __, 2015 (the “Preliminary Official Statement”), including the cover page, the inside cover page and appendices thereto, relating to the Bonds. The District represents and warrants 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 final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended (the “Rule”). The Preliminary Official Statement was prepared by the District for use by the Underwriter in connection with the public offering, sale and distribution of the Bonds.

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

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

During the period ending on the 25th day after the End of the Underwriting Period (as defined below) (or such other period as may be agreed to by the District and the Underwriter), the District (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter and (ii) shall notify the Underwriter promptly if any event shall occur, or information comes to the attention of the District, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact 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 Agreement, 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 date of Closing, or otherwise agreed to by the District and the Underwriter, the District may assume that the End of the Underwriting Period is the date of Closing.

6. **Closing.** At 9:00 a.m., California Time, on September ___, 2015, or at such other time or on such other date as shall have been mutually agreed upon by the District, the

County and the Underwriter (the "Closing"), the District will deliver to the Underwriter, through the facilities of DTC, or at such place as the parties may mutually agree upon, the Bonds in book-entry form, duly executed and registered as provided in Section 2 above, together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to an account or accounts within the United States designated by the District.

7. Representations, Warranties and Agreements of the Underwriter.

The Underwriter represents to and agrees with the District and the County that, as of the date hereof and as of the date of Closing:

A. The Underwriter is duly authorized to execute this Purchase Agreement and to take any action under this Purchase Agreement 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 an underwriter with respect to securities of the County on behalf of the District.

C. The Underwriter has, and has had, no financial advisory relationship with the District as such term is defined in California Government Code Section 53590(c) or MSRB Rule G-23 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.

8. Representations, Warranties and Agreements of the District.

The District hereby represents, warrants and agrees with the Underwriter that:

A. The District is a unified school district duly organized and validly existing under the laws of the State of California (the "State"), with the full legal right, power and authority to (i) to enter into, execute and deliver this Purchase Agreement and the Continuing Disclosure Certificate, substantially in the form appended to the Official Statement as Appendix [E] (the "Continuing Disclosure Certificate"); (ii) to adopt the District Resolution and (iii) to request the County to issue the Bonds pursuant to the Act.

B. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has the legal right, power and authority to enter into this Purchase Agreement, to adopt the Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Agreement and the Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the Continuing Disclosure Certificate, the Resolution and this Purchase Agreement (collectively, the "District Documents") have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) the District Documents constitute the valid and legally binding obligations of the District; enforceable in accordance with their respective terms,

subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and to principles of equity relating to or affecting the enforcement of creditors' rights; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Agreement and by the Official Statement.

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

D. The District has complied, and will comply, with the requirements of the Internal Revenue Code of 1986, as amended, applicable to the Bonds.

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

F. As of the time of acceptance hereof, no action, suit, hearing or investigation is pending or, to the best knowledge of the District, threatened: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of *ad valorem* taxes 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 or the other District Documents or contesting the powers of the District or its authority with respect to the Bonds or the District Documents; 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 the District Documents, (b) declare this Purchase Agreement 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 or the exemption of such interest from California personal income taxation.

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

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

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

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

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

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

M. The District acknowledges receipt from the Underwriter of disclosures pursuant to Municipal Securities Rulemaking Board ("MSRB") Rule G-17.

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

A. The County is a political subdivision duly organized and validly existing under the laws of the State of California, with the power to sell the Bonds on behalf of the District pursuant to the Act.

B. (i) At or prior to the Closing, the County will have taken all action required to be taken by it to authorize the sale and delivery of the Bonds on behalf of the District; (ii) the County has full legal right, power and authority to enter into this Purchase Agreement, to adopt the County Resolution, to sell, execute 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 Agreement 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 Agreement have been duly authorized; (iv) assuming due authorization, execution and delivery by the other parties hereto, this Purchase Agreement constitutes a valid and legally binding obligation of the County; and (v) the County has duly authorized the consummation by it of all of its transactions contemplated by this Purchase Agreement.

C. 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 the actions of the District with respect to the sale of the Bonds and 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. To the best knowledge of the County, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Agreement, 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. 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 District Resolution and the County Resolution, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Agreement, the District Resolutions or the County Resolution or contesting the powers of the County or its authority with respect to the Bonds, the County Resolution or this Purchase Agreement; 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 Agreement or the County Resolution, (b) declare this Purchase Agreement 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 or the exemption of such interest from California personal income taxation.

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

G. 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.

H. The County acknowledges receipt from the Underwriter of disclosures pursuant to MSRB Rule G-17.

I. The section of the Preliminary Official Statement entitled "Appendix F - County of Riverside Treasurer's 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 section of the Final Official Statement entitled "Appendix F - County of Riverside Treasurer's 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.

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

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

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

C. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District

or the County, pending or threatened, which has any of the effects described in Section 8.F. hereof, or contesting in any way the completeness or accuracy of the Official Statement;

D. *Termination.* The Underwriter shall have the right to cancel its obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds by notifying the District and County in writing of its election to do so if, between the execution hereof and the Closing, customer orders to purchase the Bonds have been cancelled (as evidenced by canceled trade tickets provided to the District and County) due to the market price or marketability thereof having been materially adversely affected, in the reasonable judgment of the Underwriter, by the occurrence of any of the following:

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

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

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the 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) the declaration of war or engagement in or material escalation of major military hostilities by the United States or the occurrence of any other national or international emergency or calamity or crisis relating to the effective operation of the government or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or State authorities having jurisdiction, or the general suspension of trading on any national securities exchange or fixing of minimum or

maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue of a determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the 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, underwriters;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the 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) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information set forth in the Official Statement, or results in an omission to state a material fact or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(7) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement; and, in either such case, the District or the County refuses to permit the Official Statement to be supplemented or to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bond;

(8) there shall have occurred since the date of this Purchase Agreement any materially adverse change in the affairs, management or financial condition of the District;

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

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

(11) 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; or

(12) 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 as to the underlying rating of any of the District's obligations or of the Insurer (as defined herein).

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

(1) The approving opinion(s) of Bond Counsel as to the validity and tax-exempt status of the Bonds, dated the date of Closing, addressed to the District, in substantially the form(s) set forth in Appendix [D] (as applicable) to the Preliminary Official Statement and Official Statement;

(2) The reliance letter(s) from Bond Counsel to the effect that the Underwriter, the County [and the Insurer] may rely upon the approving opinion(s) described in E(1) above;

(3) A supplemental opinion from Bond Counsel, addressed to the Underwriter, [the Insurer] and the District, in form and substance acceptable to the Underwriter, dated as of the date of Closing, substantially to the following effect:

(a) 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" (excluding statements under the subheadings "Municipal Bond Insurance," "Potential Bond Insurer," "Professionals Involved in the Bond Offering" and "Other Information"), "THE BONDS" (excluding statements under the subheading "Book-Entry-Only System"), "TAX MATTERS" and "OTHER LEGAL MATTERS – Continuing Disclosure" 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 Bonds, fairly and

accurately summarize the matters purported to be summarized therein; provided that Bond Counsel need not express any opinion with respect to any financial or statistical data, or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, [information concerning the Insurer or the Policy (as defined herein)], or DTC or its book-entry only system;

(b) assuming due authorization, execution and delivery by all the parties thereto, the Continuing Disclosure Certificate and this Purchase Agreement have each been duly authorized, executed and delivered by the District and constitute legal, valid and binding obligations of the District enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except that such enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought and by the limitations on legal remedies against State public agencies; and

(c) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended;

(4) The opinion of Disclosure Counsel, dated the date of Closing and addressed to the District, substantially to the effect that based on such counsel's participation in conferences with representatives of the Underwriter, Bond Counsel, [the Pricing and Structuring Agent], 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 that during the course of their representation of the District on the matter, no facts came to the attention of the attorneys in such firm rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement, as of its date, or as of the date hereof (except that no opinion is expressed as to any financial, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, maps, estimates, projections, assumptions or expressions of opinion, any information about feasibility, valuation, appraisals, real estate, ownership, archaeological or environmental matters, the Appendices thereto or any information about debt service requirements, book-entry, the Insurer, the Policy, The Depository Trust Company, ratings, rating agencies or tax exemption included or referred to therein, which we expressly exclude from the scope of this paragraph and, as to which we express no opinion or view), contained, or contains, any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein,

in the light of the circumstances under which they were made, not misleading;

(5) A certificate signed by an appropriate official of the District to the effect that (i) such official is authorized to execute this Purchase Agreement, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the District Resolution and this Purchase Agreement to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such official has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statements of a material fact 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 Agreement substantially conform to the descriptions thereof contained in the Resolution, and (vi) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, pending or, to his or her knowledge, threatened against the District contesting in any way the completeness or accuracy of the Official Statement, the issuance of the Bonds by the District or the due adoption of the Resolution;

(6) A certificate signed by an appropriate official of the County in form and substance satisfactory to the Underwriter to the effect that (i) such official is authorized to execute this Purchase Agreement, (ii) the representations, agreements and warranties of the County herein are true and correct in all material respects as of the date of Closing, (iii) the County has complied with all the terms of the County Resolution and this Purchase Agreement to be complied with by the County prior to or concurrently with the Closing and such documents are in full force and effect, (iv) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Agreement substantially conform to the descriptions thereof contained in the County Resolution;

(7) A tax certificate of the District in form satisfactory to Bond Counsel [with respect to the Tax-Exempt Bonds];

(8) Internal Revenue Service Form 8038-G, as prepared for the Bonds;

(9) Evidence satisfactory to the Underwriter (i) that (A) the Bonds shall have been rated “___” by Standard & Poor’s, Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business (“S&P”) and “___” by Moody’s Investors Service (“Moody’s”) [based upon the issuance of the Policy (as defined herein) by the Insurer, and (B) the Bonds have received underlying ratings of “___” from S&P and “___” by

Moody's, and (ii) that any such ratings have not been revoked or downgraded;]

(10) A certificate, together with a fully executed copy of the District Resolution, of the Clerk or Secretary of the District Board of Trustees to the effect that:

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

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

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

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

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

(12) An opinion of County Counsel, addressed to the Underwriter, in substantially the form attached hereto as Exhibit B;

(13) A certificate of the County dated the date of Closing, signed by a duly authorized officer of the County, and in form and substance satisfactory to the Underwriter, to the effect that, the information contained in Appendix F of the Official Statement is true and accurate in all material respects;

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

(15) The Preliminary Official Statement, together with a final Official Statement executed by an authorized representative of the District

(16) The Continuing Disclosure Certificate, signed by an appropriate official of the District and the District's Dissemination Agent, if any;

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

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

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

(19) [A municipal bond insurance policy (the "Policy") issued by _____, as Insurer, insuring the payment of principal of and interest on the Bonds, together with:

(a) an opinion of counsel to the Insurer, dated the date of Closing and addressed to the District and the Underwriter, in form and substance acceptable to the Underwriter; and

(b) a certificate of the Insurer, dated the date of Closing, in form and substance acceptable to the Underwriter, regarding, among other matters, disclosure, no default and tax matters;]

(20) A copy of the submitted Report of Proposed Debt Issuance and acknowledgement, together with the Report of Final Sale to be submitted to the California Debt and Investment Advisory Commission; and

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

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

F. At or prior to the date of the Closing, the Underwriter shall provide the following certificates to the District and the County:

(1) The receipt of the Underwriter, in form satisfactory to the District and the County and signed by an authorized officer of the Underwriter, accepting delivery of the Bonds to the Underwriter and receipt of all documents required by the Underwriter, and the satisfaction of all conditions and terms of this Purchase Agreement by the District and the County, and confirming to the District and the County that as of the Closing Date, all of the representations of the Underwriter contained in this Purchase Agreement are true, complete and correct in all material respects; and

(2) The certification of the Underwriter regarding the prices at which the Bonds have been reoffered to the public, in form satisfactory to Bond Counsel, as described in this Purchase Agreement.

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

12. **Expenses.** [The Underwriter is hereby directed to wire a portion of the purchase price to the Insurer for the payment of the premium on the Policy.] The District shall pay or cause to be paid the following expenses relating to the issuance of the Bonds: (i) the fees and disbursements of Bond Counsel and Disclosure Counsel; (ii) the cost of the preparation, printing and delivery of the Bonds; (iii) the fees for Bond ratings, including all expenses related to obtaining such ratings; (iv) the cost of the printing and distribution of the Preliminary Official Statement, Official Statement and any amendment or supplement thereto; (v) the fees and disbursements of the Paying Agent and Costs of Issuance Custodian; (vi) [the fees and disbursements of the Financial Advisor]; (vii) County costs and expenses, if any, and (viii) all other fees and expenses incident to the issuance and sale of Bonds. Such payment shall also include any expenses incurred by the Underwriter which are incidental to implementing this Purchase Agreement and the issuance of the Bonds, including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous closing costs. The District hereby directs the Underwriter to wire a portion of the purchase price identified in Section 1 hereof in an amount equal to \$ _____ to U.S. Bank National Association, as Costs of Issuance Custodian, for the payment of the foregoing costs. After payment of all costs of issuance set forth above, any amount that has not been expended shall be transferred into the debt service fund for the Bonds. Any shortfall in the payment of the foregoing expenses shall be paid by the District.

Notwithstanding as provided above, the Underwriter shall pay (i) the cost of preparation of this Purchase Agreement; (ii) all advertising expenses in connection with the public offering of the Bonds; (iii) California Debt and Investment Advisory Commission fees and (iv) all other expenses incurred by it in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriter.

The District and the County each acknowledge that they have had the opportunity, in consultation with such respective advisors as they may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred in connection with the issuance of the Bonds.

13. **Notices.** Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the District, to the President/Superintendent, Coachella Valley Unified School District, 87225 Church Street, Thermal, California 92274, if to the County, to the Office of the Treasurer-Tax Collector, County of Riverside, 4080 Lemon Street, 4th Floor, Riverside, California 92502, or if to the Underwriter, RBC Capital Markets, LLC, 777 South Figueroa Street, Suite 850, Los Angeles, California 90017, Attn: Frank Vega, Director.

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

15. **Severability.** In the event any provision of this Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

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

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

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

Very truly yours,

RBC CAPITAL MARKETS, LLC,
as Underwriter

By _____
Director

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

COUNTY OF RIVERSIDE

By _____
Authorized Representative

**COACHELLA VALLEY UNIFIED SCHOOL
DISTRICT**

Executed at ____:____ p.m., Pacific Time
on August ____, 2015.

By _____
Designated Officer

EXHIBIT A

**COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS
2012 ELECTION, SERIES B
(Riverside and Imperial Counties, California)**

\$(PAR AMOUNT) Serial Bonds

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

^(c) Yield to call at par on August 1, 2025

TERMS OF REDEMPTION

The Bonds are subject to redemption prior to their stated maturity dates as follows:

Optional Redemption. The Bonds maturing on or before August 1, [20__] are not subject to optional redemption prior to maturity. The Bonds maturing on or after August 1, [20__], or any date thereafter, are subject to redemption prior to their respective stated maturity dates at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity on any date, on or after August 1, [20__], and may be redeemed prior to the maturity thereof by payment of 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 Bonds maturing on August 1, 20__, shall be subject to mandatory sinking fund redemption, in part, on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

Mandatory Redemption Dates	Principal Amount
August 1, 20__	\$
August 1, 20__	
August 1, 20__	
August 1, 20__ (maturity)	

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EXHIBIT B

OPINION OF COUNTY COUNSEL

[\$[PAR AMOUNT]]
COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS
2012 ELECTION, SERIES B
(Riverside and Imperial Counties, California)

[CLOSING DATE]

Coachella Valley Unified School District
87225 Church Street
Thermal, California 92274

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

Ladies and Gentlemen:

This opinion is rendered to you in my capacity as counsel to the County of Riverside (the “County”) in connection with the issuance by the County on behalf of the Coachella Valley Unified School District (the “District”) of its General Obligation Bonds, 2012 Election, Series B (the “Bonds”). The Bonds are being issued pursuant to a resolution of the Board of Supervisors of the County with respect to the Bonds adopted on August [18], 2015 (the “County Resolution”), at the request of the District made pursuant to a resolution adopted with respect to the Bonds, adopted by the Board of Trustees of the District on July [14], 2015 (the “District Resolution”).

In rendering this opinion, I have examined the County Resolution, the Purchase Agreement dated August [26], 2015 (the “Purchase Agreement”) and such other documents, records and instruments and made such investigations of law and fact as I 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”), I am 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 County Resolution approving and authorizing the execution and delivery of the Purchase Agreement and the issuance of the Bonds was duly adopted at a meeting of the governing body of the County which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption, has

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

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

4. The execution and delivery of the Purchase Agreement, 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.

5. The Purchase Agreement has been duly authorized, executed and delivered by the County and the Bonds have been duly authorized by the County, executed by the County on behalf of the District, where appropriate, and delivered by the County and, assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement constitutes the legal, valid and binding agreements of the County enforceable against the County in accordance with their respective terms.

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

The undersigned expresses no opinion as to any matter other than as expressly set forth above. Without limiting the generality of the foregoing, I specifically express no opinion as to the status of the Bonds or the interest thereon or the documents to which the County is a party under any federal securities laws or any state securities or "Blue Sky" law or any federal, state or local tax law. I express no opinion as to the availability of equitable remedies in connection with enforcement of the County Resolution or the Purchase Agreement. Further, I express no opinion with respect to any indemnification, contribution, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the documents to which the County is a party, and I express no opinion on the laws of any jurisdiction other than the State and the United States of America.

This opinion is delivered to each of the parties addressed above and is solely for the benefit of each of such parties and is not to be used, circulated, quoted or otherwise referred to or relied upon by any other person or for any other purpose. A copy of this opinion may be included in the transcript of proceedings relating to the Bonds.

Very truly yours,

COUNTY COUNSEL OF THE COUNTY OF RIVERSIDE

By: _____
Deputy County Counsel

EXHIBIT "B"

FORM OF CONTINUING DISCLOSURE CERTIFICATE

FORMS OF CONTINUING DISCLOSURE CERTIFICATE

**[\$[PRINCIPAL AMOUNT B] *
COACHELLA VALLEY UNIFIED SCHOOL
DISTRICT
GENERAL OBLIGATION BONDS,
2012 ELECTION, SERIES B (TAX-EXEMPT)
(Riverside and Imperial Counties, California)**

**[\$[PRINCIPAL AMOUNT B TAXABLE] *
COACHELLA VALLEY UNIFIED SCHOOL
DISTRICT
GENERAL OBLIGATION BONDS,
2012 ELECTION, SERIES B (TAXABLE)
(Riverside and Imperial Counties, California)**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Coachella Valley Unified School District (the "District") in connection with the issuance of \$[Principal Amount B] of the District's 2015 General Obligation Bonds, 2012 Election, Series B (Tax-Exempt) (the "Tax-Exempt Series B Bonds"), \$[Principal Amount B] of the District's 2015 General Obligation Bonds, 2012 Election, Series B (Taxable) (the "Taxable Series B Bonds" and together with the Tax-Exempt Series B Bonds, the "the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District adopted on [July 14], 2015 (the "District Resolution") and a Resolution of the Board of Supervisors of Riverside County, adopted on August 18, 2015 (the "County Resolution") (collectively, the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Annual Report Date" shall mean January 31 next following the end of each District's fiscal year, which fiscal year ends, as of the date of this Disclosure Agreement, are June 30.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Disclosure Representative" shall mean the Disclosure Compliance Officer of the School District (as outlined by the School District's policies and procedures), acting on behalf of each District, or his or her designee, or such other officer or employee as each District shall designate in writing to the Dissemination Agent from time to time.

"Dissemination Agent" shall mean initially [Fieldman Rolapp & Associates], or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

*Preliminary, subject to change.

“EMMA System” shall mean the Electronic Municipal Market Access System of the MSRB (as defined below) or such other electronic system designated by the MSRB or the Securities and Exchange Commission (the “S.E.C.”) for compliance with S.E.C. Rule 15c2-12(b).

“Holders” shall mean registered owners of the Bonds.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

“Participating Underwriter” shall mean RBC Capital Markets, LLC, Los Angeles, California.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (presently ending June 30), commencing with the report for the 2015-16 Fiscal Year, provide to the MSRB through the EMMA System in an electronic format and accompanied by identifying information as prescribed by the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the MSRB through the EMMA System to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB through the EMMA System an Annual Report by the date required in subsection (a), the District shall send a notice to the MSRB through the EMMA System in substantially the form attached as Exhibit A, with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to the MSRB of Failure to File Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited

financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

1. State funding received by the District for the last completed fiscal year;
2. average daily attendance of the District for the last completed fiscal year;
3. outstanding District indebtedness;
4. summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;
5. assessed valuation of property within the District for the current fiscal year; and
6. tax delinquencies, to the extent that the Counties are no longer on the Teeter Plan.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB through the EMMA System or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference. The Annual Report shall be filed in an electronic format, and accompanied by identifying information, as prescribed by the MSRB.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

- (i) Principal and interest payment delinquencies;
- (ii) Tender offers;
- (iii) Defeasances;
- (iv) Rating changes;
- (v) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB);
- (vi) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (vii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (viii) Substitution of credit or liquidity providers, or their failure to perform;

(ix) Bankruptcy, insolvency, receivership or similar event of the obligated person.⁽¹⁾

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.
2. modifications to rights of Bondholders.
3. optional, contingent or unscheduled Bond calls.
4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
5. release, substitution or sale of property securing repayment of the Bonds.
6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
7. Appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

(c) Upon the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws and if the District determines that knowledge of such Listed Event would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the MSRB through the EMMA System in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the MSRB through the EMMA System in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or 5(b).

⁽¹⁾ For the purposes of the event identified in subparagraph (xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the MSRB through the EMMA System. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: [Closing Date], 2015

COACHELLA VALLEY UNIFIED SCHOOL
DISTRICT

By: _____
Dr. Derwin S. (Darryl) Adams, Superintendent

EXHIBIT A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT**

Name of District: COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

Name of Bond Issues: General Obligation Bonds, 2012 Election, Series B (Tax-Exempt) and
General Obligation Bonds, 2012 Election, Series B (Taxable)

Date of Issuance: [Closing Date], 2015

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

By _____ [form only; no signature required]

EXHIBIT "C"

ESTIMATED COSTS OF ISSUANCE

Underwriter's Discount (not to exceed)	1.00% of the Par Amount
Bond Insurance (<i>if purchased</i>) (not to exceed)	0.50% of Debt Service
Other costs of issuance, including, but not limited to:	
• Bond Counsel fees and expenses	\$37,000.00
• Disclosure Counsel fees and expenses	\$13,000.00
• Rating Agency costs of rating(s)	\$9,000.00
• District Counsel fees	\$3,000.00
• Financial Advisor Fees	\$17,500.00
• Printing costs	\$2,000.00
• Paying Agent costs and expenses	\$1,500.00
• Continuing Disclosure Services	\$1,100.00
• Riverside County costs and expenses	\$3,000.00
• Statistical Information Costs	\$600.00
• Contingency	\$1,000.00

Notes to Exhibit "C"

All costs of issuance listed herein are estimates. Such figures shall not constrain or limit the District as to the issuance and sale of the Series B Bonds pursuant to the directives and conditions set forth in District Resolution No. 2016-02 and the applicable provisions of the County Resolution.

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST __, 2015

NEW ISSUE – FULL BOOK-ENTRY

Insured Rating: Moody's: __
Underlying Rating: Moody's: __
(See "RATINGS" herein.)

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

**[\$[PRINCIPAL AMOUNT B]*
COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS,
2012 ELECTION, SERIES B (TAX-EXEMPT)
(Riverside and Imperial Counties, California)**

**[\$[PRINCIPAL AMOUNT B TAXABLE]*
COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS,
2012 ELECTION, SERIES B (TAXABLE)
(Riverside and Imperial Counties, California)**

**[\$[PRINCIPAL AMOUNT REF]*
COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
2015 GENERAL OBLIGATION REFUNDING BONDS
(Riverside and Imperial Counties, California)**

Dated: Date of Delivery

Due: August 1, as shown below

The Coachella Valley Unified School District General Obligation Bonds, 2012 Election, Series B (Tax-Exempt) (the "Tax-Exempt Series B Bonds") in the aggregate principal amount of \$[Principal Amount B]* and the Coachella Valley Unified School District General Obligation Bonds, 2012 Election, Series B (Taxable) (the "Taxable Series B Bonds" and, together with the Tax-Exempt Series B Bonds, the "Series B Bonds") in the aggregate principal amount of \$[Principal Amount B Taxable]* are being issued by the County of Riverside (the "County"), on behalf of Coachella Valley Unified School District (the "District"), (i) to finance the construction of new facilities and renovation and improvement at existing schools (including the purchase of portable learning technology devices), (ii) fund a debt service fund to pay interest partially through February 1, 2016,* and (iii) to pay certain costs of issuing the Bonds. On November 6, 2012, the District voted to approve Measure X to authorize up to \$41,000,000. On May 9, 2013, the District issued \$20,225,000 of Coachella Valley Unified School District General Obligation Bonds, 2012 Election, Series A (the "Series A Bonds") in the initial par amount of \$20,225,000, leaving \$20,775,000 of the 2012 Authorization. After the Series B Bonds are issued, \$_____ of the 2012 Authorization will remain authorized but unissued.

The Coachella Valley Unified School District 2015 General Obligation Refunding Bonds (the "Refunding Bonds" and together with the Series B Bonds, the "Bonds" or "Series of the Bonds") in the aggregate principal amount of \$[Principal Amount Ref],* are being issued by the District, (i) to advance refund a portion of the District's outstanding General Obligation Bonds, 2005 Election, Series B, and (ii) to pay certain costs of issuing the Bonds.

The Bonds are general obligation bonds of the District, payable solely from *ad valorem* property taxes. The Boards of Supervisors of County and Imperial County (together with the County, the "Counties") have the power and are obligated to annually levy *ad valorem* taxes upon taxable property subject to taxation, without limitation of rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds.

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds. Interest accrues from their date of issuance and is payable semiannually by check mailed on February 1 and August 1 of each year, commencing February 1, 2016. The Bonds are issuable as fully-registered bonds in denominations of \$5,000 or any integral multiple thereof. Payment to registered owners of \$1,000,000 or more in principal amount of the Bonds, at the registered owner's written request, will be by wire transfer to an account in the United States of America.

Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, as the designated paying agent, bond registrar, authenticating agent and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Bonds. (See "THE BONDS – Book-Entry-Only System.")

The Bonds are subject to optional redemption and the [Tax-Exempt Series B Bonds] are subject to mandatory redemption prior to maturity as described herein. See "THE BONDS – Redemption" herein.

The District has applied for municipal bond insurance for the scheduled payment of principal and interest on the Bonds when due which, if purchased, would be issued concurrently with the delivery of the Bonds.

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

*Preliminary, subject to change.

offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval as to their legality by Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel to the District and subject to certain other conditions. McFarlin & Anderson LLP, Laguna Hills, California, is acting as Disclosure Counsel. Certain legal matters will be passed on for the District by Bowie, Arneson, Wiles & Giannone, Newport Beach, California and for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about [Closing Date], 2015.

RBC Capital Markets

The date of this Official Statement is [Pricing Date], 2015.

**[\$[PRINCIPAL AMOUNT B] *
 COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
 GENERAL OBLIGATION BONDS,
 2012 ELECTION, SERIES B
 (TAX-EXEMPT)
 (Riverside and Imperial Counties, California)**

**MATURITY SCHEDULE
 Base CUSIP® No. 189849†**

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSP® No.†
2016	\$	%	%	
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2027				
2028				
2029				
2029				
20__				

\$ _____ % Term Bonds due August 1, 20__ – Yield _____ % CUSIP† No. _____

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services (CGS) which is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP® data is not intended to create a database and does not serve in any way as a substitute for the CUSIP® Service Bureau. CUSIP® numbers are provided for convenience of reference only. Neither the District nor the Underwriter take any responsibility for the accuracy of such numbers.

*Preliminary, subject to change.

\$(PRINCIPAL AMOUNT B TAXABLE)*
COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS,
2012 ELECTION, SERIES B
(TAXABLE)
(Riverside and Imperial Counties, California)

MATURITY SCHEDULE
Base CUSIP® No. 189849†

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP® No.†
2016	\$	%	%	
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2027				
2028				
2029				
2029				
20__				

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*Preliminary, subject to change.

\$(PRINCIPAL AMOUNT REF) *
COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
2015 GENERAL OBLIGATION REFUNDING BONDS
(Riverside and Imperial Counties, California)

MATURITY SCHEDULE
Base CUSIP® No. 189849†

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP® No.†
2016	\$	%	%	
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
2025				
2026				
2027				
2027				
2028				
2029				
2030				
2031				

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*Preliminary, subject to change.

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

BOARD OF TRUSTEES

Maria G. Machuca, *President*
Lowell Kamper, *Vice President*
Meagan Caress, *Clerk*
Blana Hall, *Member*
Manuel Jarvis-Martinez, *Member*
Joe Murillo, *Member*
Joey Acuna, Jr., *Member*

DISTRICT ADMINISTRATION

Dr. Darryl S. Adams, *Superintendent*
Gregory J. Fromm, *Assistant Superintendent, Business and Finance*

PROFESSIONAL SERVICES

BOND COUNSEL

Bowie, Arneson, Wiles & Giannone
Newport Beach, California

DISCLOSURE COUNSEL

McFarlin & Anderson LLP
Laguna Hills, California

FINANCIAL ADVISER

Fieldman Rolapp & Associates
Irvine, California

PAYING AGENT AND ESCROW AGENT

U.S. Bank National Association
Los Angeles, California

VERIFICATION AGENT

Causey Demgen & Moore P.C.
Denver, Colorado

NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE DISTRICT TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION WITH RESPECT TO THE BONDS, OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DISTRICT OR THE UNDERWRITER. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER OF ANY SECURITIES OTHER THAN THOSE DESCRIBED ON THE COVER PAGE AND INSIDE COVER OR AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. THIS OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE BONDS.

Statements contained in this Official Statement which involve time estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information set forth herein has been furnished by the District, or other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. 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." The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

This Official Statement is submitted in connection with the sale of securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose. All information for investors regarding the District and the Bonds is contained in this Official Statement. While the District maintains an internet website for various purposes, none of the information on such website is intended to assist investors in making any investment decision or to provide any continuing information with respect to the Bonds or any other bonds or obligations of the District.

IN CONNECTION WITH OFFERING THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES 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 SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

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

The District maintains a website. However, the information presented on that website is not part of this Official Statement and should not be relied upon to make investment decisions with respect to the Bonds.

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**[\$[PRINCIPAL AMOUNT B]*
COACHELLA VALLEY UNIFIED SCHOOL
DISTRICT
GENERAL OBLIGATION BONDS,
2012 ELECTION, SERIES B (TAX-EXEMPT)
(Riverside and Imperial Counties, California)**

**[\$[PRINCIPAL AMOUNT B TAXABLE]*
COACHELLA VALLEY UNIFIED SCHOOL
DISTRICT
GENERAL OBLIGATION BONDS,
2012 ELECTION, SERIES B (TAXABLE)
(Riverside and Imperial Counties, California)**

**[\$[PRINCIPAL AMOUNT REF]*
COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
2015 GENERAL OBLIGATION REFUNDING BONDS
(Riverside and Imperial Counties, California)**

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover 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 Bonds to potential investors is made only by means of the entire Official Statement.

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the Coachella Valley Unified School District General Obligation Bonds, 2012 Election, Series B (Tax-Exempt) (the “Tax-Exempt Series B Bonds”), in the principal amount of \$[Principal Amount B],* the Coachella Valley Unified School District General Obligation Bonds, 2012 Election, Series B (Taxable) (the “Taxable Series B Bonds” and together with the Tax-Exempt Series B Bonds, the “Series B Bonds”) in the principal amount of \$[Principal Amount B Taxable]* and the Coachella Valley Unified School District 2015 General Obligation Refunding Bonds in the principal amount of \$[Principal Amount Ref]* (the “Refunding Bonds” and together with the Series B Bonds, the “Bonds” or “Series”).

The District

The Coachella Valley Unified School District (the “District”) is a unified school district providing elementary and secondary levels of education. Established in 1973, the District currently operates fourteen K-6 schools, three 7-8 schools, one 7-12 high school, two 9-12 high schools, one continuation high school, one adult education extension program, one Early Head Start program, nine Head Start programs, three part-day State Preschools and ten full-day State Preschools. The District encompasses approximately 1,220 square miles, with most of its territory within Riverside County (the “County”) and a small portion within Imperial County (together with the County, the “Counties”). The District serves the cities of Coachella, La Quinta, Thermal, Mecca, Oasis, North Shores, Indio and Salton City. For Fiscal Year 2014-15, the District’s average daily attendance (“ADA”) was 17,906 students and for Fiscal Year 2015-16, the District’s ADA is projected to be 18,005 students, and taxable property within the District has a Fiscal Year 2014-15 assessed valuation of \$8,293,467,798.¹

The District is governed by a seven-member Board of Trustees of the District (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 four and three available positions. The management and policies of the District are administered by a Superintendent appointed by the District Board who is

*Preliminary, subject to change.

¹ Source: Riverside and Imperial Counties.

responsible for day-to-day District operations, as well as the supervision of the District's other key personnel. Dr. Darryl S. Adams is the current District Superintendent.

See "TAX BASE FOR REPAYMENT OF BONDS" herein for more information regarding the District's assessed valuation, and APPENDIX A – "INFORMATION RELATING TO THE COACHELLA VALLEY UNIFIED SCHOOL DISTRICT'S OPERATIONS AND BUDGET" and APPENDIX B – "AUDITED FINANCIAL STATEMENTS OF THE DISTRICT" herein for more general information regarding the District and its finances.

Authority for Issuance

The Series B Bonds are authorized to be issued by the District pursuant to provisions of the California Government Code Sections 53506 *et seq.* and, to the extent applicable, Education Code Sections 15100 *et seq.* pursuant to Resolution No. 2016-02, adopted by the District Board on July 14, 2015 (the "Series B Resolution"), pursuant to provisions of the California Constitution, the 2012 Authorization (as herein defined), the provisions of the Government Code issued in accordance with the statutory authority set forth specifically Government Code Sections 53506 *et seq.*, and as applicable, the provisions of the Education Code, specially Education Code Sections 15266, 15100 *et seq.* and 15140 *et seq.* pursuant to Resolution No. 2015-163, adopted by the Board of Supervisors of Riverside County (the "County Board") on August 18, 2015 (the "County Resolution"). The District received authorization at an election held on November 6, 2012, by at least two-thirds of the votes cast by eligible voters in the District, to authorize the issuance of \$41,000,000 maximum principal amount of general obligation bonds of the District (the "2012 Authorization"). See "THE BONDS – Authority for Issuance" herein.

The Refunding Bonds are issued in accordance with the statutory authority set forth in Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and other applicable law and pursuant to the resolution (Resolution No. 2016-03), adopted by the District Board on July 14, 2015 (the "Refunding Resolution" and together with the Series B Resolution and the County Resolution, the "Resolution" or "Resolutions"). The District received authorization at an election held on June 7, 2005, by at least two-thirds of the votes cast by eligible voters in the District, to authorize the issuance of \$250,000,000 maximum principal amount of general obligation bonds of the District (the "2005 Authorization"). The Refunding Bonds are being issued to advance refund a portion of the District's outstanding General Obligation Bonds, 2005 Election, Series B (the "2005 Bonds") which were issued pursuant to State law and the 2005 Authorization. See "THE BONDS – Authority for Issuance" herein.

Sources of Payment for the Bonds

The Bonds are general obligation bonds of the District, payable solely from *ad valorem* property taxes levied and collected by the Counties pursuant to law. The Boards of Supervisors of the Counties are obligated to annually levy *ad valorem* taxes for the payment of the principal of and interest on the Bonds upon all taxable property within the District subject to taxation by the District without limitation of rate or amount (except certain personal property which is taxable at limited rates).). Although the Counties are obligated to levy an *ad valorem* tax for the payment of the Bonds of each Series and the Series B Bonds are issued by the County of Riverside on behalf of the District, the Bonds of each Series are not a debt of the Counties. See "THE BONDS – Security" herein.

Of the aggregate assessed value of property in the District, approximately 97% of such assessed valuation relates to property located within the County and approximately 3% of such assessed valuation relates to property located within Imperial County.

Purpose of Issue

The Series B Bonds are being issued to (i) [confirm: finance short-term technology improvements] of the District, (ii) fund a debt service fund to pay interest partially through February 1, 2016,* and pay certain costs of issuance the Series B Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “APPLICATION OF PROCEEDS OF BONDS” herein.

The Refunding Bonds are being issued to (i) advance refund a portion of the 2005 Bonds maturing [August 1, 20__, and August 1, 2031] (the “Refunded Bonds”), and (ii) pay certain costs of issuing the Refunding Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “APPLICATION OF PROCEEDS OF BONDS” herein.

Description of the Bonds

The Bonds of each Series mature on August 1 in the years indicated on the inside cover page hereof. Interest on the Bonds of each Series is payable semiannually on February 1 and August 1 of each year, commencing on February 1, 2016.

Registration. The Bonds will be issued in fully-registered form only, registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) in the denominations set forth on the cover page hereof, under the book-entry-only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See THE BONDS – Book-Entry-Only System” and APPENDIX G – “BOOK-ENTRY SYSTEM.” 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 applicable Resolution. See “THE BONDS – Registration, Transfer and Exchange of Bonds.”

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

Redemption. The Bonds are subject to optional redemption and the [Tax-Exempt Series B Bonds] are subject to mandatory sinking fund redemption. See “THE BONDS – Redemption.”

Municipal Bond Insurance

The District has applied for municipal bond insurance for the scheduled payment of principal and interest on each Series of the Bonds when due which, if purchased, would be issued concurrently with the delivery of the Bonds.

Potential Bond Insurer

If municipal bond insurance for all or a portion of the Bonds is obtained, in the event of a default in the payment of principal or interest on the insured portion of a Series of the Bonds, when all or some becomes due, any Owner of a Bond may have a claim under the applicable insurance policy (the “Insurance Policy”) provided by a bond insurer (the “Bond Insurer”) secured in connection with the Bonds. Any such Insurance Policy will not insure against redemption premium, if any, with respect to the corresponding Series of the Bonds. In the event that the Bond Insurer is unable to make payment of principal or interest on the corresponding Series of the Bonds as such payments become due under such a Insurance Policy, such Series of the Bonds will be payable solely as otherwise described herein. In the

*Preliminary, subject to change.

event that any such Bond Insurer becomes obligated to make payments on the Bonds, no assurance can be given that such event would not adversely affect the market price of the applicable Series of the Bonds or the marketability (liquidity) of such Series of the Bonds.

Tax Matters

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

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Bowie, Arneson, Wiles & Giannone, Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about September __, 2015.

Continuing Disclosure

The District will covenant for the benefit of bondowners 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 specific nature of the information to be made available and of the notices of listed events is summarized under “OTHER LEGAL MATTERS – Continuing Disclosure” and as set forth in APPENDIX E – “FORMS OF CONTINUING DISCLOSURE CERTIFICATES.”

Professionals Involved in the Bond Offering

Several professional firms have provided services to the District with respect to the sale and delivery of the Bonds. Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel, will deliver its legal opinions in substantially the forms set forth in Appendix D. McFarlin & Anderson LLP, Laguna Hills, California, has served as disclosure counsel to the District with respect to the Bonds. Bowie, Arneson, Wiles & Giannone, Newport Beach, California, is acting as counsel to the District on matters related to the Bonds. Fieldman Rolapp & Associates is acting as Financial Adviser. Norton Rose Fulbright US LLP, Los Angeles, California, is acting as counsel to the Underwriter. U.S. Bank National Association will act as Paying Agent and Escrow Agent for the Bonds. Causey Demgen & Moore P.C., Denver, Colorado, is acting as Verification Agent (defined herein) for the Refunded Bonds. The payment of fees and expenses of such firms with respect to the Bonds is contingent on the sale and delivery of the Bonds. The District’s financial statements for the Fiscal Year ending June 30, 2014, which are included as Appendix B, have been audited by Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants, Rancho Cucamonga, California.

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 Superintendent of the Coachella Valley Unified School District, 87225 Church Street, Thermal, California 92274, telephone number (760) 848-1162. There may be a charge for copying, mailing and handling.

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

The information from sources other than the District set forth herein has been obtained from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the 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.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Exchange Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. 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 BONDS

Authority for Issuance

The Series B Bonds are authorized to be issued by the County, on behalf of the District, pursuant to provisions of the California Government Code Sections 53506 *et seq.* and, to the extent applicable, Education Code Sections 15100 *et seq.* and other applicable law and pursuant to the applicable Resolution. At an election held on November 6, 2012, the District received the 2012 Authorization. On May 9, 2013, the District issued its Series A Bonds in the aggregate principal amount of \$20,225,000. \$20,775,000 of the 2012 Authorization currently remains unissued. After the Series B Bonds are issued, \$ _____* of the 2012 Authorization will remain authorized but unissued.

The Refunding Bonds are issued in accordance with the statutory authority set forth in Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code and other applicable law and pursuant to the Refunding Resolution. At an election held on June 7, 2005, the District received the 2005 Authorization. On September 7, 2005, the District issued its 2005 Series A Bonds in the aggregate principal amount of \$49,998,180 (the "2005 Series A Bonds"). On February 22, 2007, the District issued its 2005 Series B Bonds in the aggregate principal amount of \$30,000,000 (the "2005 Series B Bonds"). On May 26, 2010, the District issued its General Obligation Bonds, 2005 Election, Series C in the aggregate principal amount of \$24,990,463 (the "2005 Series C Bonds"). On July 12, 2012, the District issued its General Obligation Bonds, 2005 Election, Series D in the aggregate principal amount of \$54,999,882 (the "2005 Series D Bonds"). \$90,011,475 of the 2005 Authorization currently remains unissued. On February 13, 2014, the District issued its 2014 General Obligation Refunding Bonds, in the aggregate principal amount of \$38,145,000 (the "2014 Refunding Bonds"), to redeem most of the then-outstanding 2005 Series A Bonds. On August 7, 2014, the District issued its General Obligation Refunding Bonds, Series B in the aggregate principal amount of \$17,455,000 to advance refund a portion of the District's outstanding 2005 Series A Bonds and a portion of the District's outstanding 2005 Series B Bonds. The Refunding Bonds are being issued to refund a portion of the outstanding 2005 Series B Bonds.

Security

The Bonds of each Series are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Boards of Supervisors of the Counties are empowered and are obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on each Series of the Bonds, upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates). Such taxes, when collected, shall be deposited and kept separate and apart in the funds established and held by the Treasurer and designated as the "Coachella Valley Unified School District General Obligation Bonds, 2012 Election, Series B Bonds Debt Service Fund" and as the "Coachella Valley Unified School District 2015 General Obligation Refunding Bonds Debt Service Fund" (each a "Debt Service Fund" and together the "Debt Service Funds"). Each Debt Service Funds shall be used by the County for the payment of the principal of and interest on the corresponding Series of the Bonds when due, and for no other purpose. Although the Counties are obligated to levy an *ad valorem* tax for the payment of the Bonds, and the County will hold the Debt Service Fund, the Bonds are not a debt of the Counties. See "TAX BASE FOR REPAYMENT OF BONDS" herein.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of, interest on and redemption premium, if any, on the Bonds as the same become due and payable, shall be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance

*Preliminary, subject to change.

of such principal of, interest on, and redemption premium, if any on the Bonds, as applicable, to its Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds. Interest earnings on the investment of moneys held in each Debt Service Fund shall be retained in the corresponding Debt Service Fund and used by the District to pay principal of and interest on the corresponding Series of the Bonds when due (subject to compliance with applicable federal tax code requirements).

The rate of the annual *ad valorem* taxes levied by the Counties 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, disruption in financial markets that may reduce the 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 educational, 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, wildfire, 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 APPENDIX A – "INFORMATION RELATING TO THE COACHELLA VALLEY UNIFIED SCHOOL DISTRICT'S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Description of the Bonds; Payment

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

Payment of principal of and interest on any Bonds, shall be payable at maturity upon surrender at the office of the Paying Agent as designated by the Paying Agent to the District in writing. The principal of and interest on the Bonds shall be payable in lawful money of the United States of America.

Interest on the Bonds accrues from their date of issuance and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2016 (each an "Interest Payment Date"). Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall be issued in denominations of \$5,000 or integral multiples thereof and bear interest from the Interest 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 Interest Payment Date to the Interest Payment Date, inclusive, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before January 15, 2015, in which event it shall bear interest from their date of issuance; provide, however, that if at the time of authentication of any Bond, interest is then in default on outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest payments on any Bond shall be paid on each Interest Payment Date by check mailed by first class mail to the person on whose name the Bond is registered, and to that person's address appearing on the Bond Register as of the close of business on the 15th day of the month immediately preceding such Interest Payment Date whether or not such day is a business day (each a "Record Date") immediately preceding such payment date. An owner of an aggregate principal amount of Bonds of \$1,000,000 or

more may request, in writing, prior to the close of business on the Record Date preceding each Interest Payment Date, to the Paying Agent that such owner be paid interest by wire transfer to the bank within the United States of America and account number on file with the Paying Agent as of the Record Date. Payments of principal and redemption premiums, if any, with respect to the Bonds shall be payable at maturity or redemption upon surrender at the office of the Paying Agent as designated by the Paying Agent to the District in writing. The principal of and interest on the Bonds shall be payable in lawful money of the United States of America.

See the maturity schedule on the inside cover page hereof and "DEBT SERVICE SCHEDULE."

Book-Entry-Only System

The Depository Trust Company (defined above as "DTC"), 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 through the facilities of DTC. Principal of, premium, if any, on the Bonds of each Series and payment of interest on the Bonds of each Series is payable by the Paying Agent to DTC. DTC is responsible for disbursing such payments to the Beneficial Owners in accordance with the DTC book-entry-only system. See APPENDIX G – "BOOK-ENTRY SYSTEM."

Paying Agent

Pursuant to the Resolutions, the District has appointed U.S. Bank National Association as the initial authenticating agent, bond registrar, transfer agent and paying agent (collectively, the "Paying Agent") for the Bonds. As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to Owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of any Bonds called for redemption or of any other action covered by such notice.

The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The Bonds are obligations of the District. No part of any fund of the Counties is pledged or obligated to the payment of the Bonds.

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

Redemption*

Optional Redemption

The Tax-Exempt Series B Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to maturity. The Tax-Exempt Series B Bonds maturing on or after August 1, 20__, or any date thereafter, are subject to redemption prior to their respective stated maturity dates at the option of

* Preliminary, subject to change.

the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity on any date, on or after August 1, 20__, and may be redeemed prior to the maturity thereof by payment of a redemption price equal to the principal amount of the Tax-Exempt Series B Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

The Taxable Series B Bonds maturing on or before August 1, 20__ are not subject to optional redemption prior to maturity. The Taxable Bonds maturing on or after August 1, 20__, or any date thereafter, are subject to redemption prior to their respective stated maturity dates at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity on any date, on or after August 1, 20__, and may be redeemed prior to the maturity thereof by payment of a redemption price equal to the principal amount of the Taxable Series B Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

The Refunding Bonds maturing on or before August 1, 20__, are not subject to optional redemption prior to their fixed maturity dates. The Refunding Bonds maturing on or after August 1, 20__, or any date thereafter, are subject to redemption prior to their respective stated maturity dates at the option of the District, in whole or in part among maturities on such basis as shall be designated by the District and by lot within a maturity on any date, on or after August 1, 20__, and may be redeemed prior to the maturity thereof by payment of a redemption price equal to the principal amount of the Refunding Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption

The [Tax-Exempt] Series B Bonds maturing on August 1, 20__, shall be subject to mandatory sinking fund redemption, in part, on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

Mandatory Redemption Dates	Principal Amount
August 1, 20__	\$
August 1, 20__	
August 1, 20__	
August 1, 20__ (maturity)	

Purchase In Lieu of Redemption

In lieu of, or partially in lieu of, any mandatory sinking fund redemption of [Tax-Exempt] Series B Bonds, moneys in the corresponding Debt Service Fund may be used to purchase the Outstanding [Tax-Exempt] Series B Bonds that were to be redeemed with such funds in the manner provided in the applicable Resolution. Purchases of Outstanding [Tax-Exempt] Series B Bonds may be made by the District or the Treasurer through the Paying Agent prior to the selection of [Tax-Exempt] Series B Bonds for redemption at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest. Any accrued interest payable upon the purchase of [Tax-Exempt] Series B Bonds may be paid from the corresponding Debt Service Fund for payment of interest on the next following Interest Payment Date.

Selection of Bonds for Redemption

Whenever less than all the outstanding Bonds of a Series are to be redeemed, the Paying Agent, upon written instruction from the District, shall select the Bonds of such Series for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds of such Series 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 the principal amount of \$5,000 or any integral multiple thereof.

Notice of Redemption

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

Notice of redemption of the Bonds of a Series shall be mailed by the Paying Agent first-class, postage prepaid, to the respective Owners of any Bonds of such Series designated for redemption at their address appearing on the Bond Register required to be kept by the Paying Agent, and to a securities depository and to a national information service, in every case at least 20 days, but not more than 45 days prior to the designated redemption date. Any such redemption, or notice of such redemption shall be subject to the provisions regarding "Contingent Redemption; Rescission of Redemption" described below.

Neither failure to receive or failure to send such Redemption Notice nor any defect in any Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of such Bonds or the cessation of accrual of interest represented thereby from and after the redemption date.

Contingent Redemption; Rescission of Redemption

Any Redemption Notice may specify that redemption of the Bonds of a Series designated for redemption on the specified date will be subject to the receipt by the District of moneys sufficient to cause such redemption (and will specify the proposed source of such moneys), and the District, the Counties and the Paying Agent will not have any liability to the Owners of any Bonds of such Series, or any other party, as a result of the District's failure to redeem the Bonds of such Series designated for redemption as a result of insufficient moneys therefor.

Additionally, the District may rescind any optional redemption of the Bonds of a Series, and notice thereof, for any reason on any date prior to the date fixed for such redemption by causing written notice of the rescission to be given to the Owners of the Bonds of such Series so called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Bond of notice of such rescission shall not be a

condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission. Neither the District, the County nor the Paying Agent will have any liability to the Owners of any Bonds of a Series, or any other party, as a result of the District's decision to rescind a redemption of any Bonds of such Series pursuant to the provisions of the applicable Resolution.

Partial Redemption of Bonds

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

Effect of Notice of Redemption

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

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

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

Defeasance

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

- a. Cash. By irrevocably depositing with a bank or trust company in escrow an amount of cash which, together with amounts then on deposit in the corresponding Debt Service Fund, is sufficient to pay all Bonds of the applicable Series outstanding and designated for defeasance, including all principal and interest; or
- b. Defeasance Securities. By irrevocably depositing with a bank or trust company in escrow, noncallable Defeasance Securities (as defined below) together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys then on deposit in the Debt Service Fund for the corresponding Series of the Bonds together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds of the applicable Series outstanding and designated

for defeasance (including all principal and interest represented thereby and prepayment premiums, if any), at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Refunding Bonds, and the District and the County with respect to all such designated outstanding Bonds of such Series outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent or an 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 registered owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

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

Registration, Transfer and Exchange of Bonds

So long as any of the Bonds of a Series remain outstanding, if the book-entry only system is no longer in effect, the District will cause the Paying Agent to maintain and keep at its principal trust office all books and records necessary for the registration, exchange and transfer of certificated the Bonds of the applicable Series as provided in the applicable Resolution (the "Bond Register"). Subject to the provisions of the applicable Resolution, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond for all purposes of the applicable Resolution. Payment of or on account of the principal of and premium, if any, and interest on any Bond shall be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in the applicable Resolution. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

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

Any Bond of a Series may be exchanged for Bonds of such Series of like tenor, maturity and principal amount upon presentation and surrender at the principal corporate trust 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. Any Bond may, in accordance with its terms (but only if the District determines no longer to maintain the book-entry-only status of the Bonds of such Series, DTC determines to discontinue providing such services and no successor securities depository is named or DTC requests the District to deliver certificated securities to particular DTC Participants) be transferred, upon the Bond Register by the registered owner, in person or by his or her

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 registered owner, in the aggregate principal amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

In all cases of exchanged or transferred Bonds of a Series, the District shall sign and the Paying Agent shall authenticate and deliver Bonds of the applicable Series in accordance with the provisions of the applicable Resolution. All fees and costs of transfer shall be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Bonds of a Series 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 the applicable Resolution as the Bonds of the applicable Series surrendered upon that exchange or transfer.

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

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

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Tax-Exempt Series B Bonds are expected to be applied as follows:

Sources of Funds	
Principal Amount of Tax-Exempt Series B Bonds	\$
Original Issue Premium	_____
Total Sources	\$
 Uses of Funds	
Building Fund	\$
Debt Service Fund ⁽¹⁾	
Costs of Issuance ⁽²⁾	_____
Total Uses	\$

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

Sources of Funds	
Principal Amount of Taxable Series B Bonds	\$
Original Issue Premium	_____
Total Sources	\$
 Uses of Funds	
Building Fund	\$
Debt Service Fund ⁽¹⁾	
Costs of Issuance ⁽²⁾	_____
Total Uses	\$

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

Sources of Funds	
Principal Amount of Refunding Bonds	\$
Original Issue Premium	_____
Total Sources	\$
 Uses of Funds	
Escrow Fund ⁽¹⁾	\$
Costs of Issuance ⁽²⁾	_____
Total Uses	\$

⁽¹⁾ See "APPLICATION OF PROCEEDS OF BONDS – Refunding Plan."

⁽²⁾ Includes, among other things, the fees and expenses of Bond Counsel, Disclosure Counsel, the Paying Agent, District consultants, Underwriter's discount, the rating fees, bond insurance premium, if any, the cost of printing the preliminary and final Official Statements and other costs associated with issuing, selling and delivering the Bonds.

DEBT SERVICE SCHEDULE

The following table shows the debt service schedule with respect to the Tax-Exempt Series B Bonds.

Year Ending August 1	Principal Payment	Interest Payment	Total Annual Debt Service
2016	\$	\$	\$
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
20__	\$	\$	\$

The following table shows the debt service schedule with respect to the Taxable Series B Bonds.

Year Ending August 1	Principal Payment	Interest Payment	Total Annual Debt Service
2016	\$	\$	\$
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
20__	\$	\$	\$

The following table shows the debt service schedule with respect to the Refunding Bonds.

Year Ending August 1	Principal Payment	Interest Payment	Total Annual Debt Service
2016	\$	\$	\$
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
20__			
	\$	\$	\$

APPLICATION OF PROCEEDS OF BONDS

Series B Bonds Building Fund and Accounts

A portion of the proceeds from the sale of the Series B Bonds received by the District shall be paid to the County to the credit of the fund created and established by the County known as the "Coachella Valley Unified School District General Obligation Bonds, 2012 Election, Series B Bonds Building Fund" (the "Building Fund") and shall be kept separate and distinct from all other District and County funds. Proceeds of the Taxable Series B Bonds, shall be paid to the County to the credit of the "Taxable Bonds Building Account" within the Building Fund. Proceeds of the Series B Bonds shall be used solely for authorized purposes which relate to finance the construction of new facilities and renovation and improvement at existing schools (including the purchase of portable learning technology devices), which may include the furnishing and equipping of school facilities or the acquisition or lease of real property for schools or to the payment of costs of issuance of the Series B Bonds. Series B Bond proceeds may be used to reimburse the District for eligible costs [confirm: but Series B Bond proceeds are not expected to be applied to any reimbursements at this time]. The District intends to use the net construction proceeds of the Series B Bonds as described above in "INTRODUCTION – Purpose of Issue." Any excess proceeds of the Series B Bonds not needed for the authorized purposes for which the Series B Bonds are being issued shall be transferred to Series B Bonds Debt Service Fund and applied to the payment of principal of and interest on the Series B Bonds.

[The net construction proceeds of the Taxable Series B Bonds shall be deposited into a separate account of the Building Fund, designated as the "Taxable Bonds Building Account" and shall be held, invested and accounted for separately from other funds and accounts established and held under the County Resolution]. If, after payment in full of the Series B Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District. Interest earned on the investment of moneys held in the Building Fund shall be retained in the Building Fund.

Debt Service Funds

Any premium received by the County or the District from the sale of the Series B Bonds, as well as tax revenues collected by the Counties pursuant to the County Resolution, and Section 15260 *et seq.* of the Education Code, shall be deposited and kept separate and apart in the corresponding Debt Service Fund and shall be used only for payment of principal of and interest on the Series B Bonds.

The Refunding Plan

The net proceeds of the Refunding Bonds will be transferred to U.S. Bank National Association (the "Escrow Agent") for deposit in an escrow fund to be established under an Escrow Agreement, dated as of the Closing Date (the "Escrow Agreement"), by and between the District and the Escrow Agent. The Refunded Bonds consist of the 2005 Series B Bonds maturing August 1, 2031, in the aggregate principal amount of \$11,000,000.

The Escrow Agent will invest the net proceeds of the Bonds in the "Escrow Investments" specified under the Escrow Agreement that mature no later than August 1, 2017, with respect to the Refunded Bonds. The Escrow Agent will invest the net proceeds of the Refunding Bonds in certain federal securities as specified in the Escrow Agreement. These funds will be sufficient to pay (i) the interest on the Refunded Bonds to and including August 1, 2017, with respect to the Refunded Bonds, and (ii) the redemption price of the Refunded Bonds on August 1, 2017, with respect to the Refunded Bonds.

Sufficiency of the deposits in the escrow fund for those purposes will be verified by Causey Demgen & Moore P.C., Denver, Colorado. See "VERIFICATION OF MATHEMATICAL ACCURACY" below. Assuming the accuracy of Causey Demgen & Moore P.C.'s computations, as a result of the deposit and application of funds as provided in the Escrow Agreement, the Refunded Bonds will be defeased under the provisions of the resolution under which they were issued, as of the date of issuance of the Refunded Bonds.

The current interest 2005 Series B Bonds maturing August 1, 2016, and August 1, 2017, are not being refunded and will remain outstanding.

Other Uses of Bonds Proceeds. The remaining proceeds of the Bonds will be used to pay the Underwriter's discount, bond insurance premium, if any, and certain costs of issuance associated with the Refunding Bonds.

Permitted Investments

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

See APPENDIX F – "COUNTY OF RIVERSIDE TREASURER'S POOLED INVESTMENT FUND."

TAX BASE FOR REPAYMENT OF BONDS

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

Ad Valorem Property Taxation

The collection of property taxes is significant to the District and the Owners of the Bonds in two respects. First, each County Board of Supervisors will levy and collect *ad valorem* taxes on all taxable parcels within the District within such County which are pledged specifically to the repayment of the Bonds. Second, the general *ad valorem* property tax levy levied in accordance with Article XIII A of the California Constitution and its implementing legislation is taken into account in connection with the State's Local Control Funding Formula ("LCFF") which determines the amount of funding received by the District from the State to operate the District's educational programs. The LCFF replaces revenue limit and most categorical program funding previously used to determine the amount of funding received by the District from the State with the LCFF which consists primarily of base, supplemental and concentration funding formulas that focus resources based on a school district's student demographic. See APPENDIX A – "INFORMATION RELATING TO THE COACHELLA VALLEY UNIFIED SCHOOL DISTRICT'S OPERATIONS AND BUDGET – State Funding to School Districts; Restructuring the K-12 Funding System" and " – Local Control Funding Formula" and " – EFFECT OF STATE BUDGET ON REVENUES – 2014-15 State Budget" below. As described below, the general *ad*

valorem property tax levy and the additional *ad valorem* property tax levy pledged to repay the Bonds of each Series will be collected on the annual tax bills distributed by the Counties to the owners of parcels within the boundaries of the District.

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

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

Ad Valorem Property Taxation. Taxes are levied by the respective Counties for each fiscal year on taxable real and personal property in the District which is situated in the respective Counties as of the preceding January 1. The valuation of secured property is established as of January 1 and is subsequently equalized in August. 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 applicable County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." Boats and airplanes are examples of unsecured property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent 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 applicable County Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1 and a lien may be recorded against the assessee. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county clerk and county recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee.

Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and 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. The availability of revenue from growth in tax bases to such entities may be affected by the establishment of redevelopment agencies or similar entities which, under certain circumstances, may be entitled to revenues resulting from the increase in certain property values.

Assessed Valuations

The assessed valuation of property in the District is established by the respective County's Assessors, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIII A of the California Constitution. Prior to 1981-82, assessed valuations were reported at 25% of the full value of property. For a discussion of how properties currently are assessed, see "APPENDIX A – INFORMATION RELATING TO THE COACHELLA VALLEY UNIFIED SCHOOL DISTRICT'S OPERATIONS AND BUDGET."

Certain classes of property, such as churches, colleges, not-for-profit hospitals and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

Property within the District has a total assessed valuation for Fiscal Year 2014-15 of \$8,293,467,798. The following tables represent a six-year history of assessed valuations in the District.

TABLE 1

**ASSESSED VALUATIONS
Fiscal Years 2010-11 through 2014-15
Coachella Valley Unified School District**

Riverside County Portion

<u>Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Before Rdv. Increment</u>
2010-11	\$7,432,820,977	\$1,891,781	\$167,051,927	\$7,601,764,685
2011-12	7,058,836,878	1,891,781	151,934,858	7,212,663,517
2012-13	7,053,068,507	1,417,431	147,987,360	7,202,473,298
2013-14	7,333,776,207	1,417,431	135,506,923	7,470,700,561
2014-15	7,903,549,201	1,417,431	138,880,958	8,043,847,590

Imperial County Portion

<u>Year</u>	<u>Local Secured</u>	<u>Utility⁽¹⁾</u>	<u>Unsecured</u>	<u>Total Before Rdv. Increment</u>
2010-11	\$273,690,571	\$0	\$7,988,075	\$281,678,646
2011-12	248,910,974	0	4,877,456	253,788,430
2012-13	246,218,585	0	5,184,939	251,403,524
2013-14	243,899,116	0	4,225,399	248,124,515
2014-15	242,835,255	0	6,784,953	249,620,208

Total District

<u>Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Before Rdv. Increment</u>
2010-11	\$7,706,511,548	\$1,891,781	\$175,040,002	\$7,883,443,331
2011-12	7,307,747,852	1,891,781	156,812,314	7,466,451,947
2012-13	7,299,287,092	1,417,431	153,172,299	7,453,876,822
2013-14	7,577,675,323	1,417,431	139,732,322	7,718,825,076
2014-15	8,146,384,456	1,417,431	145,665,911	8,293,467,798

⁽¹⁾ There is no utility property in the Imperial County portion of the District.

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 Counties to pay the debt service with respect to the Bonds. With respect to droughts specifically, the State of California is currently facing water shortfalls, and on January 17, 2014, the Governor declared a state of drought emergency, calling on Californians to conserve water. As part of his declaration, the Governor directed State officials to assist agricultural producers and communities that may be economically impacted by dry conditions. Thereafter, 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 predict or make any representations 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. See “INTRODUCTION – Sources of Payment for the Bonds” and “THE BONDS – Security” herein.

The assessed valuation of property in the District is established by the respective County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the “full value” of the property, as defined in Article XIII A of the California Constitution. Prior to 1981-82, assessed valuations were reported at 25% of the full value of property. For a discussion of how properties currently are assessed, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS” in Appendix A herein.

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

Assessed Valuation and Parcels by Land Use

The following table is a per parcel analysis of the District’s secured assessed valuation for Fiscal Year 2014-15 by land use.

TABLE 2
SECURED ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2014-15
Coachella Valley Unified School District

	2014-15 <u>Assessed Valuation</u> ⁽¹⁾	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
<u>Non-Residential:</u>				
Agricultural/Rural	\$ 565,450,764	6.94%	2,194	4.75%
Commercial/Recreational	533,339,768	6.55	783	1.70
Vacant Commercial	119,701,418	1.47	960	2.08
Industrial	164,516,369	2.02	219	0.47
Institutional/Social/Religious	4,198,472	0.05	118	0.26
Other Vacant/Desert Parcels	<u>205,181,884</u>	<u>2.52</u>	<u>13,620</u>	<u>29.51</u>
Subtotal Non-Residential	<u>\$1,592,388,675</u>	<u>19.55%</u>	<u>17,894</u>	<u>38.77%</u>
<u>Residential:</u>				
Single Family Residence	\$4,919,626,645	60.39%	14,468	31.35%
Condominium/Townhouse	469,699,347	5.77	1,401	3.04
Mobile Home	57,518,790	0.71	144	0.31
Mobile Home Park	5,796,902	0.07	74	0.16
2+ Residential Units	357,736,895	4.39	260	0.56
Vacant Residential	<u>743,617,202</u>	<u>9.13</u>	<u>11,915</u>	<u>25.81</u>
Subtotal Residential	<u>\$6,553,995,781</u>	<u>80.45%</u>	<u>28,262</u>	<u>61.23%</u>
Total	\$8,146,384,456	100.00%	46,156	100.00%

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

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single Family Homes

The following table is a per parcel analysis of the assessed valuation of single-family homes within the District, in terms of their Fiscal Year 2014-15 assessed valuation.

TABLE 3

**ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2014-15
Coachella Valley Unified School District**

	<u>No. of Parcels</u>	<u>2014-15 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	14,468	\$4,919,626,645	\$340,035	\$157,000

<u>2014-15 Assessed Valuation</u>	<u>No. of Parcels⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$49,999	1,019	7.043%	7.043%	\$ 38,172,901	0.776%	0.776%
\$50,000 - \$99,999	2,794	19.312	26.355	209,979,472	4.268	5.044
\$100,000 - \$149,999	2,924	20.210	46.565	367,323,837	7.466	12.511
\$150,000 - \$199,999	2,118	14.639	61.204	361,050,915	7.339	19.850
\$200,000 - \$249,999	566	3.912	65.116	125,226,709	2.545	22.395
\$250,000 - \$299,999	359	2.481	67.597	98,081,771	1.994	24.389
\$300,000 - \$349,999	422	2.917	70.514	136,397,477	2.773	27.161
\$350,000 - \$399,999	362	2.502	73.016	136,332,784	2.771	29.932
\$400,000 - \$449,999	389	2.689	75.705	166,411,125	3.383	33.315
\$450,000 - \$499,999	371	2.564	78.269	176,177,071	3.581	36.896
\$500,000 - \$549,999	338	2.336	80.605	177,533,375	3.609	40.505
\$550,000 - \$599,999	330	2.281	82.886	188,798,460	3.838	44.343
\$600,000 - \$649,999	359	2.481	85.368	224,041,218	4.554	48.897
\$650,000 - \$699,999	289	1.998	87.365	194,068,905	3.945	52.841
\$700,000 - \$749,999	241	1.666	89.031	174,565,475	3.548	56.390
\$750,000 - \$799,999	165	1.140	90.171	128,067,572	2.603	58.993
\$800,000 - \$849,999	168	1.161	91.333	138,399,826	2.813	61.806
\$850,000 - \$899,999	129	0.892	92.224	113,377,754	2.305	64.111
\$900,000 - \$949,999	105	0.726	92.950	96,938,950	1.970	66.081
\$950,000 - \$999,999	96	0.664	93.613	93,201,092	1.894	67.976
\$1,000,000 and greater	924	6.387	100.000	1,575,479,956	32.024	100.000
Total	14,468	100.000%		\$4,919,626,645	100.000%	

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

Source: California Municipal Statistics, Inc.

The following table shows the assessed valuations by jurisdiction in Fiscal Year 2014-15 in the District.

TABLE 4
ASSESSED VALUATION BY JURISDICTION⁽¹⁾
Fiscal Year 2014-15
Coachella Valley 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	\$1,371,445,385	16.54%	\$1,470,374,818	93.27%
City of Indio	801,329,383	9.66	6,736,088,434	11.90
City of La Quinta	4,406,769,299	53.14	11,428,511,593	38.56
Unincorporated Riverside County	1,464,303,523	17.66	34,589,271,495	4.23
Unincorporated Imperial County	<u>249,620,208</u>	<u>3.01</u>	5,106,864,421	4.89
Total District	\$8,293,467,798	100.00%		
 <u>Summary by County:</u>				
Riverside County	\$8,043,847,590	96.99%	\$225,770,065,829	3.56%
Imperial County	<u>249,620,208</u>	<u>3.01</u>	11,075,492,191	2.25
Total District	\$8,293,467,798	100.00%		

⁽¹⁾ Before deduction of redevelopment incremental valuation.

Source: California Municipal Statistics, Inc.

Largest Property Owners

The following table shows the 20 largest owners of taxable property in the District as determined by secured assessed valuation in Fiscal Year 2014-15:

TABLE 5

LARGEST LOCAL SECURED PROPERTY OWNERS COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

Largest 2014-15 Local Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	2014-15 <u>Assessed Valuation</u>	% of <u>Total⁽¹⁾</u>
1.	Anthony Vineyards Inc.	Industrial and Agricultural	\$ 61,485,033	0.75%
2.	TD Desert Development	Commercial	56,666,631	0.70
3.	East of Madison	Country Club and Residential	56,189,272	0.69
4.	Coral Option I	Residential Development	51,489,325	0.63
5.	Red Globes Properties	Agricultural	48,281,397	0.59
6.	Colmac Energy Inc.	Industrial	43,815,873	0.54
7.	Coachella Holdco	Polo Club and Festival Grounds	32,549,828	0.40
8.	LQR Golf	Golf Course and Resort	31,921,622	0.39
9.	Michael Bozick	Agricultural	31,865,301	0.39
10.	Soco	Commercial	30,586,166	0.38
11.	Sunrise Desert Partners	Agricultural	27,990,342	0.34
12.	Armtec Defense Products Co.	Industrial	26,712,245	0.33
13.	Nadador	Resort/Timeshare	25,747,082	0.32
14.	Crown Hill Ranches Inc.	Agricultural	24,206,511	0.30
15.	JTM Land Co.	Race Track	23,059,149	0.28
16.	NWK4 Inc.	Agricultural	22,993,667	0.28
17.	La Quinta MB Welling Ltd.	Apartments	20,379,906	0.25
18.	Smoketree Apartments 288	Apartments	18,702,199	0.23
19.	Nicholas L. Bozick	Agricultural	18,030,343	0.22
20.	Crystal Organic Farms	Agricultural	<u>17,942,911</u>	<u>0.22</u>
			<u>\$670,614,803</u>	<u>8.23%</u>

⁽¹⁾ Fiscal Year 2014-15 Local Secured Assessed Valuation: \$8,146,384,456.

Source: California Municipal Statistics, Inc.

Appeals and Adjustments of Assessed Valuations

Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the 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 such application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT

REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution” in Appendix A herein.

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

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

Alternative Method of Tax Distribution – “Teeter Plan”

The Counties have each implemented an alternative method for the distribution of secured property taxes to local agencies, known as the “Teeter Plan.” The Teeter Plan provisions are now set forth in Sections 4701 to 4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county acts as “bank” and certain other public agencies and taxing areas located in the county receive annually the full amount of their share of property taxes on the secured roll, including delinquent property taxes which have yet to be collected. While a county benefits from the penalties associated with these delinquent taxes when they are paid, the Teeter Plan provides participating local agencies with stable cash flow and the elimination of collection risk.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. As a separate election, a county may elect to have the Teeter Plan procedures also apply to assessments on the secured roll. The Boards of Supervisors of the Counties adopted the Teeter Plan on June 29, 1993. The Counties’ Teeter Plans apply to the District and to the Bonds.

The *ad valorem* property tax to be levied to pay the principal of and interest on the Bonds is subject to the Teeter Plan. 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 Counties.

Once adopted, a county’s Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, opt to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency. The Counties have never discontinued the Teeter Plan with respect to any levying agency.

Upon making a Teeter Plan election, a county must initially provide a participating local agency with 95% of the estimated amount of the then-accumulated tax delinquencies (excluding penalties) for that agency. In the case of the initial year distribution of assessments (if a county has elected to include assessments), 100% of the assessment delinquencies (excluding penalties) are to be apportioned to the participating local agency which levied the assessment. After the initial distribution, each participating local agency receives annually 100% of the secured property tax levies to which it is otherwise entitled, regardless of whether the county has actually collected the levies.

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a pro rata adjustment for the amount of the change is made on the records of the treasurer and auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by the county as an interest-free offset against future advances of tax levies under the Teeter Plan.

Tax Levies, Collections and Delinquencies

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the District as of the preceding January 1. A supplemental tax is levied when property changes hands or new construction is completed which produces additional revenue.

A 10% penalty attaches to any delinquent payment for secured roll taxes. In addition, property on the secured roll with respect to which taxes are delinquent becomes tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty (i.e., interest) to the time of redemption and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to auction sale by the Counties.

In the case of unsecured property taxes, a 10% penalty attaches to delinquent taxes on property on the unsecured roll, an additional penalty of 1.5% per month begins to accrue beginning November 1 of the fiscal year, and a lien is recorded against the assessee. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy and collect all property taxes, and prescribed how levies on county-wide property values (except for levies to support prior voter-approved indebtedness) are to be shared with local taxing entities within each county. The following table shows secured *ad valorem* taxes for the payment of bonded indebtedness of the District, and amounts delinquent as of June 30, for Fiscal Years 2009-10 through 2013-14:

TABLE 6
SUMMARY OF SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2009-10 through 2013-14
Coachella Valley Unified School District

<u>Fiscal Year</u>	<u>Secured Tax Charge⁽¹⁾</u>	<u>Amount Delinquent June 30</u>	<u>% Delinquent June 30</u>
2009-10	\$45,787,842.92	\$477,684.26	8.25%
2010-11	6,854,503.08	387,467.90	5.65
2011-12	5,220,696.01	214,060.50	4.10
2012-13	5,576,917.53	150,147.04	2.69
2013-14	10,800,128.94	182,672.66	1.69

⁽¹⁾ General obligation bond debt service levy only.

Source: California Municipal Statistics, Inc.

Tax Rates

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

The table below provides historical total *ad valorem* tax rates levied by all taxing entities in a typical tax rate area (TRA 20-160) (Riverside County Portion)⁽¹⁾ within the District from Fiscal Year 2010-11 to Fiscal Year 2014-15.

TABLE 7
SUMMARY OF AD VALOREM TAX RATES
Fiscal Years 2010-11 through 2014-15
Coachella Valley Unified School District

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
General	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Desert Community College District	.01995	.01995	.01995	.01995	.02325
Coachella Valley Unified School District	.09332	.07487	.07968	.14919	.14919
Coachella Valley Water District I.D. 55	.00600	—	—	—	—
Coachella Valley Water District	.08000	.08000	.08000	.10000	.10000
Total	1.19927%	1.17482%	1.17963%	1.26914%	1.27244%

(1) Fiscal Year 2014-15 assessed valuation of TRA 20-160 is \$1,112,467.832 which is 13.41% of the District's total assessed valuation.

Source: California Municipal Statistics, Inc.

Direct and Overlapping Bonded Debt

Set forth below is a direct and overlapping debt report as of July 1, 2015 (the "Debt Report") with respect to the District prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. Neither the District nor the Underwriter have 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 contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the District; (2) the second column shows the percentage of the assessed valuation of the overlapping public agency identified in column 1 which is represented by property located within the District; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in the District, as determined by multiplying the total outstanding debt of each agency by the percentage of the District's assessed valuation represented in column 2.

TABLE 8

**STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
COACHELLA VALLEY UNIFIED SCHOOL DISTRICT**

2014-15 Assessed Valuation: \$8,293,467,798

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 7/1/15</u>
Desert Community College District	12.185%	\$ 37,605,285
Coachella Valley Unified School District	100.	178,113,759 ⁽¹⁾
Pioneers Memorial Healthcare District	7.028	917,154
Desert Recreation and Park District Reassessment District No. 01-1	8.154	72,163
Coachella Valley Water District, Assessment District Nos. 32 and 33	100.	866,528
City of Indio Assessment District No. 2001-1	29.320	797,504
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$218,372,393
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	3.563%	\$34,274,353
Riverside County Pension Obligation Bonds	3.563	11,418,346
Riverside County Board of Education Certificates of Participation	3.563	65,381
Imperial County Certificates of Participation	2.254	213,116
Imperial County Pension Obligation Bonds	2.254	1,015,540
Coachella Valley Unified School District General Fund Obligations	100.	42,435,000
City of Indio Certificates of Participation	11.896	4,662,042
City of La Quinta General Fund Obligations	38.559	927,344
Desert Recreation and Park District Certificates of Participation	18.688	308,775
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$95,319,897
Less: Riverside County supported obligations		269,541
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$95,050,356
 <u>OVERLAPPING TAX INCREMENT DEBT:</u>		
Coachella Redevelopment Agency	91.597-92.293%	\$ 30,870,757
La Quinta Redevelopment Agency	14.927	31,013,082
Riverside County Redevelopment Agency	17.627-79.952	139,482,923
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$201,366,762
 GROSS COMBINED TOTAL DEBT		\$515,059,052 ⁽²⁾
NET COMBINED TOTAL DEBT		\$514,789,511

(1) Excludes issue to be sold.

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

Ratios to 2014-15 Assessed Valuation:

Direct Debt (\$178,113,759)	2.15%
Total Direct and Overlapping Tax and Assessment Debt	2.63%
Combined Direct Debt (\$220,548,759)	2.66%
Gross Combined Total Debt.....	6.21%
Net Combined Total Debt	6.21%

Ratio to Redevelopment Incremental Valuation (\$3,583,262,575):

Total Overlapping Tax Increment Debt	5.62%
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Source: California Municipal Statistics, Inc.

TAX MATTERS

Opinion of Bond Counsel

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

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

In the further opinion of Bond Counsel, interest on the Tax-Exempt Series B Bonds, the Taxable Series B Bonds and the Refunding Bonds is exempt from State of California personal income taxation.

Bond Counsel expresses no opinion regarding or concerning any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds.

See APPENDIX D — "PROPOSED FORMS OF OPINIONS OF BOND COUNSEL" for the proposed form of opinion of Bond Counsel.

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

Original Issue Discount; Premium Bonds

The initial public offering price of the Bonds of each Series in some cases is less than the amount payable with respect to such Bonds of such Series at maturity. An amount not less than the difference between the initial public offering price of a Bond and the amount payable at the maturity of such Bond constitutes original issue discount. Original issue discount on a tax-exempt obligation, such as the Bonds of a Series, accrues on a compounded basis. The amount of original issue discount that accrues to the owner of a Bond issued with original issue discount will be excludable from such owner's gross income and will increase the owner's adjusted basis in such Bond potentially affecting the amount of gain or loss realized upon the owner's sale or other disposition of such Bond. The amount of original issue discount that accrues in each year is not included as a tax preference for purposes of calculating alternative minimum taxable income and may therefore affect a taxpayer's alternative minimum tax liability. Consequently, taxpayers owning the Bonds issued with original issue discount should be aware that the accrual of original issue discount in each year may result in an alternative minimum tax liability although the taxpayer has not received cash attributable to such original issue discount in such year.

Purchasers should consult their personal tax advisors with respect to the determination for federal income tax purposes of the amount of original issue discount properly accruable with respect to the Bonds, other federal income tax consequences of owning tax-exempt or taxable obligations with original issue discount and any state and local consequences of owning the Bonds.

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

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

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-Exempt Series B Bonds or the Refunding Bonds to be subject, directly or indirectly, to federal income taxation or the interest on the Tax-Exempt Series B Bonds, the Taxable Series B Bonds or the Refunding Bonds to be subject to or exempted from state income taxation, or otherwise prevent Owners of the Bonds from realizing the full current benefit of the tax status of such interest.

The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, liquidity of or marketability of, the Bonds of a Series. In recent years, legislative changes were proposed in Congress, which, if enacted, would result in additional federal income tax being imposed on certain owners of tax-exempt state or local obligations, such as the Tax-Exempt Series B Bonds or Refunding Bonds. Prospective purchasers of the Tax-Exempt Series B Bonds or Refunding Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation as to which Bond Counsel expresses no opinion. As discussed in this Official Statement, under the above caption " – Opinion of Bond Counsel," interest on the Tax-Exempt Series B Bonds or the Refunding Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Tax-Exempt Series B Bonds or the Refunding Bonds were issued as a result of future acts or omissions of the Community Facilities

District in violation of its covenants in the applicable Resolution. Should such an event of taxability occur, the Tax-Exempt Series B Bonds and the Refunding Bonds are not subject to special redemption or acceleration and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the applicable Resolution.

Internal Revenue Service Audits of Tax-Exempt Securities Issues

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

Information Reporting and Backup Withholding

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

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

OTHER LEGAL MATTERS

Continuing Disclosure

The District has covenanted for the benefit of registered owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than nine months following the end of the District's Fiscal Year (so long as the District's Fiscal Year ends on June 30), commencing with the report for the 2014-15 Fiscal Year (which will be due not later than April 1, 2016), and to provide notices of the occurrence of certain listed events. The Annual Report will be filed by the District with the Municipal Securities Information Repository ("MSRB") through the Electronic Municipal Market Access System ("EMMA") in an electronic format and accompanied by identifying information as prescribed by the MSRB. Any notice of a listed event will be filed by the District with the MSRB through the EMMA System. The specific nature of the information to be made available and to be contained in the notices of listed events is set forth in

APPENDIX E – “FORMS OF CONTINUING DISCLOSURE CERTIFICATES.” These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the “Rule”).

District Prior Disclosure Compliance. A review of the District’s prior disclosure undertakings and its prior disclosure filings since [August 15], 2015 indicates the District did not fully comply in all respects with its prior continuing disclosure undertakings under the Rule. Identification of the below described events does not constitute a representation by the District that the late filings were material. For example, (1) certain annual reports and certain audited financial statements with respect to Fiscal Years 2009-10 through 2011-12 were not timely filed, (2) certain annual reports for Fiscal Years 2009-10 through 2012-13 did not include all content required by the applicable disclosure undertaking, and (3) certain notices of listed events relating to changes in the ratings of certain of the District’s then outstanding obligations were not timely filed. The District has filed the annual reports and audited financial statements which were not timely filed, has filed addendums and additional information relating to annual reports to provide information not included in the annual reports filed, and has filed listed event notices that were not timely filed in connection with rating changes on its obligations. The District believes that it is currently in material compliance with all of its continuing disclosure undertakings and the District has hired an outside consultant to facilitate preparation and filing of disclosure reports and notices of listed events in the future.

Legality for Investment in California

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

Absence of Material Litigation

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

RATINGS

The District has applied for an Insurance Policy for the scheduled payment of principal of and interest on the Bonds when due which, if purchased, would be issued concurrently with the delivery of the Bonds. If the Insurance Policy is acquired, Moody’s Investors Service, Inc. (“Moody’s”), will assign ratings to the Bonds with the understanding that, upon delivery of Bonds, the Insurance Policy will be issued by the Bond Insurer. Absent the Insurance Policy, Moody’s is expected to assign a rating of “___” (___) to the Bonds. The rating agency may have obtained and considered information and material which has not been included in this Official Statement. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. Some information provided to the rating agencies by the District may not appear in this Official Statement. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. For example, on July 7, 2014, at the same time as Moody’s assigned an A2 rating to the Bonds, Moody’s downgraded the underlying ratings of the District’s currently

outstanding general obligation bonds to A2 from A1. Any downward revision or withdrawal of ratings may have an adverse effect on the market price for the Bonds.

Rating Downgrades of Municipal Bond Insurers. In the past, Moody's, S&P and Fitch Ratings (the "Rating Agencies") have each downgraded the claims-paying ability and financial strength of various bond insurance companies. Additional downgrades or negative changes in the rating outlook are possible. In addition, recent events in the credit markets have had a substantial negative effect on the bond insurance business. These developments could be viewed as having a material adverse effect on the claims paying ability of such potential Insurer. Neither the District nor the Underwriter have made an independent investigation into the claims paying ability of such potential Insurer and no assurance or representation regarding the financial strength or projected financial strength thereof can be given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay the principal of and interest on the Bonds and the claims paying ability of potential Insurers, particularly over the life of the investment.

UNDERWRITING

The Bonds were purchased by RBC Capital Markets, LLC, as Underwriter (the "Underwriter"). The Underwriter has agreed to purchase the Tax-Exempt Series B Bonds at a price of \$ _____, which is equal to the principal amount of the Tax-Exempt Series B Bonds, plus net original issue premium in the amount of \$ _____, and less an Underwriter's discount of \$ _____. The Underwriter has agreed to purchase the Taxable Series B Bonds at a price of \$ _____, which is equal to the principal amount of the Taxable Bonds, plus net original issue premium in the amount of \$ _____, and less an Underwriter's discount of \$ _____. The Underwriter has agreed to purchase the Refunding Bonds at a price of \$ _____, which is equal to the principal amount of the Taxable Bonds, plus net original issue premium in the amount of \$ _____, and less an Underwriter's discount of \$ _____. The Bond Purchase Agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions.

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

VERIFICATION OF MATHEMATICAL ACCURACY

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to refund the Refunded Bonds, as described above, will be verified by Causey Demgen & Moore P.C., as the verification agent (the "Verification Agent"). Upon the issuance of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations contained in schedules provided to them on behalf of the District relating to the sufficiency of the amounts deposited under the Escrow Agreement to pay, when due, the principal, whether at maturity or upon prior prepayment, interest and prepayment premium requirements of the Refunded Bonds.

ADDITIONAL INFORMATION

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

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

Quotations from and summaries and explanations of the Bonds, the Resolutions providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

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

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

By

Dr. Derwin S. (Darryl) Adams,
Superintendent of the Coachella Valley
Unified School District

APPENDIX A

INFORMATION RELATING TO THE COACHELLA VALLEY UNIFIED SCHOOL DISTRICT'S OPERATIONS AND BUDGET

Principal of and interest on the Bonds is payable from the proceeds of an ad valorem tax levied by the Counties for the payment thereof. (See "THE BONDS – Security" herein.) Articles XIII A, XIII B, XIII C and XIII D of the Constitution, Propositions 39, 98, 111 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these constitutional and statutory measures on the ability of the Counties to levy taxes and of 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 Counties to levy taxes for payment of the Bonds. The tax levied by the Counties for payment of the Bonds was approved by the District's voters in compliance with Article XIII A, Article XIII C, and all applicable laws.

THE DISTRICT

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

General Information

The District is a unified school district providing elementary and secondary levels of education. Established in 1973, the District currently operates fourteen K-6 schools, three 7-8 schools, one 7-12 high school, two 9-12 high schools, one continuation high school, one adult education extension program, one Early Head Start program, nine Head Start programs, three part-day State Preschools and ten full-day State Preschools. The District encompasses approximately 1,220 square miles, with most of its territory within Riverside County (the "County") and a small portion within Imperial County (together with the County, the "Counties"). The District serves the cities of Coachella, La Quinta, Thermal, Mecca, Oasis, North Shores, Indio and Salton City. For Fiscal Year 2014-15, the District's average daily attendance ("ADA") was 17,906 students and for Fiscal Year 2015-16, the District's ADA is projected to be 18,005 students, and taxable property within the District has a Fiscal Year 2014-15 assessed valuation of \$8,293,467,798.¹

Administration

The District is governed by a seven-member Board of Trustees (the "Board"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. The management and policies of the District are administered by a Superintendent appointed by the Board who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. Dr. Darryl S. Adams is the current District Superintendent. Current members of the Board, together with their offices and the dates their current terms expire, are listed below:

¹ Source: Riverside and Imperial Counties.

BOARD OF TRUSTEES
Coachella Valley Unified School District

<u>Name</u>	<u>Office</u>	<u>Current Term Expires</u>
Maria G. Machuca	President	December 2016
Lowell Kamper	Vice President	December 2016
Meagan Caress	Clerk	December 2018
Manuel Jarvis-Martinez	Member	December 2016
Joe Murillo	Member	December 2016
Joey Acuña, Jr.	Member	December 2018
Blanca Hall	Member	December 2018

The Superintendent of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Dr. Darryl S. Adams is currently the Superintendent of the District. Brief biographies of key personnel follow:

Dr. Darryl S. Adams, Superintendent. Dr. Adams was appointed as Superintendent of the District in 2010. Dr. Adams has previously held the positions of music teacher, band director, middle school assistant principal, high school assistant principal, high school principal, director of human resources, and assistant superintendent of human resources. Additionally, he was recognized as a Teacher of the Year in Los Angeles County. Dr. Adams received a doctoral degree from Azusa Pacific University, a Master's Degree in Education Administration from California State University and a Bachelor's Degree in Music Education from the University of Memphis.

Gregory J. Fromm, Assistant Superintendent, Business and Finance. Mr. Gregory Fromm was hired by the District in October 2010. Mr. Fromm has previously held the positions of physical education teacher, college football coach, assistant principal, middle school and alternative high school principal, Director of Students Services and Executive Director of School Support. Mr. Fromm received a Masters of Arts in Educational Leadership from California State University at San Bernardino, Masters of Science in Physical Education from Canisius College and a Bachelors of Arts in Social Sciences from the State University of New York at Buffalo.

State Funding to School Districts; Restructuring the K-12 Funding System

General. The District's operating income consist primarily of two components: a state portion funded from the State's general fund and a locally generated portion derived from the District's share of the 1% local *ad valorem* property tax authorized by the State Constitution. California school districts receive a significant portion of their funding from State appropriations. As a result, changes in State revenues may affect appropriations made by the Legislature to school districts.

Aggregate State Education Fund; Proposition 98 On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act, have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of State general fund revenues as the percentage appropriated to such districts in Fiscal Year 1986-87, or (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The

Accountability Act permits the Legislature to suspend this formula for a one-year period. The current level of guaranteed funding pursuant to Proposition 98 is approximately 35% of the State general fund.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budget in a different way than is proposed in the Governor's Budget. In any event, it is possible that the Accountability Act could place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIII B spending limit would restrain the State's ability to fund such other programs by raising taxes. (See APPENDIX A "INFORMATION RELATING TO THE COACHELLA VALLEY UNIFIED SCHOOL DISTRICT'S OPERATIONS AND BUDGET – EFFECT OF STATE BUDGET ON REVENUES" and "– DISTRICT FINANCIAL INFORMATION" below.)

Local Control Funding Formula. The State Budget for Fiscal Year 2013-14 contained a new school funding allocation system (the "Local Control Funding Formula" or "LCFF" hereafter). State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97") was enacted to establish a new system for funding State school districts, charter schools and county offices of education by the implementation of the Local Control Funding Formula. Subsequently, AB 97 was amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49). Under the former system, the Proposition 98 funding was allocated in such a way that approximately two-thirds of the revenues received by school districts was allocated based on complex historical formulas (known as "revenue limit" funds), and approximately one-third of the revenues received by school districts was derived through numerous "categorical programs," such as for summer school textbooks, staff development, gifted and talented students, and counselors for middle and high schools. The Local Control Funding Formula replaces revenue limit and most categorical program funding. The State budget provided funding commencing in Fiscal Year 2013-14 to begin implementing the new formulas. Under the prior funding system, school districts received different per-pupil funding rates based on historical factors and varying participation in the categorical programs. The new system provides a more uniform base per-pupil rate for each of several grade levels. The base rates are augmented by several funding supplements for (1) students needing additional services, defined as English learners, students from lower income families, and foster youth; (2) school districts with high concentrations of English learners and lower income families; and (3) high school students. The new funding system requires school districts to develop local plans describing how the school district intends to educate its students. Full implementation of the LCFF is estimated to take approximately eight years.

With revenues based on per-pupil rates, as augmented by the funding supplements, changes in enrollment will cause a school district to gain or lose operating revenues, without necessarily permitting the school district to make adjustments in fixed operating costs. Enrollment can fluctuate due to factors such as population growth or decline, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes.

Because the District's legal minimum funding level is not expected to be met from local property taxes alone, the District budgeted receipt of general operating funds from the State in Fiscal Year 2014-15 and Fiscal Year 2015-16. The District projects receipt of approximately \$148.8 million in local control funding from the State in Fiscal Year 2014-15 and \$176.9 million in local control funding from the State in Fiscal Year 2015-16. The District also projects receipt of approximately \$20.2 million of other State unrestricted categorical funding in Fiscal Year 2014-15 and approximately \$8.2 million of other State unrestricted categorical funding in Fiscal Year 2015-16. Total State funding accounts for approximately 84% of the District's overall revenues. As a result, decrease or deferrals in State revenues, or in State legislative appropriations made to fund education may significantly affect District operations

Average Daily Attendance

As indicated above, commencing with the Fiscal Year 2013-14, the State budget restructures the manner in which the State allocates funding for K-12 education using the Local Control Funding Formula. Under the prior funding system, school districts received different per-pupil funding rates based on historical factors and varying participation in categorical programs. Table 1 shows the District's average daily attendance (A.D.A.), enrollment, A.D.A base revenue limit and deficit revenue limit per A.D.A./LCFF revenues for 2007-08 through 2012-13 under the historical funding program and for 2013-14 and estimated 2014-15 under the Local Control Funding Formula.

TABLE 1
AVERAGE DAILY ATTENDANCE, REVENUE LIMIT AND ENROLLMENT
Fiscal Years 2007-08 through 2014-15
Coachella Valley Unified School District

<u>Fiscal Year</u>	<u>Average Daily Attendance⁽¹⁾</u>	<u>Change</u>	<u>ADA Base Revenue Limit⁽²⁾</u>	<u>Deficit Revenue Limit Per ADA/LCFF Revenues⁽²⁾</u>	<u>Enrollment⁽³⁾</u>
2007-08	17,436	--	\$5,790.67	\$5,790.60	18,203
2008-09	17,463	27	6,119.67	5,639.64	18,256
2009-10	17,386	(17)	6,381.67	5,210.31	18,186
2010-11	17,495	110	6,356.67	5,214.82	18,464
2011-12	17,550	67	6,499.67	5,160.61	18,409
2012-13	17,784	241	6,711.67	5,216.85	18,720
2013-14	17,313	91	7,658.75	10,484.50 ⁽⁴⁾	18,850
2014-15	17,797	(49)	7,724.00	10,574.25 ⁽⁵⁾	18,878

⁽¹⁾ Reflects ADA as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year.

⁽²⁾ Deficit revenue limit funding, when provided for in State budgetary legislation, reduced the revenue limit allocations received by school districts by applying a deficit factor to the base revenue limit for the given fiscal year, and resulted from an insufficiency of appropriation funds in the State budget to provide for State aid owed to school districts. The State's practice of deficit revenue limit funding was most recently reinstated beginning in Fiscal Year 2008-09, and discontinued following the implementation of the LCFF (as defined herein).

⁽³⁾ Enrollment as of October report submitted to the California Basic Educational Data System ("CBEDS") in each school year.

⁽⁴⁾ LCFF Revenue estimates shown commencing Fiscal Year 2013-14.

⁽⁵⁾ Budgeted.

Source: Coachella Valley Unified School District.

The following table shows a breakdown of the District's ADA by grade span, total enrollment and the percentage of EL/LI student enrollment for Fiscal Years 2013-14 to 2015-16.

TABLE 2

**LOCAL CONTROL FUNDING FORMULA
ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Year 2013-14 to 2014-15
Coachella Valley Unified School District**

Fiscal Year	Average Daily Attendance ⁽¹⁾					Enrollment	
	K-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of EL/LI Enrollment ⁽²⁾
2013-14	6,202	4,329.58	2,684.41	4,629.35	17,797.34	18,452	92%
2014-15 ⁽³⁾	6,069	4,522.00	2,733.00	4,682.00	18,666.00	18,666	96%
2015-16 ⁽⁴⁾	6,069	4,522.00	2,733.00	4,682.00	18,666.00	18,666	96%

⁽¹⁾ ADA is as of the second principal reporting period (P-2 ADA), ending on or before the last attendance month prior to April 15 of each school year.

⁽²⁾ As of October report submitted to the California Basic Educational Data System (CBEDS). For purposes of calculating Supplemental and Concentration Grants, a school district's Fiscal Year 2013-14 percentage of unduplicated EL/LI students will be expressed solely as a percentage of its Fiscal Year 2013-14 total enrollment. For Fiscal Year 2014-15, the percentage of unduplicated EL/LI enrollment will be based on the two-year average of EL/LI enrollment in Fiscal Years 2013-14 and 2014-15. Beginning in Fiscal Year 2015-16, a school district's percentage of unduplicated EL/LI students will be based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years.

⁽³⁾ Actual.

⁽⁴⁾ Budgeted.

Source: Coachella Valley Unified School District.

Revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among California school districts.

Labor Relations

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

As of July 2015, the District employed 935.6 full-time equivalent certificated professionals as well as 735.55 full-time equivalent classified employees and 118.60 management staff. District employees, except for management and some part-time employees, are represented by two employee bargaining units as follows:

TABLE 3

**LABOR BARGAINING UNITS
Coachella Valley Unified School District**

<u>Labor Organization</u>	<u>Number of Employees In Organization</u>	<u>Contract Expiration Date</u>
Coachella Valley Teachers Association	937	June 30, 2015
California School Employees Association	810	June 30, 2015 ⁽¹⁾

⁽¹⁾ A vote on a contract extension by District employees represented by the California School Employees Association was ratified by the members on May 28, 2015.

Source: Coachella Valley Unified School District.

Retirement Programs

The District participates in the State of California Teachers' Retirement System ("STRS"). This plan covers certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. The District is currently required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contribute 8% of their respective salaries. The State also contributes to STRS, currently in an amount equal to 3.041% of teacher payroll. The State's contribution reflects a base contribution of 2.017% and a supplemental contribution of 1.024% that will vary from year-to-year based on statutory criteria.

The District's contribution to STRS was \$5,953,126 for Fiscal Year 2010-11, \$5,874,778 for Fiscal Year 2011-12 and \$6,171,712 for Fiscal Year 2012-13. The District has budgeted \$6,443,051 as its contribution to STRS in Fiscal Year 2013-14 and \$7,762,149 as its contribution to STRS in Fiscal Year 2014-15. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to California public schools.

The District also participates in the State of California Public Employees' Retirement System ("PERS"). Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended, with the Public Employees' Retirement Laws. School districts are currently required to contribute to PERS at an actuarially determined rate, which was 11.442% of eligible salary expenditures for Fiscal Year 2013-14 and 11.442% of eligible salary expenditures for Fiscal Year 2014-15, while participants enrolled in PERS prior to the Implementation Date (defined herein) contribute 7% of their respective salaries for Fiscal Year 2013-14 and 7% of their respective salaries for Fiscal Year 2014-15. Participants enrolled after the Implementation Date contribute at an actuarially determined rate, which is 6% of their respective salary for Fiscal Year 2013-14 and 6% of their respective salary for Fiscal Year 2014-15. See " – Governor's Pension Reform" herein.

The District's contribution to PERS was \$2,891,616 for Fiscal Year 2011-12, \$3,264,600 for Fiscal Year 2012-13 and \$3,228,667 for Fiscal Year 2013-14. The District has budgeted \$3,845,909 as its contribution to PERS in Fiscal Year 2014-15 and \$4,308,350 as its contribution to PERS in Fiscal Year 2015-16.

Contribution rates to these two retirement systems vary annually depending on changes in actuarial assumptions and other factors, such as changes in retirement benefits. The contribution rates are based on state-wide rates set by the STRS and PERS retirement boards. STRS has a substantial state-wide unfunded liability. Since this liability has not been broken down by each school district, it is impossible to determine the District's share.

Interested persons may review the STRS website for details regarding its programs – <http://www.calstrs.com> (this reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement). The following information has been obtained from the information published by STRS and is believed to be reliable but is not guaranteed as to accuracy or completeness. The governing board of STRS adopts a valuation of its defined benefit plan and its defined benefit supplemental plan each year. Due to the financial market declines which occurred during the Fiscal Year 2008-09 period, STRS investments lost substantial value at that time. STRS used an averaging process that recognizes gains and losses over a three-year period, as a result of which the fund is still being affected by losses incurred during the market downturn. Recent years have seen positive investment returns. The valuation for the period ending June 30, 2013, identified the level of funding for the STRS defined benefit program at 66.9% of full funding, with an estimated actuarial obligation of \$222.7 billion, an actuarial valuation of assets of \$148.6 billion and unfunded actuarial obligations of \$73.67 billion. In recent years, historical unfunded actuarial obligations for the defined benefit plan have ranged from being over funded in the late 1990's to the 66.9% of full funding estimated in the June 30, 2013 valuation. Contributions to STRS are generally fixed by State law.

The 2014-15 State Budget included a plan of shared responsibility among the State, school districts and teachers. The first year's increased contributions from all three entities are estimated in the 2014-15 State Budget at \$275 million. The contributions are proposed to increase in subsequent years, reaching more than \$5 billion annually. The 2014-15 State Budget indicates that total contributions currently equal 19.3% of teacher payroll and were estimated to rise to 35.7%. This increase, is estimated in the 2014-15 State Budget to eliminate the unfunded liability by approximately 2046.

Interested persons may review the PERS website for details regarding its programs – <http://www.calpers.ca.gov> (this reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement). The following information has been obtained from the information published by PERS and is believed to be reliable but is not guaranteed as to accuracy or completeness. The governing board of the PERS adopts a valuation of its defined benefit plan each year. Due to the financial market declines which occurred during the Fiscal Year 2008-09 period, PERS investments lost substantial value at that time. In December 2009, the PERS Board adopted changes to its asset smoothing method in order to phase in over a three-year period the impact of the 24% investment loss experience by PERS in Fiscal Year 2008-09. Recent years have seen positive investment returns. The valuation for the period ending June 30, 2013, identified the level of funding for the PERS defined benefit program for schools at 80.5% of full funding. PERS website does not provide an estimate of the actuarial obligations, of the estimated actuarial valuation of assets or of the estimated unfunded actuarial obligations. PERS has adopted policies regarding contribution rates for the various plans and such plans are subject to modification as the PERS governing board determines how to address the unfunded actuarial obligations. At its April 17, 2013 meeting, the Board approved a change to the CalPERS amortization and smoothing policies. Beginning with the June 30, 2014, valuation, the newly adopted direct smoothing method will be used to set the 2015-16 rates for the State and Schools defined benefit plans. Under this new direct rate smoothing method, all gains and losses will be paid over a fixed 30-year period with the increases or decreases in the rate spread over a 5-year period. On February 20, 2014, the PERS governing board adopted new assumptions regarding the longer life expectancy of state retirees. The impact of these assumptions will be \$1 billion phased in over three years. The costs in Fiscal Year 2014-15 will be \$430 million (\$254 million is a State General Fund).

Governor's Pension Reform

On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that reforms pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees' Pension Reform Act of 2012 ("PEPRA") which governs pensions for public employers and public pension plans on and after January 1, 2013 (the "Implementation Date"). For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is \$110,100 for 2012, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires state employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and school district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law. Although the District anticipates that PEPRA would not increase the District's future pension obligations, the District is unable to determine the extent of any impact PEPRA would have on the District's pension obligations at this time. Additionally, the District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

GASB 67 and 68

On June 25, 2012, the Governmental Accounting Standards Board (GASB) voted to approve two new standards that aimed to improve the accounting and financial reporting of public employee pensions by state and local governments. Statement No. 67, Financial Reporting for Pension Plans, revised existing guidance for the financial reports of most pension plans. Statement No. 68, Accounting and Financial Reporting for Pensions, revised and established new financial reporting requirements for most governments that provide their employees with pension benefits.

Statement 67 replaces the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement 50, Pension Disclosures as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. Statement 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement 67 also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules.

Statement 68 replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers and Statement No. 50, Pension Disclosures, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information.

The provisions in Statement 67 are effective for financial statements for periods beginning after June 15, 2013. The provisions in Statement 68 are effective for fiscal years beginning after June 15, 2014.

Alternate Retirement Program

As established by Federal law, all public sector employees who are not members of their employer’s existing retirement systems (STRS or PERS) must be covered by social security or an alternative plan. The District has elected to use Accumulation Program of Part-Time and Limited-Service Employees (“APPLE”) Plan as its alternative plan. The District contributes 3.75% of an employee’s gross earnings and an employee is required to contribute 3.75% of his or her gross earnings to the pension plan. During Fiscal Year 2012-13, the District’s required and actual contributions for the APPLE Plan amounted to \$73,042, which constituted 3.75% of its current year covered payroll. The District contributed \$76,398 for Fiscal Year 2013-14 and budgeted a contribution of \$22,636 for Fiscal Year 2015-16 and a contribution of \$108,839 for Fiscal Year 2014-15.

Supplemental Early Retirement Plan

The District has offered supplemental early retirement plans (“SERP”) to its certificated and classified employees as part of the union contracts since 1984. Eligible employees are provided an annuity to supplement the retirement benefits such employees are entitled to receive through their respective retirement systems. As of June 30, 2014, 154 employees who have retired after 2003 had elected to receive these annuities, as purchased from United of Omaha and Pacific Life Insurance. The annuities offered to the employees are paid over a five-year period. As of June 30, 2014, the future annuity payments were as follows:

Year Ending <u>June 30</u>	<u>Total Payments</u>
2015	1,423,795
2016	469,599
2017	131,130
2018	<u>0.00</u>
Total	<u>\$2,024,524</u>

Source: Coachella Valley Unified School District.

Other Postemployment Benefits

Plan Benefits. The Postemployment Benefits Plan (the “Plan”) is a single-employer defined benefit health care program administered by the District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. As of June 30, 2015, membership of the Plan consisted of 126 retirees and beneficiaries currently receiving benefits and 1,693 active Plan members.

Funding Policy. The contribution requirements of the Plan members and the District are established and amended by the District, its bargaining units and unrepresented groups on an annual basis. The District’s contribution is currently based on a projected pay-as-you-go basis to cover the cost of benefits for current retirees. For Fiscal Year 2012-13, the District contributed \$2,916,354 to the Plan, all of which was used for current premiums. For Fiscal Year 2013-14, the District contributed \$2,958,111 to the Plan, all of which was used for current premiums. For Fiscal Year 2014-15, the District has projected

a contribution to the Plan of \$2,220,914, all of which is expected to be used to pay current premiums. For Fiscal Year 2015-16, the District has projected a contribution to the Plan of \$2,280,463, all of which is expected to be used to pay current premiums.

Accrued Liability. The District has implemented Governmental Accounting Standards Board (“GASB”) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, pursuant to which the District has commissioned and received several actuarial studies of its accrued liability in connection with post-employment benefits provided by the Plan. The most recent of these studies, prepared by Total Compensations Systems, Inc., and dated January 8, 2015, concluded the District’s total unfunded actuarial accrued liability (the “UAAL”) for such benefits, as of January 1, 2015, was \$20,767,166, and that the District’s annual required contribution (“ARC”) in respect of such benefits was \$6,275,242. The ARC is composed of the value of future benefits earned by current employees during each fiscal year (the “Normal Cost”) and the amount necessary to amortize the UAAL. Collectively, the ARC is the amount that would be necessary to fund both the Normal Cost and the UAAL in accordance with GASB Statements Nos. 43 and 45.

As of June 30, 2014, the District recognized a net, long-term obligation (the “Net OPEB Obligation”) with respect to Plan benefits of \$8,252,159, based on its contributions towards the actuarially-determined ARC. See “APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10” attached hereto.

Risk Management

The District is exposed to various risks related to torts, theft, damage and destruction of assets, errors and omissions, personal injuries and natural disasters. The District participated in the Riverside Schools’ Insurance Authority (“RSIA”) public entity risk pool for property and liability insurance coverage in Fiscal Year 2014-15. Settled claims have not exceeded the insured coverage in any of the past three years, and there has not been a significant reduction in coverage from the prior year. During Fiscal Year 2013-14, the District made a payment of \$966,153 to RSIA for services received. During Fiscal Year 2014-15, the District made a payment of \$1,048,873 to RSIA for services received. During Fiscal Year 2015-16, the District budgeted a payment of \$1,000,000 to RSIA for services received.

The District participated in the Riverside Schools Risk Management Authority (“RSRMA”) public entity risk pool in Fiscal Year 2014-15 for workers’ compensation coverage. The workers’ compensation experience of the participating districts in the RSRMA risk pool is calculated and applied to a common premium rate, and participation in RSRMA is limited to local educational agencies that can meet RSRMA selection criteria. During Fiscal Year 2013-14, the District made a payment of \$4,065,645 to RSRMA for services received. During Fiscal Year 2014-15, the District made a payment of \$5,449,599 to RSRMA for services received. During Fiscal Year 2015-16, the District budgeted a payment of \$5,835,915 to RSRMA for services received.

Additionally, the District purchases medical insurance from commercial insurance companies; dental and vision benefits are self-insured by the District. The District records an estimated liability for dental and vision claims against the District. Such claims liabilities are based on estimates of the ultimate cost of reported claims.

See also “APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Notes 11 and 14” attached hereto.

approximately 83% of total general fund revenues in Fiscal Year 2013-14 and approximately 85% of total general fund revenues in Fiscal Year 2014-15 and is estimated to account for approximately 85% of total general fund revenues in Fiscal Year 2015-16.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures, the condition of the State economy (which affects total revenue available to the State general fund) and the annual State budget process. As a result of the slow State and United States of America economies, the State in recent years experienced serious budgetary shortfalls. The effect of the State revenue shortfalls on the local or State economy or on the demand for, or value of, the property within the District cannot be predicted.

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

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

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

The State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by temporarily deferring apportionments of Proposition 98 funds one fiscal year to the next, by permanently deferring the year end apportionment from June 30 to July 2; by suspending Proposition 98, as the State did in 2004-05; and by proposing to amend the Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

Proposition 1A. Beginning in 1992-93, the State has satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and college districts through a local Educational Revenue Augmentation Fund (ERAF) in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a statewide ballot initiative intended to eliminate the practice. In response, the Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of a new initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

Ballot Propositions. On November 2, 2010, voters approved Propositions 22, 25 and 26. Proposition 22 prohibits State legislators from using existing funds allocated to local government, public safety and transportation. Proposition 25 lowers the vote threshold for lawmakers to pass the State budget from two-thirds to a simple majority. Proposition 26 requires a two-thirds affirmative vote in the State Legislature and local governments to pass many fees, levies, charges and tax revenue allocations that under previous rules could be enacted by a simple majority vote.

Education Provisions of the California State Budget. Following the enactment of Proposition 25 on November 2, 2010, the Governor is required by the State Constitution to propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted by a majority vote of each house of the Legislature no later than June 15. Prior to enactment of Proposition 25, the final budget was required to be approved by a 2/3rds majority vote of each house of the Legislature and the June 15 deadline was routinely breached. For example, prior to enactment of Proposition 25, the State Budget approval occurred as late as September 23, 2008, for the Fiscal Year 2008-09 State Budget and October 8, 2010 for the Fiscal Year 2010-11 State Budget, the latest budget approval in State history. The budget becomes law upon the signature of the Governor, who retains veto power over specific items of expenditure. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. State income tax, sales tax, and other receipts can fluctuate significantly from year to year depending on economic conditions in the State and the nation. Because funding for K-12 education is closely related to overall State income, funding levels can also vary significantly from year to year, even in the absence of significant education policy changes. The District cannot predict how State income or State education funding will vary over the entire term to maturity of the Bonds, and the District takes no responsibility for informing Owners of the Bonds as to any such annual fluctuations.

When the State budget is not adopted on time, basic appropriations and the categorical funding portion of each school district's State funding are affected differently. Under the rule of *White v. Davis* (also referred to as *Jarvis v. Connell*), a State Court of Appeal decision reached in 2002, there is no constitutional mandate for appropriations to school districts without an adopted budget or emergency appropriation, and funds for State programs cannot be disbursed by the State Controller until that time, unless the expenditure is (i) authorized by a continuing appropriation found in statute, (ii) mandated by the Constitution (such as appropriations for salaries of elected state officers), or (iii) mandated by federal law (such as payments to State workers at no more than minimum wage). The State Controller has consistently stated that basic State funding for schools is continuously appropriated by statute, but that special and categorical funds may not be appropriated without an adopted budget. The State Controller has posted guidance as to what can and cannot be paid during a budget impasse at its website www.sco.ca.gov. Neither the District nor the Underwriter take responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by reference. Should the Legislature fail to pass the budget or emergency appropriation before the start of any fiscal year, the District might experience delays in

receiving certain expected revenues.

Information about the State budgeting process, the State Budget and State spending for education is available at various State-maintained websites, including (i) the State's website <http://www.ebudget.ca.gov> (this reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement), where recent official statements for State bonds are posted, (ii) the California State Treasurer's Internet home page <http://www.treasurer.ca.gov> (this reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement) which includes the State's audited financial statements, various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State, the State's Rule 15c2-12 filings for State bond issues, financial information which includes an overview of the State economy and government, State finances, State indebtedness, litigation and discussion of the State budget and its impact on school districts, (iii) the California Department of Finance's internet home page <http://www.dof.ca.gov/budget> (this reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement) which includes the text of the budget and information regarding the State budget, and (iv) the State Legislative Analyst's Office ("LAO") <http://www.lao.ca.gov.com> (this reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement) which prepares analyses and reports regarding the proposed and adopted State budgets. *The State has not entered into any contractual commitment with the District, the Underwriter or the Owners of the Bonds to provide State budget information to the District or the Owners of the Bonds. Although the State sources of information listed above are believed to be reliable, neither the District nor the Underwriter assumes any responsibility for the accuracy of the State budget information set forth or referred to therein.*

2014-15 State Budget. On June 20, 2014, the Governor signed the State Budget approved by the State Legislature on June 15, 2014 (the "2014-15 State Budget"). The 2014-15 State Budget assumes, for Fiscal Year 2013-14, total general fund revenues of \$102.2 billion, and total expenditures of \$100.7 billion. The State was projected to end Fiscal Year 2013-14 with a general fund surplus of \$2.9 billion. For Fiscal Year 2014-15, the 2014-15 State Budget assumes total general fund revenues of \$105.5 billion and authorizes expenditures of \$108 billion. The 2014-15 State Budget also authorizes a deposit of \$1.6 billion to the Budget Stabilization Account/Rainy Day Fund (the "Rainy Day Fund") (discussed below). The State is projected to end Fiscal Year 2014-15 with a \$1.4 billion general fund surplus. The 2014-15 State Budget reduces more than \$10 billion of the State's debt by paying down the deferral of payments to schools by \$5 billion, paying off the State's Economic Recovery Bonds, repaying various special fund loans and funding \$100 million in mandate claims owed to local governments. The 2014-15 State Budget also includes a plan of shared responsibility among the State, school districts and teachers to shore up the State's teacher pension system with contributions increasing to reach more than \$5 billion annually, projected to eliminate the system's unfunded liability by 2046. In addition, a constitutional amendment placed on the November 4, 2014, ballot to establish the Rainy Day Fund was approved by the voters and requires deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues. In addition, 1.5% of annual general fund revenues is to be set aside each year with a maximum fund size set at 10% of general fund revenues. The Rainy Day Fund also include a Proposition 98 reserve, whereby spikes in funding would be saved for future years to even out school spending and thereby minimize future cuts. This Proposition 98 reserve makes no changes to the Proposition 98 calculations.

Except as otherwise noted, the following information is drawn from the State Department of Finance's summary of the 2014-15 State Budget. Additional information regarding the 2014-15 State Budget is available from the State Department of Finance at www.dof.ca.gov but such information is not incorporated herein by reference.

With respect to K-12 funding, the 2014-15 State Budget includes total funding of \$76.6 billion (\$45.3 billion general fund and \$31.3 billion other funds) for all K-12 education programs, including Proposition 98 funding of \$60.9 billion for Fiscal Year 2014-15, an increase of \$5.6 billion over the 2013 Budget Act level. When combined with increases of \$4.4 billion in Fiscal Years 2012-13 and 2013-14, the 2014-15 State Budget provides a \$10 billion increase in K-12 education funding and an increase in Proposition 98 funding for K-12 education by more than \$12 billion from Fiscal Year 2011-12 to Fiscal Year 2014-15, representing an increase of more than \$1,900 per student.

Significant features of the 2014-15 State Budget affecting K-12 school districts include:

- Local Control Funding Formula — An increase of \$4.75 billion Proposition 98 General Fund to continue the State's transition to the LCFF, closing the remaining funding implementation gap by more than 29%.
- K-12 Deferrals — Repayment of approximately \$4.7 billion Proposition 98 General Fund for K-12 expenses that had been deferred from one year to the next during the recent recession, leaving an outstanding balance of less than \$900 million in K-12 deferrals. The 2014-15 State Budget includes a trigger mechanism that will appropriate any additional funding resources attributable to Fiscal Years 2013-14 and 2014-15 subsequent to the enactment of the Budget for the purpose of retiring the remaining deferral balance.
- Independent Study — Streamlining the existing independent study program, reducing administrative burdens and freeing up time for teachers to spend on student instruction and support, while making it easier for schools to offer and expand instructional opportunities available to students through non-classroom based instruction.
- K-12 Mandates — An increase of \$400.5 million in one-time Proposition 98 General Fund to reimburse K-12 local educational agencies for the costs of state-mandated programs to make a significant down payment on outstanding mandate debt while providing school districts, county offices of education, and charter schools with discretionary resources to support critical investments such as Common Core implementation.
- K-12 High-Speed Internet Access — An increase of \$26.7 million in one-time Proposition 98 General Fund for the K-12 High Speed Network to provide technical assistance and grants to local educational agencies to address the technology requirements necessary for Common Core implementation.
- Career Technical Education Pathways Program — An increase of \$250 million in one-time Proposition 98 General Fund to support a second cohort of competitive grants for participating K-14 local educational agencies. Established in the 2013 Budget Act, the Career Pathways Trust Program provides grant awards to improve career technical programs and linkages between employers, schools, and community colleges.
- Child Care — \$57 million general fund and \$30 million Proposition 98 General Fund for 500 slots for the Alternative Payment program, 1,000 slots for General Child Care, 7,500 part-day State Preschool slots, and 7,500 part-day wrap around care slots. The 2014-15 State Budget also specifies that an additional 4,000 part-day State Preschool slots and 4,000 part-day wrap-around care slots will be provided in Fiscal Year 2015-16.

Included in the 2014-15 State Budget trailer bills is a provision which caps the amount of money school districts may set aside for economic crises if state-level reserves reach certain levels if the State electorate approves the Rainy Day Fund.

2015-16 Adopted State Budget. On June 15, 2015, the California Legislature passed the 2015-16 Budget Act (Assembly Bill 93), and four trailer bills by majority vote in accordance with Proposition 25 enacted in 2010, in order to meet the constitutional deadline for the Legislature to approve a budget. The Budget Act was sent to the Governor to sign, but the Governor retained the ability to veto particular spending line items in the Budget Act.

On June 26, 2015, Governor Brown approved the 2015-16 Budget Act (the "2015-16 Budget"), projecting total funding of \$140.1 billion (31.9 billion General Fund and \$108.2 billion other funds) with only minimal vetoed line items. The 2014-15 Budget is balanced and projects paying down more than \$1.2 billion of budgetary debt from past years, including paying the remaining \$1 billion in deferrals of payments to schools, paying the last payment on the \$15 billion of Economic Recovery Bonds used to cover budget deficits as far back as 2002, repaying various special fund loans, and repaying local governments the final mandate reimbursements for activities completed in 2004 or earlier and reduce outstanding mandate liabilities owed to school districts and community college districts by \$3.8 billion. The budget estimates \$3.5 billion in the State's Budget Stabilization Account, also known as the State's rainy day fund by the end of the year. Temporary revenues provided by the passage of Proposition 30 (Sales and Income Tax Revenue Increase approved by State voters at an election held on November 8, 2011) and spending cuts have allowed for continued economic growth in the State.

Future Budget Impacts. The State Budget will be affected by national and State economic conditions and other factors. The District cannot predict what impact the 2015-16 State Budget will have on its finances and operations, or what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures. From Fiscal Year 2001-02 through Fiscal Year 2010-11, the Governor and the State Legislature came within several weeks of meeting the statutory deadline for approval of the State Budget only three times, but since enactment of Proposition 25 on November 2, 2010, the Governor and the State Legislature have met the statutory deadline for approval of the State Budget in each subsequent fiscal year.

Litigation Regarding State Budgetary Provisions; Redevelopment Litigation. On July 18, 2011, the California Redevelopment Association, the League of California Cities, and the Cities of Union City and San Jose filed petition for a writ of mandate in *California Redevelopment Association et al. v. Ana Matosantos et al.* ("Matosantos") with the Supreme Court of California alleging that ABx1 26 and ABx1 27 violate the California Constitution, as amended by Proposition 22 (the Local Taxpayer, Public Safety and Transportation Protection Act, approved by the voters of the State on November 2, 2010, hereafter referred to as "Proposition 22"). The petitioners alleged, among other things, that ABx1 26 and ABx1 27 seek to illegally divert tax increment revenue from redevelopment agencies by threatening such agencies with dissolution if payments are not made to support the State's obligation to fund education. The petition was accompanied by an application for a stay seeking to delay implementation of the provisions of ABx1 26 and ABx1 27 until the claims were adjudicated.

On December 29, 2011, the California Supreme Court issued its ruling in *Matosantos*. The Court upheld ABx1 26, the bill that dissolves all redevelopment agencies and directs the resolution of their activities. However, it found that ABx1 27, which allows redevelopment agencies to avoid elimination by making certain payments to offset state budget expenses, is unconstitutional. As a result, all redevelopment agencies were required to dissolve and transfer their assets and liabilities to "successor agencies" that will wind down the redevelopment agencies' affairs. Based on the decision, all redevelopment agencies were dissolved as of February 1, 2012.