

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

512



FROM: Don Kent, Treasurer/Tax Collector

SUBMITTAL DATE:
January 21, 2016

SUBJECT: Resolution No. 2016-046 Palo Verde Community College District Election of 2014 General Obligation Bonds, Series A; 4th Dist.; [\$0] (Vote on Separately)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve and adopt Resolution No. 2016-046 authorizing and approving the issuance and sale of Palo Verde Community College District Election of 2014 General Obligation Bonds, Series A in a principal amount not to exceed \$12,500,000 and approving other related matters.

BACKGROUND:

Summary

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

Don Kent
Treasurer/Tax Collector

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

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

C.E.O. RECOMMENDATION:

APPROVE

BY: 1/21/16
Samuel Wong

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley
Nays: None
Absent: None
Date: February 2, 2016
xc: Treasurer

Kecia Harper-Ihem
Clerk of the Board
By: Deputy

Prev. Agn. Ref.: | District: 4 | Agenda Number:

3-14

FORM APPROVED COUNTY COUNSEL
BY: GREGORY P. PRIAMOS
DATE: 1/21/16

Departmental Concurrence

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

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

FORM 11: Resolution No. 2016-046 Palo Verde Community College District Election of 2014 General Obligation Bonds, Series A; 4th Dist.; [\$0] (Vote on Separately)

DATE: January 21, 2016

PAGE: Page 2 of 2

BACKGROUND:

Summary (continued).

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

An election was held on November 4, 2014 pursuant to Section 1 of Article XIII A of the California Constitution, Section 18 of Article XVI of the California Constitution, and Chapter 1 of Part 10 of Division 1 of Title 1 (Section 15266) of the Education Code, codifying, in part, Proposition 39. The measure, which was approved by more than fifty-five percent of the votes cast by eligible voters of the District, authorized the incurrence of general obligation bonded indebtedness in an aggregate principal amount not to exceed \$12,500,000.

Resolution 2016-046 authorizes the issuance and sale of Palo Verde Community College District Election of 2014 General Obligation Bonds, Series A (the "Series A Bonds") in a principal amount not to exceed \$12,500,000. The proceeds of the Series A Bonds will be used to finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities and to prepay a portion of the District's outstanding 2008 Certificates of Participation.

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

County Counsel has reviewed Resolution No. 2019-046 and has approved it as to form.

Impact on Citizens and Businesses

The voters of the District approved the levy of ad valorem property taxes to pay for increased bonded indebtedness. In exchange for the increased taxes, the citizens in the District will receive new and improved District facilities and a partial reduction of the District's other outstanding obligations.

ATTACHMENTS (if needed, in this order):

Resolution No. 2016-046

Preliminary Official Statement

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RESOLUTION NO. 2016-046

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE, CALIFORNIA, AUTHORIZING THE SALE AND ISSUANCE OF PALO VERDE COMMUNITY COLLEGE DISTRICT, RIVERSIDE AND SAN BERNARDINO COUNTIES, CALIFORNIA, ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES A. IN THE PRINCIPAL AMOUNT NOT-TO-EXCEED \$12,500,000

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1 RESOLUTION NO. 2016-046

2 RESOLUTION OF THE BOARD OF SUPERVISORS
3 OF THE COUNTY OF RIVERSIDE, CALIFORNIA,
4 AUTHORIZING THE SALE AND ISSUANCE OF PALO
5 VERDE COMMUNITY COLLEGE DISTRICT,
6 RIVERSIDE AND SAN BERNARDINO COUNTIES,
7 CALIFORNIA, ELECTION OF 2014 GENERAL
8 OBLIGATION BONDS, SERIES A IN THE PRINCIPAL
9 AMOUNT NOT-TO-EXCEED \$12,500,000

10 WHEREAS, a duly called election was held in the Palo Verde Community College
11 District (the "District"), County of Riverside (the "County") and County of San Bernardino,
12 State of California, on November 4, 2014 (the "Election"), and thereafter canvassed pursuant
13 to law; and

14 WHEREAS, at the Election there was submitted to and approved by the requisite
15 fifty-five percent or more vote of the qualified electors of the District a question as to the
16 issuance and sale of general obligation bonds of the District for various purposes set forth in
17 the ballot submitted to the voters, in the maximum amount of \$12,500,000 payable from the
18 levy of an *ad valorem* tax against the taxable property in the District (the "Authorization");
19 and

20 WHEREAS, at this time this Board has received a signed and certified original copy
21 of the resolution of the Board of Trustees of the District (the "District Board"), approved
22 thereby and adopted on January 19, 2016, requesting the issuance of a series of bonds under
23 the Authorization in an aggregate principal amount not-to-exceed \$12,500,000 and styled as
24 "Palo Verde Community College District, Riverside and San Bernardino Counties,
25 California, Election of 2014 General Obligation Bonds, Series A" (the "Bonds"), which
26 resolution is attached hereto as Exhibit A; and

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

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

WHEREAS, on July 30, 2008, the District executed and delivered its Certificates of
Participation (2008 Conversion of 2007 Auction Rate Certificates) in the aggregate principal
amount of \$31,995,000 (the "2008 Certificates") pursuant to a Trust Agreement dated as of
July 1, 2008, by and among Deutsche Bank National Trust Company, as trustee for the 2008
Certificates, the Palo Verde Community College District Financing Corporation and the
District;

FORM APPROVED COUNTY COUNSEL
BY: DALE A. GARDNER 1/13/16
DATE

1 **WHEREAS**, the District Board has authorized the prepayment of a portion of the
2 2008 Certificates with proceeds of the Bonds;

3 **WHEREAS**, the District Board has authorized the sale of the Bonds at a negotiated
4 sale, which the District Board has determined will provide more flexibility in the timing of
5 the sale, an ability to implement the sale in a shorter time period, an increased ability to
6 structure the Bonds to fit the needs of particular purchasers, and a greater opportunity for the
7 Underwriter (defined herein) to pre-market the Bonds to potential purchasers prior to the sale,
8 all of which will contribute to the District's goal of achieving the lowest overall cost of
9 funds; and

10 **WHEREAS**, the District Board has estimated that the costs associated with the
11 delivery of the Bonds, including any such costs which the Underwriter agrees to pay pursuant
12 to the Purchase Contract (defined herein), will equal approximately 5% of the aggregate
13 principal amount of the Bonds; and

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

17 **WHEREAS**, the District Board has appointed KNN Public Finance, a Division of
18 Zions Bank, as Financial Advisor in connection with the issuance of the Bonds; and

19 **WHEREAS**, the District Board has appointed Morgan Stanley & Co. LLC, Los
20 Angeles, California, as Underwriter in connection with the issuance of the Bonds; and

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

26 **NOW, THEREFORE, IT IS FOUND, DETERMINED, ORDERED AND
27 RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF
28 RIVERSIDE, CALIFORNIA, AS FOLLOWS:**

Section 1. Purpose of the Bonds. The Bonds of the District shall be issued in
the name and on behalf of the District in an aggregate Principal Amount not to exceed
\$12,500,000 to raise money for the purposes authorized by voters of the District at the
Election, to prepay a portion of the 2008 Certificates, and to pay all necessary legal,
financial, engineering and contingent costs in connection therewith.

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

Section 3. Approval of Purchase Contract. The form of Purchase Contract
(defined herein), by and among the County, the District and Morgan Stanley & Co. LLC (the
"Underwriter"), for the purchase and sale of the Bonds, is hereby approved substantially in

1 the form attached hereto as Exhibit B. The Treasurer-Tax Collector of the County (the
2 "Treasurer"), or designated deputy thereof, is hereby authorized to execute and deliver the
3 Purchase Contract, and the Authorized Representatives of the District, each alone, are hereby
4 authorized and requested to acknowledge the execution of such Purchase Contract, if
5 necessary, but with such changes therein, deletions therefrom and modifications thereto as
6 the Treasurer, or a designated deputy thereof, may approve, such approval to be conclusively
7 evidenced by his or her execution and delivery thereof; provided, however, that the Bonds
8 shall mature no later than forty (40) years from the date of issue and the Underwriter's
9 discount, excluding original issue discount, shall not exceed 1.0% of the aggregate principal
10 amount of Bonds issued. The Treasurer, in conjunction with an Authorized Representative of
11 the District, shall be authorized to determine the final principal amount of the Bonds, not-to-
12 exceed \$12,500,000, and enter into and execute the Purchase Contract with the Underwriter,
13 if the conditions set forth in this Resolution are satisfied.

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

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

12 "Authorized Representative of the District" means each of the
13 Superintendent/President of the District, the Chief Business Officer of the District,
14 and such other officers or employees of the District as may be designated for such
purpose and their designees.

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

17 "Board" means the Board of Supervisors of the County.

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

20 "Bond Payment Date" means (unless otherwise provided by the Purchase
21 Contract or the Official Statement) February 1 and August 1 of each year,
22 commencing August 1, 2016, with respect to the interest on the Bonds, and the stated
maturity dates thereof, with respect to the Principal payments on the Bonds.

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

25 "Bonds" means the Palo Verde Community College District, Riverside and
26 San Bernardino Counties, Election of 2014 General Obligation Bonds, Series A,
27 issued and delivered pursuant to this Resolution.

1 **"Building Fund"** means the Palo Verde Community College District,
2 Election of 2014 General Obligation Bonds, Series A Building Fund established
3 pursuant to Section 14 of this Resolution.

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

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

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

15 **"County"** means the County of Riverside, California.

16 **"Current Interest Bonds"** means bonds, the interest on which is payable
17 semiannually on each Bond Payment Date specified for each such Bond as designated
18 and maturing in the years and in the amounts set forth in the Purchase Contract.

19 **"Dated Date"** means the date of initial issuance and delivery of the Bonds, or
20 such other date as shall appear in the Purchase Contract or Official Statement.

21 **"Debt Service Fund"** means the Palo Verde Community College District,
22 Election of 2014 General Obligation Bonds, Series A Debt Service Fund established
23 pursuant to Section 14 of this Resolution.

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

27 **"District"** means the Palo Verde Community College District.

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

"Escrow Agent" means U.S. Bank National Association, or any other
successor thereto, in its capacity as escrow agent for the prepaid 2008 Certificates.

"Escrow Agreement" means the agreement governing the deposit of funds
to prepay a portion of the 2008 Certificates, dated as of March 1, 2016, by and
between the District and Escrow Agent.

"Fair Market Value" means the price at which a willing buyer would
purchase the investment from a willing seller in a bona fide, arm's length transaction

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

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

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

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

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

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

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

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

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

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

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

7 **“Owner”** means the registered owner of a Bond as set forth on the
8 registration books maintained by the Paying Agent pursuant to Section 10 hereof.

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

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

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

27 **“Principal”** or **“Principal Amount”** means, with respect to any Bond, the
28 initial principal amount thereof.

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

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

“Qualified Permitted Investments” means (i) Non-AMT Bonds, (ii)
Qualified Non-AMT Mutual Funds, (iii) other Permitted Investments authorized by
an opinion of Bond Counsel to the effect that such investment would not adversely

1 affect the tax-exempt status of the Bonds, and (iv) Permitted Investments of proceeds
2 of the Bonds, and interest earned on such proceeds, held not more than thirty days
3 pending reinvestment or Bond redemption. A guaranteed investment contract or
4 similar investment agreement (e.g. a forward supply contract, GIC, repo, etc.) does
5 not constitute a Qualified Permitted Investment.

6
7 **“Rebate Fund”** means the Palo Verde Community College District, Election
8 of 2014 General Obligation Bonds, Series A Rebate Fund established pursuant to
9 Section 14 of this Resolution.

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

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

15 **“Resolution”** means this Resolution adopted by the Board of Supervisors of
16 the County on February 2, 2016.

17 **“Series”** means any Bonds executed, authenticated and delivered pursuant to
18 the provisions hereof identified as a separate series of Bonds.

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

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

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

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

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

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

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Bonds.

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

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

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

“**Underwriter**” means Morgan Stanley & Co. LLC, as underwriter of the Bonds.

Section 5. Terms of the Bonds.

(a) Denomination, Interest, Dated Dates and Terms. The Bonds shall be issued as fully registered Current Interest Bonds registered as to both Principal and interest, in denominations of \$5,000 Principal Amount or any integral multiple thereof. The Bonds shall bear interest at a rate or rates not in excess of that authorized at the Election. The Bonds will initially be registered in the name of “Cede & Co.,” the Nominee of the Depository Trust Company, New York, New York.

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

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

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

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

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

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

19 (d) The District shall pay to the Paying Agent from time to time
20 reasonable compensation for all services rendered under this Resolution, and also all
21 reasonable expenses, charges, counsel fees and other disbursements, including those
22 of its attorneys, agents and employees, incurred in and about the performance of their
23 powers and duties under this Resolution. Notwithstanding the foregoing, the fees and
24 expenses of the Paying Agent not paid from the proceeds of the sale of the Bonds
25 may be paid in each year from taxes levied and collected for payment of the Bonds,
26 insofar as permitted by law, including specifically by Section 15232 of the Education
27 Code. In no event shall the County be required to expend its own funds hereunder.

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

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

1 removal of the Paying Agent shall be effective upon appointment and acceptance of a
2 successor Paying Agent.

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

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

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

Subject to the provisions of Section 12 below, 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 this Resolution. Payment of or on account of the Principal of 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 this Section. 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.

Any Bond may be exchanged for Bonds of like Series, tenor, maturity and Transfer
Amount upon presentation and surrender at the office of the Paying Agent designated for
such purpose, together with a request for exchange signed by the registered Owner or by a
person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may
be transferred only on the Bond Register by the person in whose name it is registered, in

1 person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the
2 office of the Paying Agent designated for such purpose, accompanied by delivery of a written
3 instrument of transfer in a form approved by the Paying Agent, duly executed. Upon
4 exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or
5 Bonds of like tenor and of any authorized denomination or denominations requested by the
6 Owner equal to the Transfer Amount of the Bond surrendered and bearing interest at the
7 same rate and maturing on the same date.

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

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

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

29 In case any Bond secured hereby shall become mutilated or destroyed, stolen or lost,
30 the Paying Agent shall cause to be executed and authenticated a new Bond of like date and
31 tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in
32 lieu of and in substitution for such Bond mutilated, destroyed, stolen or lost, upon the
33 Owner's paying the reasonable expenses and charges in connection therewith, and, in the
34 case of a Bond destroyed, stolen or lost, such Owner's filing with the Paying Agent and the
35 County of evidence satisfactory to them that such Bond was destroyed, stolen or lost, and/or
36 such Owner's ownership thereof in furnishing the Paying Agent and County with indemnity
37 satisfactory to each of them.

38 Any new Bonds issued pursuant to this Section 10 in substitution for Bonds alleged
to be destroyed, stolen or lost shall constitute original additional contractual obligations on
the part of the District, whether or not the Bonds so alleged to be destroyed, stolen or lost are
at any time enforceable by anyone, and shall be equally secured by and entitled to equal and

1 proportionate benefits with all other Bonds issued under this Resolution in any moneys or
2 securities held by the Paying Agent for the benefit of the Owners of the Bonds.

3 **Section 11. Redemption.**

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

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

8 (c) Selection of Bonds for Redemption. Whenever provision is made in
9 this Resolution for the redemption of Bonds and less than all Outstanding Bonds are
10 to be redeemed, the Paying Agent, upon written instruction from the District, shall
11 select Bonds for redemption as so directed by the District and if not directed, in
12 inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for
13 redemption as directed by the District, and if not so directed, by lot. Redemption by
14 lot shall be in such manner as the Paying Agent shall determine; provided, however,
15 that with respect to redemption by lot, the portion of any Bond to be redeemed in part
16 shall be in the principal amount of \$5,000 or any integral multiple thereof.

17 The Purchase Contract may provide that (i) in the event that a portion of any
18 Term Bond is optionally redeemed prior to maturity, the remaining mandatory
19 sinking fund payments with respect to such Term Bonds shall be reduced
20 proportionately or as otherwise directed by the District, in integral multiples of
21 \$5,000 principal amount, in respect to the portion of such Term Bond optionally
22 redeemed, or (ii) within a maturity, Bonds shall be selected for redemption on a "Pro
23 Rata Pass-Through Distribution of Principal" basis in accordance with DTC
24 procedures; provided further that, such pro-rata redemption is made in accordance
25 with the operational arrangements of DTC then in effect.

26 (d) Redemption Notice. When redemption is authorized or required
27 pursuant to Section 11 hereof, the Paying Agent, upon written instruction from the
28 District, shall give notice (a "Redemption Notice") of the redemption of the Bonds.
Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof
(in the case of redemption of the Bonds in part but not in whole) which are to be
redeemed, (b) the date of redemption, (c) the place or places where the redemption
will be made, including the name and address of the Paying Agent, (d) the
redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be
redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and,
in the case of any Bond to be redeemed in part only, the Principal Amount of such
Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity
date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall
further state that on the specified date there shall become due and payable upon each
Bond or portion thereof being redeemed at the redemption price thereof, together
with the interest accrued to the redemption date, and that from and after such date,
interest with respect thereto shall cease to accrue.

1 The Paying Agent shall take the following actions with respect to such
2 Redemption Notice:

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

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

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

15 (iv) Provide such Redemption Notice to such other persons as may
16 be required pursuant to the Continuing Disclosure Certificate.

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

27 With respect to any notice of the optional redemption of Bonds (or portions
28 thereof) pursuant to Section 11(a) hereof, unless upon the giving of such notice such
Bonds shall be deemed to have been defeased pursuant to Sections 16 or 17 hereof,
such notice shall state that such redemption shall be conditional upon the receipt by
an independent escrow agent selected by the District on or prior to the date fixed for
such redemption of the moneys necessary and sufficient to pay the principal of, and
premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed,
and that if such moneys shall not have been so received said notice shall be of no
force and effect, the Bonds shall not be subject to redemption on such date and the
Bonds shall not be required to be redeemed on such date. In the event that such
notice of redemption contains such a condition and such moneys are not so received,
the redemption shall not be made and the Paying Agent shall within a reasonable time
thereafter (but in no event later than the date originally set for redemption) give
notice, to the persons to whom and in the manner in which the notice of redemption
was given, that such moneys were not so received. In addition, the District shall have
the right to rescind any Redemption Notice, by written notice to the Paying Agent, on
or prior to the date fixed for such redemption. The Paying Agent shall distribute a

1 notice of rescission of such Redemption Notice in the same manner as such
2 Redemption Notice was originally provided.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6 (i) to any successor of DTC or its nominee, or of any substitute
7 depository designated pursuant to Section 11(e)(ii) ("Substitute Depository");
8 provided that any successor of DTC or Substitute Depository shall be
9 qualified under any applicable laws to provide the service proposed to be
10 provided by it;

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

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

22 (f) In the case of any transfer pursuant to Section 11(e)(i) or (ii), upon
23 receipt of all Outstanding Bonds by the Paying Agent, together with a written request
24 of the District to the Paying Agent designating the Substitute Depository, a single
25 new Bond, which the District shall prepare or cause to be prepared, shall be executed
26 and delivered for each maturity of Bonds then Outstanding, registered in the name of
27 such successor or such Substitute Depository or their Nominees, as the case may be,
28 all as specified in such written request of the District. In the case of any transfer
pursuant to Section 11(e)(iii), upon receipt of all Outstanding Bonds by the Paying
Agent, together with a written request of the District to the Paying Agent, new Bonds,
which the District shall prepare or cause to be prepared, shall be executed and
delivered in such denominations and registered in the names of such persons as are
requested in such written request of the District, provided that the Paying Agent shall
not be required to deliver such new Bonds within a period of less than sixty (60) days
from the date of receipt of such written request from the District.

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

1 (h) The District and the Paying Agent shall be entitled to treat the person
2 in whose name any Bond is registered as the Owner thereof for all purposes of this
3 Resolution and any applicable laws, notwithstanding any notice to the contrary
4 received by the Paying Agent or the District; and the District and the Paying Agent
5 shall not have responsibility for transmitting payments to, communicating with,
6 notifying, or otherwise dealing with any Beneficial Owners of the Bonds. Neither the
7 District nor the Paying Agent shall have any responsibility or obligation, legal or
8 otherwise, to any such Beneficial Owners or to any other party, including DTC or its
9 successor (or Substitute Depository or its successor), except to the Owner of any
10 Bonds, and the Paying Agent may rely conclusively on its records as to the identity of
11 the Owners of the Bonds.

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

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

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

22 (b) The proceeds from the sale of the Bonds, to the extent of the Principal
23 Amount thereof, shall be paid to the County to the Building Fund, shall be kept
24 separate and distinct from all other District and County funds, and those proceeds
25 shall be used solely for the purposes for which the Bonds are being issued. The
26 County shall have no responsibility for assuring the proper use of the Bond proceeds
27 by the District. At the discretion of the District, the Building Fund may be split into
28 more than one fund or contain subaccounts if the Bonds are issued in more than one
Series.

Notwithstanding the foregoing, net proceeds of the Bonds received by the
District necessary to prepay a portion of the 2008 Certificates, and other funds of the
District lawfully available for the purpose of prepaying the 2008 Certificates, shall be
deposited into an escrow fund (the "Refunded Certificates Escrow Fund") created for
the purpose therefor and pursuant to the Escrow Agreement by and between the
District and the Escrow Agent.

The accrued interest and any premium received by the County from the sale
of the Bonds shall be kept separate and apart in the Debt Service Fund for the Bonds
and used only for payment of Principal of, and interest on the Bonds. At the
discretion of the District, the Debt Service Fund may be split into more than one fund
or contain subaccounts if the Bonds are issued in more than one Series. Interest
earnings on monies held in the Building Fund shall be retained in the Building Fund.
Interest earnings on monies held in the Debt Service Fund shall be retained in the
Debt Service Fund. Any excess proceeds of the Bonds not needed for the authorized

1 purposes set forth herein for which the Bonds are being issued shall be transferred to
2 the Debt Service Fund and applied to the payment of Principal of, and interest on the
3 Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such
4 excess amounts shall be transferred to the General Fund of the District.

5 The costs of issuance of the Bonds (as described in Education Code Section
6 15145) are hereby authorized to be paid from proceeds of the Bonds. The County, at
7 the direction of the District, may cause a portion of the proceeds of the Bonds, in lieu
8 of being deposited into the Building Fund, to be deposited in a costs of issuance
9 account to be held by a fiscal agent of the District appointed for such purpose.

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

26 (i) Covenant Regarding Investment of Proceeds.

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

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

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

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

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

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

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

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

The moneys in the Debt Service Fund, to the extent necessary to pay the Principal of
and interest on the Bonds as the same become due and payable, shall be transferred by the
Treasurer to the Paying Agent which, in turn, shall pay such moneys to DTC to pay such
Principal and interest. DTC will thereupon make payments of Principal of and interest on the
Bonds to the DTC Participants who will thereupon make payments of such Principal and
interest to the Beneficial Owners of the Bonds. Any moneys remaining in the Debt Service

1 Fund after the Bonds and the interest thereon have been paid in full, or provision for such
2 payment has been made, shall be transferred to the general fund of the District, pursuant to
Education Code Section 15234.

3 Pursuant to Government Code Section 53515, the Bonds shall be secured by a statutory
4 lien on all revenues received pursuant to the levy and collection of *ad valorem* taxes within the
boundaries of the District for the payment of the Bonds.

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

7 (a) by irrevocably depositing with an independent escrow agent selected
8 by the District an amount of cash which together with amounts transferred from the
Debt Service Fund, is sufficient to pay all Bonds Outstanding, including all Principal,
9 premium, if any, and interest at or before their maturity date or applicable redemption
date; or

10 (b) by irrevocably depositing with an independent escrow agent selected
11 by the District noncallable Government Obligations (defined below), together with
cash, if required, in such amount as will, in the opinion of an independent certified
12 public accountant, together with interest to accrue thereon and moneys transferred
from the Debt Service Fund together with the interest to accrue thereon, be fully
13 sufficient to pay and discharge all the Bonds Outstanding, including all Principal,
premium, if any, and interest at or before their maturity date or applicable redemption
14 date;

15 then, notwithstanding that any Bonds shall not have been surrendered for payment, all
16 obligations of the District, the County and the Paying Agent with respect to all Outstanding
Bonds shall cease and terminate, except only the obligation of the County and the Paying
17 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) of this Section, to the owners of the Bonds
18 not so surrendered and paid all sums due with respect thereto and the obligations of the
County with respect to the Rebate Fund in accordance with Section 14 hereof.

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

20 Direct and general obligations of the United States of America or obligations that are
21 unconditionally guaranteed as to principal and interest by the United States of America
(which may consist of obligations of the Resolution Funding Corporation that constitute
22 interest strips). In the case of direct and general obligations of the United States of America,
Government Obligations shall include evidences of direct ownership of proportionate
23 interests in future interest or principal payments of such obligations. Investments in such
proportionate interests must be limited to circumstances where (i) a bank or trust company
24 acts as custodian and holds the underlying United States obligations; (ii) the owner of the
investment is the real party in interest and has the right to proceed directly and individually
25 against the obligor of the underlying United States obligations; and (iii) the underlying
United States obligations are held in a special account, segregated from the custodian's
26 general assets, and are not available to satisfy any claim of the custodian, any person
27 claiming through the custodian, or any person to whom the custodian may be obligated;

1 provided that such obligations are rated or assessed at least as high as direct and general
2 obligations of the United States of America by either Moody's or S&P.

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

5 (a) by irrevocably depositing with the County, or an independent escrow
6 agent selected by the District, an amount of cash which, together with amounts
7 transferred from the Debt Service Fund, is sufficient to pay the designated
8 Outstanding maturities of Bonds, including all Principal, interest and premium, if
9 any; or

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

16 then, notwithstanding that any of such designated maturities of Bonds shall not have been
17 surrendered for payment, all obligations of the District and the County with respect to such
18 Outstanding maturities of Bonds shall cease and terminate, except only the obligation of the
19 County and the Paying Agent to pay or cause to be paid from funds deposited pursuant to
20 paragraphs (a) or (b) of this Section, to the Owners of the Bonds of such maturities
21 designated for redemption not so surrendered and paid all sums due with respect thereto.

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

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

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

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

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

15 **Section 23. Other Actions.**

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

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

27 (c) To the extent the issuance of Bonds includes Long Current Interest
28 Bonds (as defined herein), the useful life of any facility financed with such Long
29 Current Interest Bonds will equal or exceed the maturity of such Long Current
30 Interest Bonds, as shall be further evidenced by a certificate of the District
31 substantially certifying to such useful life.

32 **Section 24. Supplemental Resolutions.**

33 (a) This Resolution, and the rights and obligations of the County, the
34 District and of the Owners of the Bonds issued hereunder, may be modified or
35 amended at any time by a Supplemental Resolution adopted by the County with the
36 written consent of Owners owning at least 60% in aggregate Principal Amount of the
37 Outstanding Bonds, exclusive of Bonds, if any, owned by the County or the District;
38 provided, however, that no such modification or amendment shall, without the
39 express consent of the Owner of each Bond affected, reduce the Principal Amount of
40 any Bond, reduce the interest rate payable thereon, advance the earliest redemption
41 date thereof, extend its maturity or the times for paying interest thereon or change the
42 monetary medium in which Principal and interest is payable, nor shall any

1 modification or amendment reduce the percentage of consents required for
2 amendment or modification. No such Supplemental Resolution shall change or
3 modify any of the rights or obligations of any Paying Agent without its written assent
4 thereto. Notwithstanding anything herein to the contrary, no such consent shall be
5 required if the Owners are not directly and adversely affected by such amendment or
6 modification.

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

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

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

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

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

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

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

Section 25. Insurance. In the event the District purchases bond insurance for the
Bonds, and to the extent that the Bond Insurer makes payment of the Principal of or interest
on the Bonds, such Bond Insurer shall become the owner of such Bonds with the right to
payment of Principal or interest on the Bonds, and shall be fully subrogated to all of the
Owners' rights, including the Owners' rights to payment thereof. To evidence such
subrogation (i) in the case of subrogation as to claims that were past due interest, the Paying

1 Agent shall note the Bond Insurer's rights as subrogee on the registration books for the
2 Bonds maintained by the Paying Agent upon receipt of a copy of the cancelled check issued
3 by the Bond Insurer or other evidence satisfactory to the Paying Agent for the payment of
4 such interest to the Owners of the Bonds, and (ii) in the case of subrogation as to claims for
5 past due Principal or interest, the Paying Agent shall note the Bond Insurer as subrogee on
6 the registration books for the Bonds maintained by the Paying Agent upon surrender of the
7 Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond
8 Insurer. The Paying Agent shall request payment pursuant to the terms of any bond
9 insurance policy to the extent required to pay the Principal of and interest on the Bonds when
10 due if amounts on deposit in the Debt Service Fund are not adequate for that purpose.

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

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

16 If to the County: County of Riverside
4080 Lemon Street, 4th Floor
17 Riverside, California 9250-3651
Attention: Treasurer-Tax Collector

18 If to the Paying Agent: U.S Bank National Association
19 633 W. Fifth Street, 24th Floor
20 Los Angeles, California 90071
Attention: Corporate Trust Department

21 If to the District: Palo Verde Community College District
22 One College Drive
23 Blythe, CA 92225
Attention: Superintendent/President

24 **Section 28. Unclaimed Moneys.** Anything in this Resolution to the contrary
25 notwithstanding, any moneys held by the Paying Agent in trust for the payment and
26 discharge of any of the Bonds which remain unclaimed for two (2) years after the date when
27 such Bonds have become due and payable, either at their stated maturity dates or by call for
28 earlier redemption, if such moneys were held by the Paying Agent at such date, or for two (2)
years after the date of deposit of such moneys if deposited with the Paying Agent after said
date when such Bonds become due and payable, shall be repaid by the Paying Agent to the

1 District, as its absolute property and free from trust, and the Paying Agent shall thereupon be
2 released and discharged with respect thereto and the Bond Owners shall look only to the
3 District for the payment of such Bonds; provided, however, that before being required to
4 make such payment to the District, the Paying Agent shall, at the expense of District, cause to
5 be mailed to the Owners of all such Bonds, at their respective addresses appearing on the
6 registration books, a notice that said moneys remain unclaimed and that, after a date in said
7 notice, which date shall not be less than thirty (30) days after the date of mailing such notice,
8 the balance of such moneys then unclaimed will be returned to the District.

6 **Section 29. Effective Date.** This Resolution shall take effect immediately upon
7 its passage.

8 The foregoing resolution was adopted by the Board of Supervisors of the County of
9 Riverside on February 2, 2016.

11
12 **ROLL CALL:**

13 **Ayes:** Jeffries, Tavaglione, Washington, Benoit and Ashley
14 **Nays:** None
15 **Absent:** None

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

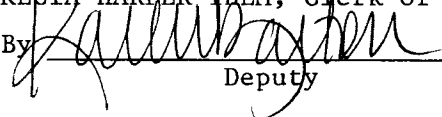
18 **KECIA HARPER-IHEM, Clerk of said Board**
19 By  Deputy

EXHIBIT A
[FORM OF DISTRICT RESOLUTION]

**PALO VERDE COMMUNITY COLLEGE DISTRICT
RESOLUTION NO. 16-01-B02**

**A RESOLUTION OF THE BOARD OF TRUSTEES OF THE PALO VERDE
COMMUNITY COLLEGE DISTRICT AUTHORIZING THE ISSUANCE OF
PALO VERDE COMMUNITY COLLEGE DISTRICT, RIVERSIDE AND SAN
BERNARDINO COUNTIES, CALIFORNIA, ELECTION OF 2014 GENERAL
OBLIGATION BONDS, SERIES A, AND ACTIONS RELATED THERETO**

WHEREAS, a duly called election was held in the Palo Verde Community College District (the "District"), Riverside County (the "County") and San Bernardino County, State of California, on November 4, 2014 (the "Election") and thereafter canvassed pursuant to law;

WHEREAS, at the Election there was submitted to and approved by the requisite fifty-five percent or more vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for the various purposes set forth in the ballot submitted to the voters, in the maximum amount not-to-exceed \$12,500,000, payable from the levy of an *ad valorem* property tax against the taxable property in the District (the "Authorization");

WHEREAS, at this time this Board of Trustees (the "Board") has determined that it is necessary and desirable to request the Board of Supervisors of the County (the "County Board") to issue a series of such bonds in an aggregate principal amount not-to-exceed \$12,500,000 to be styled as "Palo Verde Community College District (Riverside and San Bernardino Counties, California) Election of 2014 General Obligation Bonds, Series A" (the "Bonds") on behalf of the District;

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

WHEREAS, this Board desires to authorize the issuance of the Bonds in one or more series of taxable or tax-exempt bonds, and as current interest bonds;

WHEREAS, on July 30, 2008, the District executed and delivered its Certificates of Participation (2008 Conversion of 2007 Auction Rate Certificates) in the aggregate principal amount of \$31,995,000 (the "2008 Certificates") pursuant to a Trust Agreement dated as of July 1, 2008, by and among Deutsche Bank National Trust Company, as trustee for the 2008 Certificates, the Palo Verde Community College District Financing Corporation and the District;

WHEREAS, this Board desires to authorize the District to prepay a portion of the 2008 Certificates with a portion of the proceeds of the Bonds;

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

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

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED BY THE BOARD OF TRUSTEES OF THE PALO VERDE COMMUNITY COLLEGE DISTRICT AS FOLLOWS:

SECTION 1. Purpose. To raise money for the purposes authorized by the voters of the District at the Election, to prepay a portion of the 2008 Certificates, and to pay all necessary legal, financial, engineering and contingent costs in connection with the issuance of the Bonds, this Board hereby petitions the County Board to authorize the issuance of the Bonds pursuant to the Act and to order such Bonds sold at a negotiated sale such that the Bonds shall be dated as of a date to be determined by said County Board, shall bear interest at a rate not-to-exceed that authorized at the Election, shall be payable upon such terms and provisions as shall be set forth in the Bonds and shall be in an aggregate principal amount not-to-exceed \$12,500,000. The Board hereby approves the sale of the Bonds at a negotiated sale, which is determined to provide more flexibility in the timing of the sale, an ability to implement the sale in a shorter time period, an increased ability to structure the Bonds to fit the needs of particular purchasers, and a greater opportunity for Morgan Stanley & Co. LLC (the "Underwriter") to pre-market the Bonds to potential purchasers prior to the sale, all of which will contribute to the District's goal of achieving the lowest overall cost of funds. The Board estimates that the costs associated with the issuance of the Bonds, including compensation to the Underwriter and any such costs which the Underwriter agrees to pay pursuant to the Purchase Contract, will equal approximately 5% of the principal amount of the Bonds.

This Board hereby authorizes the issuance of the Bonds as one or more series of taxable or tax-exempt current interest bonds, as set forth in the fully-executed Purchase Contract (defined herein), subject to the provisions of a resolution of the County Board relating to the Bonds (the "County Resolution").

SECTION 2. Paying Agent. This Board does hereby authorize the appointment of U.S. Bank National Association as the authenticating agent, bond registrar, transfer agent and paying agent (collectively, the "Paying Agent") for the Bonds. This Board hereby approves the payment of the reasonable fees and expenses of the Paying Agent as they shall become due and payable. The fees and expenses of the Paying Agent which are not paid as a cost of issuance of the Bonds may be paid in each year from *ad valorem* property taxes levied and collected for the payment thereof, insofar as permitted by law, including specifically by Section 15232 of the Education Code.

SECTION 3. Tax Covenants.

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

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

of the Internal Revenue Code of 1986, as amended, to the extent such requirements are, at the time, applicable and in effect.

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

SECTION 4. Legislative Determinations. This Board determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

SECTION 5. Official Statement. The Preliminary Official Statement relating to the Bonds, substantially in the form on file with the Secretary to the Board is hereby approved and the Superintendent/President of the District, the Chief Business Officer of the District, and such other officers or employees of the District as may be designated for such purpose (collectively, the "Authorized Officers"), each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deliver such Preliminary Official Statement to the Underwriter to be used in connection with the offering and sale of the Bonds. The Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deem the Preliminary Official Statement "final" pursuant to 15c2-12 of the Securities Exchange Act of 1934, prior to its distribution and to execute and deliver to the Underwriter a final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds and is directed to deliver copies of any final Official Statement to the purchasers of the Bonds. Execution of the Official Statement shall conclusively evidence the District's approval of the Official Statement.

SECTION 6. Purchase Contract. The form of a purchase contract by and among the County, the District and the Underwriter for the Bonds (the "Purchase Contract"), substantially in the form on file with the Secretary to the Board, is hereby approved and the Authorized Officers, each alone, are hereby authorized to execute and deliver the Purchase Contract, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; provided, however, that (i) the maximum interest rates on the Bonds shall not exceed that authorized by law, and (ii) the underwriting discount, excluding original issue discount, shall not exceed 1.0% of the aggregate principal amount of the Bonds issued. The Authorized Officers, each alone, are further authorized to determine the principal amount of the Bonds to be specified in the Purchase Contract for sale by the District up to \$12,500,000 and to enter into and execute the Purchase Contract with the Underwriter, if the conditions set forth in this Resolution are satisfied.

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

SECTION 7. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate to be executed by the District and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. Noncompliance with this Section shall not result in acceleration of the Bonds.

SECTION 8. Escrow Agent; Escrow Agreement. The Board hereby appoints U.S. Bank Association as Escrow Agent for the 2008 Certificates and approves the form of the Escrow Agreement substantially in the form on file with the Secretary to the Board. The Authorized Officers, each alone, are hereby authorized to execute the Escrow Agreement with such changes as they shall approve, such approval to be conclusively evidenced by either individual's execution and delivery thereof.

SECTION 9. Authorized Actions. Officers of the Board and District officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

SECTION 10. Professional Services. The Board hereby appoints KNN Public Finance, a Division of Zions Bank, as Financial Advisor, Morgan Stanley & Co. LLC as Underwriter, and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel and Disclosure Counsel, each with respect to the issuance of the Bonds

SECTION 11. Recitals. All the recitals in this Resolution above are true and correct and this Board so finds, determines and represents.

[REMAINDER OF PAGE LEFT BLANK]

SECTION 12. Effective Date. This Resolution shall take effect immediately upon its passage.

PASSED, ADOPTED AND APPROVED this 19th day of January, 2016, by the following vote:

AYES: MEMBERS 7

NOES: MEMBERS 0

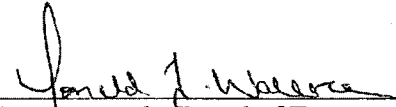
ABSTAIN: MEMBERS 0

ABSENT: MEMBERS 0



President of the Board of Trustees

ATTEST:



Secretary to the Board of Trustees

SECRETARY'S CERTIFICATE

I, Dr. Donald G. Wallace, Secretary to the Board of Trustees of the Palo Verde Community College District, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Trustees of said District duly and regularly and legally held at the regular meeting place thereof on January 19, 2016, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

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

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

Dated: January 19, 2016

By: Donald G. Wallace
Secretary to the Board of Trustees

EXHIBIT B

[FORM OF CONTRACT OF PURCHASE]

§ _____
**PALO VERDE COMMUNITY COLLEGE DISTRICT
(RIVERSIDE AND SAN BERNARDINO COUNTIES, CALIFORNIA)
ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES A**

PURCHASE CONTRACT

_____, 2016

Riverside County
Treasurer-Tax Collector
4080 Lemon St. 4th Floor
Riverside, CA 92501-3651

Palo Verde Community College District
Board of Trustees
One College Drive
Blythe, CA 92225

Ladies and Gentlemen:

The undersigned, as underwriter (the "Underwriter"), offers to enter into this Purchase Contract (the "Purchase Contract") with the County of Riverside, California (the "County"), and the Palo Verde Community College District (the "District"), which, upon the County and District's acceptance hereof, will be binding upon the County, the District and the Underwriter. This offer is made subject to the written acceptance of this Purchase Contract by the County and the District and delivery of such acceptance to the Underwriter at or prior to 11:59 P.M., Pacific time, on the date hereof. Capitalized terms used and not otherwise defined herein shall have the meanings given to such terms in the County Resolution (defined below).

The County and the District acknowledge and agree that: (i) the primary role of the Underwriter is to purchase securities for resale to investors in an arms-length commercial transaction between the District and the County, and the Underwriter and that the Underwriter has financial and other interests that differ from those of the County and the District, (ii) the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the District or any other person or entity and has not assumed any advisory or fiduciary responsibility to either the County or the District with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the County or the District on other matters), (iii) the only obligations the Underwriter has to the County or the District with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract, except as otherwise provided by applicable rules and regulations of the Securities and Exchange Commission ("SEC") or the rules of the Municipal Securities Rulemaking Board ("MSRB"), and (iv) the County and the District have consulted their own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein. The District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the MSRB.

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the County for reoffering to the public, and the County hereby agrees to sell in the name and on behalf of the District to the Underwriter for such purpose, all (but not less than all) of \$_____ aggregate principal amount of the District's Election of 2014 General Obligation Bonds, Series A (the "Bonds"). The Bonds shall bear interest at the rates, shall mature in the years and shall be subject to redemption as shown on Appendix A hereto, which is incorporated herein by this reference. The Bonds shall be dated the date of delivery thereof (the "Date of Delivery"), and shall bear interest from such date, payable semiannually on each February 1 and August 1, commencing August 1, 2016. The Underwriter shall purchase the Bonds at a price of \$_____ (consisting of the principal amount of the Bonds of \$_____, plus net original issue premium of \$_____, and less an Underwriter's discount of \$_____).

2. **The Bonds.** The Bonds shall be dated their Date of Delivery, shall mature on the dates and in the years shown on Appendix A hereto, shall otherwise be as described in the Official Statement (as defined herein), and shall be issued and secured pursuant to the provisions of the resolution of the District adopted on January 19, 2016 (the "District Resolution") and the Resolution of the Board of Supervisors of the County adopted February 2, 2016 (the "County Resolution" and, collectively with the District Resolution, the "Resolutions"), this Purchase Contract, and Section 53506 *et seq.* of the California Government Code (the "Act").

The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Contract and the Resolutions. The Bonds shall be in fully registered book-entry form, shall bear CUSIP numbers, and shall be, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). The Bonds shall initially be in authorized denominations of Five Thousand Dollars (\$5,000) principal amount or any integral multiple thereof.

The net proceeds of the Bonds will be used to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, (ii) prepay a portion of the District's Certificates of Participation (2008 Conversion of 2007 Auction Rate Certificates) (the "2008 Certificates") pursuant to an Escrow Agreement dated as of March 1, 2016 (the "Escrow Agreement"), by and between the District and U.S. Bank National Association, as escrow bank (the "Escrow Agent"). The net proceeds of the Bonds attributable to the prepayment of the 2008 Certificates will be deposited into an escrow fund held pursuant to the Escrow Agreement and shall be used to pay the redemption price of the 2008 Certificates on their first available redemption date, and interest due thereon on and before such date.

3. **Use of Documents.** The District and the County hereby authorize the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Contract, the Escrow Agreement, the Preliminary Official Statement (as defined herein) and Official Statement, the Resolutions, the Continuing Disclosure Certificate (as defined herein) 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 Contract.

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

cover page of the Official Statement and Appendix A hereto. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds. On or prior to the Closing (as defined herein), the Underwriter shall certify to the District in writing, in form and substance satisfactory to the District and to Stradling Yocca Carlson & Rauth, a Professional Corporation, bond counsel with respect to the Bonds ("Bond Counsel"): (i) that as of the date of sale, all of the Bonds were reasonably expected to be reoffered in a bona fide public offering; (ii) that as of the date of the certification, all of the Bonds purchased had actually been offered to the general public; and (iii) the maximum initial bona fide offering prices at which a substantial amount (at least 10%) of each maturity of the Bonds purchased was sold or was reasonably expected to be sold to the general public. The Underwriter agrees, upon request, to furnish to the District or to Bond Counsel reasonable written verification of its compliance with this paragraph.

5. **Review of Official Statement.** The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated _____, 2016 (the "Preliminary Official Statement"). The District represents that it has duly authorized and prepared the Preliminary Official Statement for use by the Underwriter in connection with the sale of the Bonds, and that it has deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s), redemption provisions and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule").

The Underwriter agrees that prior to the time the Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail or electronic distribution (or other equally prompt means) not later than the first business day following the date upon which each such request is received. The Underwriter agrees to file the Official Statement with the MSRB through its Electronic Municipal Market Access system within one business day after receipt thereof from the District, but in no event later than the Closing (as defined below).

6. **Closing.** At 9:00 A.M., Pacific time, on _____, 2016, or at such other time or on such other date as shall have been mutually agreed upon by the District and the Underwriter (the "Closing"), the District will deliver to the Underwriter, through the facilities of DTC in New York, New York, or at such other place as the District and the Underwriter may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Bond Counsel, the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price of the Bonds identified in Section 1 above in immediately available funds to the account of the County.

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

(a) **Due Organization.** The District is a community college 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 issue the Bonds pursuant to the Act and to observe and perform the District's covenants and agreements contained herein and therein.

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

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

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

(e) No Conflicts. To the best knowledge of the District, the issuance of the Bonds and the execution, delivery and performance of this Purchase Contract, the Escrow Agreement, the Continuing Disclosure Certificate, the District Resolution and the Bonds, and the compliance with the provisions hereof and thereof do not conflict with or constitute on the part of the District a violation of or material 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 material default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way

challenging the respective powers of the several offices of the District or of the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, the levy or collection of *ad valorem* property taxes contemplated by the Resolutions and pledged or to be pledged or available to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract, the Continuing Disclosure Certificate, the Escrow Agreement or the Resolutions or contesting the powers of the District or its authority with respect to the Bonds, the Resolutions, the Continuing Disclosure Certificate, the Escrow Agreement or this Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the operations or financial condition of the District or the consummation of the transactions contemplated by this Purchase Contract, the Continuing Disclosure Certificate or the Resolutions, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

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

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

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

(j) Official Statement Accurate and Complete. The Preliminary Official Statement, at the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of the date hereof the Official Statement does not, and as of the Closing Date, the Official Statement will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The District makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the Official Statement in reliance upon and in conformity

with information furnished in writing to the District by or on behalf of the Underwriter specifically for inclusion therein.

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

(l) Representation Regarding 2008 Certificates. The District hereby represents that it has not entered into any contract or agreement that would limit or restrict the District's ability to prepay the 2008 Certificates or enter into this Purchase Contract for the sale of the Bonds to the Underwriter.

(m) No Material Adverse Change. The financial statements of, and other financial information regarding the District, in the Preliminary Official Statement and the Official Statement fairly present the financial position and results of the District as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the District.

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

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

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

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except

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

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

(e) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is (1) pending, in which service of process has been completed on the County, or (2) to the best knowledge of the County, threatened against the County: (i) in any way affecting the existence of the County or in any way challenging the respective powers of the several offices or of the titles of the officials of the County to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, or the levy of any taxes contemplated by the Resolutions, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract or the Resolutions or contesting the powers of the County or its authority with respect to the Bonds, the Resolutions or this Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the County or the consummation of the transactions contemplated by this Purchase Contract or the Resolutions, or (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part.

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

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

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

(a) Securities Laws. The County and the District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if

and as the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations or such states and jurisdictions, provided, however, that the County and the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

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

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

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

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

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

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

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

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

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

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

(d) The Underwriter has reasonably determined that the District's undertaking to provide continuing disclosure with respect to the Bonds pursuant to Section 11(e)(10) hereof is sufficient to effect compliance with the Rule.

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

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

(b) Obligations Performed. At the time of the Closing, (i) the Official Statement, this Purchase Contract, the Continuing Disclosure Certificate, the Escrow Agreement, the District Resolution and the County Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by 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 County and the District shall perform

or have performed all of its obligations required under or specified in the County Resolution, the District Resolution, this Purchase Contract, the Continuing Disclosure Certificate, the Escrow Agreement or the Official Statement to be performed at or prior to the Closing;

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

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

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

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

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

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

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

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

(5) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of minimum or maximum prices or 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 change to the net capital requirements of, the Underwriter;

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

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

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

(9) there shall have occurred any materially adverse change in the affairs or financial condition of the District;

(10) the suspension by the SEC of trading in the outstanding securities of the District,

(11) the occurrence of a material disruption in securities settlement payment or clearance services; or

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

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

(1) Opinions.

(i) Bond Opinions. Approving opinions of Bond Counsel, as to the validity and tax-exempt status and the validity of the Bonds, dated the date of the Closing and addressed to the County and the District, in substantially the form set forth in the Preliminary Official Statement and the Official Statement as Appendix A;

(ii) Supplemental Opinion of Bond Counsel. A supplemental opinion of Bond Counsel addressed to the District and the Underwriter, in form and substance acceptable to the Underwriter, dated the date of the 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 thereof and under the captions "INTRODUCTION," "THE BONDS," "LEGAL MATTERS – Continuing Disclosure," and "TAX MATTERS," to the extent they purport to summarize certain provisions of the Bonds, the Resolutions, the Continuing Disclosure Certificate and the form and content of Bond Counsel's approving opinion with respect to the treatment of interest on the Bonds under State or federal law, fairly and accurately summarize the matters purported to be summarized therein; provided that Bond Counsel need not express any opinion with respect to any financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, information concerning DTC or related to its book-entry only system, or information contained in Appendices B, D, and E to the Official Statement;

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

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

(iii) Reliance Letter. A reliance letter from Bond Counsel to the effect that the Underwriter can rely upon the approving opinion described in Section 11(e)(1)(i) above;

(2) Disclosure Counsel Letter. A letter of Stradling Yocca Carlson & Rauth, 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, the financial advisor to the District, the District and others, during which conferences the contents of the Official Statement and related matters were discussed, and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the District, as a matter of fact and not opinion, that during the course of its engagement as Disclosure Counsel no information came to the attention of such counsel's attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement as of its date contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that Disclosure Counsel need not express any opinion with respect to (i) any information contained in Appendices B, D or E to the Official Statement, (ii) financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion contained in the Official Statement, including in any of the appendices thereto, (ii) information with respect to DTC or its book-entry only system included therein, (iii) any CUSIP numbers or information relating thereto, (iv) any information with respect to the Underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption "MISCELLANEOUS – Underwriting;" and (v) any information with respect to the rating on the Bonds and the rating agency referenced therein, including, but not limited to, information under the caption "MISCELLANEOUS – Rating"), as to which such counsel need express no opinion or view);

(3) Certificates. A certificate signed by appropriate officials of the County and the District to the effect that (i) such officials are authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the County and the District herein are true and correct in all material respects as of the date of Closing, (iii) the County and the District have complied with all the terms of their respective Resolutions, the Continuing Disclosure Certificate, the Escrow Agreement and this Purchase Contract to be complied with by the County and the District prior to or concurrently with the Closing and, as to the District, such documents are in full force and effect, (iv) such District officials have reviewed the Official Statement and on such basis certify that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Contract substantially conform to the descriptions thereof contained in the County Resolution; and (vi) no event concerning the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement thereto, but should be disclosed in order to make the statements in the Official Statement in light of the

circumstances under which they were made not misleading; provided that the certificate provided by the County may exclude statements to the effect of (iv), (v) and (vi) above;

(4) Tax Certificate. A nonarbitrage and tax certificate of the District in form satisfactory to Bond Counsel;

(5) Ratings. Evidence satisfactory to the Underwriter (A) that the Bonds have been rated “___” by Moody’s Investors Service, and “___” by Standard & Poor’s Rating Services, a Standard & Poor’s Financial Services LLC business, and (B) that any such ratings have not been revoked or downgraded;

(6) District Resolution. A certificate, together with fully executed copies of the District Resolution, of the Secretary to or Clerk of the District’s Board of Trustees to the effect that:

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

(ii) 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.

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

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

(ii) that the County Resolution was duly adopted;

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

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

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

(11) Certificate of the Paying Agent. A certificate of the Paying Agent, dated the date of the Closing, signed by a duly authorized officer thereof, and in form and substance satisfactory to the Underwriter, substantially to the effect that, to the best of such officer’s knowledge, no litigation is pending or threatened (either in state or federal courts) (i) seeking to restrain or enjoin the delivery by the Paying Agent of

any of the Bonds, or (ii) in any way contesting or affecting any authority of the Paying Agent for the delivery of the Bonds or the validity or enforceability of the Bonds or any agreement with the Paying Agent;

(12) Certificate of the Escrow Agent. A certificate of the Escrow Agent, dated the date of Closing, signed by a duly authorized officer of the Escrow Agent, and in form and substance satisfactory to the Underwriter, to the effect that (i) the Escrow Agent has all necessary power and authority to enter into and perform its duties under the Escrow Agreement; (ii) the Escrow Agent has duly authorized, executed and delivered the Escrow Agreement, and, assuming due authorization, execution and delivery by the District, the Escrow Agreement constitutes the valid and binding agreement of the Escrow Agent enforceable against the Escrow Agent in accordance with its terms, except as enforceability may be subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights and to the application of equitable principles; (iii) the execution and delivery of the Escrow Agreement and compliance with the provisions thereof have been duly authorized by all necessary corporate action on the part of the Escrow Agent and, to the best knowledge of the Escrow Agent, will not conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, bylaws or any agreement to which the Escrow Agent is subject or by which it is bound; and (iv) no litigation is pending or, to the best knowledge of the Escrow Agent, threatened (either in state or federal courts) against the Escrow Agent in any way contesting or affecting the validity or enforceability of the Bonds or the Escrow Agreement;

(13) Verification Report. A report and opinion of _____ with respect to the sufficiency of the funds held under the Escrow Agreement to prepay the 2008 Certificates as provided in the Escrow Agreement;

(14) Underwriter's Counsel Opinion. An opinion of counsel to the Underwriter in form and substance satisfactory to the Underwriter; and

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

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered to the Underwriter for review prior to the close of business, Pacific Time, on a day no later than two Business Days prior to the Closing, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Section 15 hereof.

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

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

13. **Expenses.** (a) To the extent that the transactions contemplated by this Purchase Contract are consummated, the District shall pay (or cause to be paid) costs of issuance of the Bonds from proceeds thereof, including, but not limited to, the following (i) the cost of the preparation and reproduction of the Resolutions; (ii) the fees and disbursements of Bond Counsel and Disclosure Counsel, and the District's financial advisor, KNN Public Finance, a Division of Zion's Public Finance, Inc.; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees for bond ratings; (v) the cost of the printing and distribution of the Preliminary Official Statement and the Official Statement; (vi) the initial fees of the Paying Agent and Fiscal Agent (as defined herein); (vii) expenses for travel, lodging, and subsistence related to rating agency visits and other meetings connected to the authorization, sale, issuance and distribution of the Bonds; (viii) the initial fees of the Escrow Agent; (ix) the fees of the Verification Agent; and (x) all other fees and expenses incident to the issuance and sale of the Bonds. The District hereby directs the Underwriter to wire, at the Closing, a portion of the purchase price of the Bonds not-to-exceed \$_____ to U.S. Bank National Association, as fiscal agent to the District (the "Fiscal Agent"), for the payment of costs of issuance with respect to the Bonds. Under no circumstances shall the costs of issuance be deemed part of the Underwriter's compensation.

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

(c) Notwithstanding Section 11(f) hereof, the District hereby agrees, in the event the purchase and sale of the Bonds does not occur as contemplated hereunder, to reimburse the Underwriter for any costs described in Subsection 13(a)(vii) above that are attributable to District personnel.

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

14. **Notices.** Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the District, to Palo Verde Community College District, One College Drive, Blythe, California 92225, Attention: Chief Business Officer; or if to the Underwriter, to Morgan Stanley & Co. LLC, 1999 Avenue of the Stars, Suite 2400, Los Angeles, CA 90067, attention: Ryan Vollmer, Executive Director.

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

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

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

[REMAINDER OF PAGE LEFT BLANK]

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

Very truly yours,

MORGAN STANLEY & CO. LLC, as Underwriter

By: _____
Executive Director

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

RIVERSIDE COUNTY

Accepted:

By: _____
Treasurer-Tax Collector
Riverside County

Accepted at _____ p.m. Pacific Time
This ___th day of _____, 2016

PALO VERDE COMMUNITY COLLEGE DISTRICT

By: _____
Chief Business Officer

Accepted at _____ p.m. Pacific Time
This ___th day of _____, 2016

APPENDIX A

\$ _____
PALO VERDE COMMUNITY COLLEGE DISTRICT
(RIVERSIDE AND SAN BERNARDINO COUNTIES, CALIFORNIA)
ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES A

\$ _____ Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield
------------------------	---------------------	------------------	-------

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

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

Redemption Provisions

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

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

Redemption Date (August 1)	Principal Amount
-------------------------------	---------------------

⁽¹⁾ Maturity.

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

APPENDIX B

OPINION OF COUNTY COUNSEL

**§ _____
PALO VERDE COMMUNITY COLLEGE DISTRICT
(RIVERSIDE AND SAN BERNARDINO COUNTIES, CALIFORNIA)
ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES A**

Ladies and Gentlemen

This opinion is rendered as counsel to the County of Riverside (the "County") in connection with the issuance by the Palo Verde Community College District (the "District") of its Election of 2014 General Obligation Bonds, Series A in the aggregate principal amount of \$ _____ (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Board of Supervisors of the County adopted on February 2, 2016 (the "County Resolution"), at the request of the District made pursuant to a resolution adopted by the Board of Trustees of the District on January 19, 2016 (the "District Resolution").

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

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

1. The County is a political subdivision duly organized and existing pursuant to the Constitution and the laws of the State of California.

2. The County Resolution was duly adopted at a meeting of the governing body of the County which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout.

3. To my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened against or affecting the County, which would adversely impact the County's ability to complete the transactions described in and contemplated by the Official Statement, to restrain or enjoin the levy or collection of tax revenues for the Bonds or in any way contesting or affecting the validity of the County Resolution or Bonds or the transactions described in and contemplated by the Official Statement wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the County Resolution, the Purchase Contract or the Bonds or in which a final adverse decision could materially adversely affect the operations of the County.

4. To my knowledge, the obligations of the County under the Bonds and the execution and delivery of the Purchase Contract and compliance with the provisions thereof, under the

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

Very truly yours,

ASSISTANT COUNTY COUNSEL

EXHIBIT C
FORM OF BONDS

R- _____

\$ _____

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

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

**PALO VERDE COMMUNITY COLLEGE DISTRICT
ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES A**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
_____ %	August 1, _____	_____ 1, 2016	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Palo Verde Community College District (the "District") in Riverside County (the "County") and San Bernardino County, California, for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing August 1, 2016. Interest on this Bond shall be computed on the basis of a 360-day year of twelve 30-day months. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2015, in which event it shall bear interest from the date of delivery. Interest shall be computed on the basis of a 360-day year of 12, 30-day months. Principal and interest are payable in

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

This bond is one of an authorization of \$ _____ of bonds approved to raise money for the purposes authorized by voters of the District at the Election, defined below; and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite fifty-five percent vote of the qualified electors of the District cast at an election held on November 4, 2014 (the "Election"), upon the question of issuing bonds in the amount of \$12,500,000 and resolutions of the Board of Trustees of the District adopted on January 19, 2016 and by the Board of Supervisors of the County on February 2, 2016 (collectively, the "Bond Resolution"). This bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. This bond and the issue of which this bond is one are general obligations of the District payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252.

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

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

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

The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Bonds maturing on or after August 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 20__, at a redemption price equal to the

principle amount of the Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

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

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

⁽¹⁾ Final Maturity.

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

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

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

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

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

Chairman of the Board of Supervisors

COUNTERSIGNED:

Clerk of the Board of Supervisors

Treasurer-Tax Collector of the County of Riverside

(FORM OF CERTIFICATE OF AUTHENTICATION)

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on _____, 2016.

U.S. BANK NATIONAL ASSOCIATION, as Paying Agent

By: _____
Authorized Representative

(FORM OF LEGAL OPINION)

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

Clerk of the Board of Supervisors of the County of
Riverside

(FORM OF STATEMENT OF INSURANCE)

(FORM OF ASSIGNMENT)

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

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

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

Dated: _____

Signature Guaranteed:

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

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

NEW ISSUE—FULL BOOK-ENTRY

RATINGS: S&P: “ ”; Moody’s: “ ”
See “MISCELLANEOUS – Ratings” herein

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

\$16,500,000*

**PALO VERDE COMMUNITY COLLEGE DISTRICT
 (Riverside and San Bernardino Counties, California)**

\$12,500,000*

Election of 2014 General Obligation Bonds, Series A

\$4,000,000*

**2016 General Obligation Refunding Bonds
 (School Facilities Improvement District No. 2004-1)**

Dated: Date of Delivery

Due: August 1 as shown on the inside front cover pages

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

The Palo Verde Community College District (Riverside and San Bernardino Counties, California) Election of 2014 General Obligation Bonds, Series A (the “New Money Bonds”) were authorized at an election of the registered voters of the Palo Verde Community College District (the “District”) held on November 4, 2014 at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of \$12,500,000 principal amount of general obligation bonds of the District. The New Money Bonds are being issued by the District to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, (ii) prepay a portion of the District’s Certificates of Participation (2008 Conversion of 2007 Auction Rate Certificates) and (iii) pay the costs of issuing the New Money Bonds.

The New Money Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Boards of Supervisors of Riverside and San Bernardino Counties are empowered and obligated to levy *ad valorem* taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the New Money Bonds when due.

The Palo Verde Community College District (Riverside and San Bernardino Counties, California) 2016 General Obligation Refunding Bonds (School Facilities Improvement District No. 2004-1) (the “Refunding Bonds” and together with the New Money Bonds, the “Bonds”) are being issued by the District to (i) refund the District’s outstanding Bonds of the School Facilities Improvement District No. 2004-1 of the Palo Verde Community College District, Election of 2005, Series 2005 (Bank Qualified) and Bonds of the School Facilities Improvement District No. 2004-1 (the “Improvement District”) of the Palo Verde Community College District, Election of 2005, Series 2006 (Bank Qualified), and (ii) pay the costs of issuing the Refunding Bonds.

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

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York (collectively referred to herein as “DTC”). Purchasers of the Bonds (the “Beneficial Owners”) will not receive certificates representing their interest in the Bonds. The Bonds will be issued as current interest bonds, such that interest thereon shall accrue from the date of the delivery and be payable semiannually on February 1 and August 1 of each year, commencing on August 1, 2016. The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof.

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

The District has applied for municipal bond insurance 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.

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

MATURITY SCHEDULE*
 (see inside front cover)

*The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Certain matters will be passed upon for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about _____, 2016.**

Morgan Stanley

The date of this Official Statement is: _____, 2016.

* Preliminary, subject to change.

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

MATURITY SCHEDULE

\$12,500,000*

PALO VERDE COMMUNITY COLLEGE DISTRICT
(Riverside and San Bernardino Counties, California)
Election of 2014 General Obligation Bonds, Series A

Base CUSIP^(†): 697479

\$ _____ Serial Bonds

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

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

* Preliminary, subject to change.

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

\$4,000,000*
PALO VERDE COMMUNITY COLLEGE DISTRICT
(Riverside and San Bernardino Counties, California)
2016 General Obligation Refunding Bonds

Base CUSIP^(†): 697479

\$ _____ Serial Bonds

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

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

* Preliminary, subject to change.

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

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

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

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

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

The Underwriter has provided the following sentence for inclusion in this Official Statement.

"The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their 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 the completeness of such information."

In connection with this offering, the Underwriter may overallocate or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those that 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 at prices lower than the public offering prices stated on the inside cover pages and said public offering prices may be changed from time to time by the Underwriter.

The District maintains a website. However, the information presented on such website is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

PALO VERDE COMMUNITY COLLEGE DISTRICT

Board of Trustees

George Thomas, *President*
Ned Hyduke, *Vice President*
Ermila Rodriguez, *Clerk*
Ted Arneson, *Trustee*
Ed Gonzales, *Trustee*
Jerry Lewis, *Trustee*
Suzanne Woods, *Trustee*

District Administration

Dr. Donald G. Wallace, *Superintendent/President*
Russi Egan, *Chief Business Officer*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

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

Financial Advisor

KNN Public Finance, a Division of Zions Public Finance, Inc.
Oakland, California

Paying Agent, Registrar, Transfer Agent and Escrow Agent

U.S. Bank National Association
Los Angeles, California

Verification Agent

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\$16,500,000*

**PALO VERDE COMMUNITY COLLEGE DISTRICT
(Riverside and San Bernardino Counties, California)**

\$12,500,000*

Election of 2014 General Obligation Bonds, Series A

\$4,000,000*

**2016 General Obligation Refunding Bonds
(School Facilities Improvement District No. 2004-1)**

INTRODUCTION

This Official Statement, which includes the cover page, inside front cover pages, and appendices hereto, provides information in connection with the sale of (i) Palo Verde Community College District (Riverside and San Bernardino Counties, California) Election of 2014 General Obligation Bonds, Series A (the “New Money Bonds”) and (ii) Palo Verde Community College District (Riverside and San Bernardino Counties, California) 2016 General Obligation Refunding Bonds (School Facilities Improvement District No. 2004-1) (the “Refunding Bonds,” and together with the New Money Bonds, the “Bonds”).

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

The District

The Palo Verde Community College District (the “District”) serves an area of about 7,027 square miles in the eastern portions of both Riverside County (the “County”) and San Bernardino County (together with the County, the “Counties”). The District includes the Cities of Blythe and Needles, and adjacent unincorporated areas of the Counties. The District was established in 1973 and currently operates two campuses. The main campus, Palo Verde College, was founded in 1947 and is located on a 200-acre site in the City of Blythe. The Palo Verde College Needles Center is located approximately 100 miles north of the main campus in the City of Needles. Palo Verde College is fully accredited by the Accrediting Commission for Community and Junior Colleges of the Western Association of Schools and Colleges. For fiscal year 2015-16, the District has projected a full-time equivalent students (“FTES”) count of _____, and property in the District has an assessed valuation of \$_____.

The governing board of the District is the Board of Trustees (the “Board”). The Board includes seven voting members elected by the voters of the District. The trustees serve four-year terms. 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 the Superintendent/President. The Superintendent/President is appointed by the Board. Dr. Donald G. Wallace is currently serving as the District’s Superintendent/President.

For more information regarding the District generally, see “PALO VERDE COMMUNITY COLLEGE DISTRICT,” and for information regarding the District’s assessed valuation, see “TAX BASE FOR REPAYMENT OF BONDS” herein.

* Preliminary, subject to change.

The Improvement District

The School Facilities Improvement District No. 2004-1 of the District (the "Improvement District") is located in the northern portion of the District, 18 miles east of the Mojave National Preserve, wholly within San Bernardino County, and includes the City of Needles, California. The Improvement District is coterminous with the boundaries of the Needles Unified School District which encompasses approximately 6,000 square miles, representing about 85% of the territory of the District but only about 30% of the District's population. The Improvement District has a 2015-16 assessed valuation of \$_____. For more information regarding the Improvement District's assessed valuation, see "TAX BASE FOR REPAYMENT OF BONDS."

Purpose of the Bonds

New Money Bonds. The New Money Bonds are being issued by the District to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, (ii) prepay a portion of the District's Certificates of Participation (2008 Conversion of 2007 Auction Rate Certificates) (the "2008 Certificates") and (iii) pay the costs of issuing the New Money Bonds. See "THE BONDS – Application and Investment of Bond Proceeds – New Money Bonds," and "ESTIMATED SOURCES AND USES OF FUNDS – New Money Bonds" herein.

The 2008 Certificates to be prepaid with proceeds of the New Money Bonds are referred to herein as the "Refunded Certificates." The 2008 Certificates were issued to (i) finance the conversion of the District's Auction Rate Certificates of Participation (2007 Capital Improvements Project), (ii) provide funds relating to the acquisition and development of a new Fine and Performing Arts Complex, (iii) fund capitalized interest, (iv) fund the reserve requirement, and (v) pay the costs incurred in connection with the execution, delivery and sale of the Certificates.

Refunding Bonds. The Refunding Bonds are being issued by the District to (i) refund the District's outstanding Bonds of the School Facilities Improvement District No. 2004-1 of the Palo Verde Community College District, Election of 2005, Series 2005 (Bank Qualified) (the "2005 Bonds") and Bonds of the School Facilities Improvement District No. 2004-1 of the Palo Verde Community College District, Election of 2005, Series 2006 (Bank Qualified) (the "2006 Bonds" and together with the 2005 Bonds, the "Prior Bonds"), and (ii) pay the costs of issuing the Refunding Bonds. See "THE BONDS – Application and Investment of Bond Proceeds – Refunding Bonds" and "ESTIMATED SOURCES AND USES OF FUNDS – Refunding Bonds" herein.

The Prior Bonds to be refunded with proceeds of the Refunding Bonds are referred to herein as the "Refunded Bonds." The 2005 Bonds were issued to (i) finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities, and (ii) pay the costs of issuing the 2005 Bonds. The 2006 Bonds were issued to (i) finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities, and (ii) pay the costs of issuing the 2006 Bonds.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code and pursuant to resolutions adopted by the Board and the County Board (as defined herein). See "THE BONDS – Authority for Issuance" herein.

Security and Sources of Payment for the Bonds

New Money Bonds. The New Money Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes on all property subject to taxation within the District. The

Boards of Supervisors of the Counties are empowered and obligated to annually levy *ad valorem* property taxes on all such property, without limitation as to rate or amount, for the payment of principal of and interest on the New Money Bonds when due (except for certain personal property which is taxable at limited rates). See “THE BONDS – Security and Sources of Payment – New Money Bonds.”

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

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, without coupons, and mature on August 1 in the years indicated on the inside front cover pages hereof. Purchasers of the Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interests in the Bonds purchased. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. See “THE BONDS – General Provisions” and “BOOK-ENTRY ONLY SYSTEM” herein. In the event that the book-entry only system described herein is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolutions (described herein).

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

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

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

Payments. The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the date of delivery of the Bonds (the “Date of Delivery”), payable semiannually on each February 1 and August 1, commencing on August 1, 2016. Principal on the Bonds is payable in the amounts and years as set forth on the inside front cover pages hereof.

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

Bond Insurance. The District has applied for municipal bond insurance 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. See “THE BONDS – Bond Insurance.”

* Preliminary, subject to change.

Tax Matters

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

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about _____, 2016.*

Bondowners’ Risks

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

Continuing Disclosure

Pursuant to the Continuing Disclosure Certificate relating to the Bonds, the District will covenant for the benefit of Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain enumerated events in compliance with S.E.C. Rule 15c2-12(b)(5) (the “Rule”). These covenants have been made in order to assist the Underwriter in complying with the Rule. The specific nature of the information to be made available and of the notices of enumerated events required to be provided are summarized in “LEGAL MATTERS – Continuing Disclosure” and “APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE” herein.

Forward-Looking Statements

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 Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “intend,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS,

* Preliminary, subject to change.

UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, acting as Bond Counsel and Disclosure Counsel to the District, will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed on for the Underwriter by KNN Public Finance, a Division of Zions Public Finance, Inc., Oakland, California. _____, _____, _____, will act as Verification Agent with respect to the Refunded Bonds.

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 Palo Verde Community College District, One College Drive, Blythe, CA 92225, telephone: (760) 921-5500. The District may impose a charge for copying, mailing and handling.

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

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

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

Terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolutions (as defined herein).

THE BONDS

Authority for Issuance

The New Money Bonds. The New Money Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, Article XIII A of the California Constitution and pursuant to a resolution adopted by the Board on January 19, 2016 (the "New Money Bonds District Resolution") and the County Board of Supervisors (the "County Board") on February 2, 2016 (the "New Money Bonds County Resolution," and together with the New Money Bonds District Resolution, the "New Money Bonds Resolutions").

The District received authorization at an election held on November 4, 2014, by more than fifty-five percent of the votes cast by eligible voters within the District, to issue not-to-exceed \$12,500,000 of general obligation bonds (the "2014 Authorization"). The New Money Bonds are the first and only issuance of bonds pursuant to the 2014 Authorization.

The Refunding Bonds. The Refunding Bonds are being issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of the Government Code and other applicable law, and pursuant to a resolution adopted by the Board on January 19, 2016 (the "Refunding Bonds Resolution," and together with the New Money Bonds Resolutions, the "Resolutions").

Security and Sources of Payment

The New Money Bonds. The New Money Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes on all property subject to taxation within the District. The Boards of Supervisors of the Counties are empowered and obligated to annually levy *ad valorem* property taxes on all such property, without limitation as to rate or amount, for the payment of principal of and interest on the New Money Bonds when due (except for certain personal property which is taxable at limited rates).

The Refunding Bonds. The Refunding Bonds are general obligations of the District payable solely from *ad valorem* property taxes on all property subject to taxation within the boundaries of the Improvement District. The Board of Supervisors of San Bernardino County is empowered and obligated to annually levy *ad valorem* property taxes on all such property, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Refunding Bonds when due.

General. Senate Bill 222 (Stats 2015, Chapter 78) ("SB 222") amended Section 15251 of the Education Code and added Section 53515 to the Government Code. Pursuant to Section 53515, general obligation bonds payable as to principal and interest from the proceeds of *ad valorem* property taxes will be secured by a statutory lien on all revenues received pursuant to the levy and collection of such *ad valorem* property taxes. The lien will automatically attach, without further action or authorization by the governing board of the local agency, and will be valid and binding from the time such bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the local agency, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act. SB 222 went into effect on January 1, 2016. As such, the Bonds are secured by a statutory lien on all revenues received from the levy of *ad valorem* property taxes for the payment thereof, as described above.

Such taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. Such taxes,

when collected, will be placed by the County in the respective Debt Service Funds (as defined herein), which are segregated and maintained by the County and which are designated for the payment of the principal of and interest on the related series of Bonds when due, and for no other purpose. Pursuant to the Resolutions, the District has pledged amounts on deposit in each Debt Service Fund to the payment of the respective series of Bonds. Although the Counties are obligated to levy *ad valorem* property taxes for the payment of the Bonds, and although the County will maintain the Debt Service Funds, the Bonds are not a debt of either of the Counties.

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

The rate of the annual *ad valorem* property taxes levied by the Counties to repay the New Money Bonds and by San Bernardino County to repay the Refunding Bonds will be determined by the relationship between the assessed valuation of taxable property in the District for the New Money Bonds, or in the Improvement District for the Refunding Bonds, and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service due on the Bonds and the assessed valuation of taxable property in the District or the Improvement District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in real property 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 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, drought, flood or toxic contamination, could cause a reduction in the assessed valuation of taxable property within the District or the Improvement District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's and the Improvement District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" and "TAX BASE FOR PAYMENT OF BONDS" herein.

General Provisions

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

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 August 1, 2016 (each, a "Bond Payment Date"). Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2016, in which event it will bear interest from the Date of Delivery. The Bonds are issuable in denominations of \$5,000 principal amount or any integral multiple thereof and mature on August 1 in the years and amounts set forth on the inside front cover pages hereof.

The principal of the Bonds will be payable in lawful money of the United States of America to the registered Owner thereof, upon the surrender thereof at the principal office of the Paying Agent. The interest on the Bonds will be payable in lawful money to the person whose name appears on the bond

registration books of the Paying Agent as the registered Owner thereof as of the close of business on the 15th day of the month preceding any Bond Payment Date (a "Record Date"), whether or not such day is a business day. Such interest is to be paid by check or draft mailed on such Bond Payment Date to such registered Owner at his or her address as it appears on such registration books or at such address as the registered Owner may have filed with the Paying Agent for that purpose. The interest payments on the Bonds will be made in immediately available funds (e.g., by wire transfer) to any registered Owner of at least \$1,000,000 of such outstanding Bonds who will have requested in writing such method of payment of interest on such Bonds prior to the close of business on the Record Date immediately preceding any Bond Payment Date. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof.

Application and Investment of Bond Proceeds

New Money Bonds. The New Money Bonds are being issued by the District to (i) finance the repair, upgrading, acquisition, construction and equipping of certain District property and facilities, (ii) prepay the Refunded Certificates, and (iii) pay the costs of issuing the New Money Bonds.

Information regarding specific maturities of the Refunded Certificates is shown below, along with a description of the 2008 Certificates which will remain outstanding following the defeasance of the Refunded Certificates.

REFUNDED CERTIFICATES*
Palo Verde Community College
Certificates of Participation
(2008 Conversion of 2007 Auction Rate Certificates)

<u>Maturity</u> (January 1)	<u>Initial</u> <u>Principal</u> <u>Amount</u>	<u>Rate</u>	<u>Principal</u> <u>Amount to be</u> <u>Refunded</u>	<u>Optional</u> <u>Prepayment Date</u>	<u>Optional</u> <u>Redemption Price</u> <u>(% of Par</u> <u>Amount)</u>
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UNREFUNDED CERTIFICATES*
Palo Verde Community College
Certificates of Participation
(2008 Conversion of 2007 Auction Rate Certificates)

<u>Maturity</u> (January 1)	<u>Initial</u> <u>Principal</u> <u>Amount</u>	<u>Rate</u>
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* Preliminary, subject to change.

The net proceeds from the sale of New Money Bonds necessary to prepay the Refunded Certificates, will be paid to U.S. Bank Association, acting as the escrow agent for the Refunded Certificates (the "Escrow Agent"), to the credit of an escrow fund (the "Refunded Certificates Escrow Fund") created pursuant to an escrow agreement (the "Refunded Certificates Escrow Agreement") by and between the District and the Escrow Agent. Amounts deposited in the Refunded Certificates Escrow Fund will be sufficient to pay the principal of and interest with respect to the Refunded Certificates, as the same shall become due and payable.

The sufficiency of the amounts on deposit in the Refunded Certificates Escrow Fund, together with realizable interest and earnings thereon, to pay the Refunded Certificates as the same shall become due and payable, will be verified by the Verification Agent. As a result of the deposit and application of funds so provided in the Refunded Certificates Escrow Agreement, and assuming the accuracy of the Underwriter's and Verification Agent's computations, the Refunded Certificates will be defeased and the obligation of the District to make payments of principal thereof and interest thereon will terminate.

The remaining net proceeds of the sale of the New Money Bonds will be deposited into the fund held by the County and designated as the "Palo Verde Community College District Election of 2014 General Obligation Bonds, Series A Building Fund" (the "Building Fund") and will be applied only for the purposes approved by the voters of the District pursuant to the 2014 Authorization. Any interest earnings on moneys held in the Building Fund will be retained therein. Any excess proceeds of the New Money Bonds not needed for authorized purposes for which the New Money Bonds are being issued will be transferred to the New Money Debt Service Fund (as defined below) and applied to the payment of principal of and interest on the New Money Bonds. The County will have no responsibility for assuring the proper use of the proceeds of the New Money Bonds.

Any premium or accrued interest received by the District from the sale of the New Money Bonds will be kept separate and apart in the fund designated as the "Palo Verde Community College District Election of 2014 General Obligation Bonds, Series A Debt Service Fund" (the "New Money Debt Service Fund"), which fund is held by the County for the payment of principal of and interest on the New Money Bonds. Any interest earnings on moneys held in the New Money Debt Service Fund will be retained therein. If, after all of the New Money Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in the New Money Debt Service Fund or otherwise held in trust for the payment of the redemption price of the New Money Bonds, any such excess amounts will be transferred to the general fund of the District as provided and permitted by law.

Refunding Bonds. The Refunding Bonds are being issued by the District to (i) refund the Refunded Bonds and (ii) pay the costs of issuing the Refunding Bonds. Information regarding specific maturities of the Refunded Bonds is shown below.

REFUNDED BONDS*
Bonds of the School Facilities Improvement District No. 2004-1
of the Palo Verde Community College District,
Election of 2005, Series 2005
(Bank Qualified)

<u>Maturity</u> <u>(August 1)</u>	<u>Initial</u> <u>Principal</u> <u>Amount</u>	<u>Rate</u>	<u>Principal</u> <u>Amount to be</u> <u>Refunded</u>	<u>Optional</u> <u>Redemption</u> <u>Date</u>	<u>Optional</u> <u>Redemption Price</u> <u>(% of Par</u> <u>Amount)</u>
2025	\$890,000	6.000%	\$890,000		100%
2030	1,190,000	6.000	1,190,000		100

Bonds of the School Facilities Improvement District No. 2004-1
of the Palo Verde Community College District,
Election of 2005, Series 2006
(Bank Qualified)

<u>Maturity</u> <u>(August 1)</u>	<u>Initial</u> <u>Principal</u> <u>Amount</u>	<u>Rate</u>	<u>Principal</u> <u>Amount to be</u> <u>Refunded</u>	<u>Optional</u> <u>Redemption</u> <u>Date</u>	<u>Optional</u> <u>Redemption Price</u> <u>(% of Par</u> <u>Amount)</u>
2019	\$545,000	5.500%	\$545,000	August 1, 2016	100%
2021	435,000	4.500	435,000	August 1, 2016	100
2023	500,000	4.500	500,000	August 1, 2016	100

The net proceeds from the sale of the Refunding Bonds will be paid to the Escrow Agent, acting as the escrow agent for the Refunded Bonds, to the credit of the "Palo Verde Community College District 2016 General Obligation Refunding Bonds Escrow Fund" (the "Refunded Bonds Escrow Fund"). Pursuant to an escrow agreement (the "Refunded Bonds Escrow Agreement") by and between the District and the Escrow Agent, an amount deposited in the Refunded Bonds Escrow Fund will be used to purchase certain Federal Securities, as defined in the Refunding Bonds Resolution, the principal of and interest on which will be sufficient, together with any monies deposited in the Refunded Bonds Escrow Fund and held as cash, to enable the Escrow Agent to pay the principal amount of the Refunded Bonds on the first optional redemption date therefor, as well as the interest due on the Refunded Bonds on and before such date.

The sufficiency of the amounts on deposit in the Refunded Bonds Escrow Fund, together with realizable interest and earnings thereon, to redeem the Refunded Bonds as described above will be verified by the Verification Agent. As a result of the deposit and application of funds so provided in the Refunded Bonds Escrow Agreement, and assuming the accuracy of the Underwriter's and Verification Agent's computations, the Refunded Bonds will be defeased and the obligation of San Bernardino County to levy *ad valorem* property taxes for payment of the Refunded Bonds will be terminated.

Any excess proceeds of the Refunding Bonds not needed for the authorized purposes for which the Refunding Bonds are being issued will be transferred to the fund held by the County and designated as the "Palo Verde Community College District 2016 General Obligation Refunding Bonds Debt Service Fund" (the "Refunding Debt Service Fund") and applied to the payment of principal of and interest on the Refunding Bonds. If, after payment in full of the Refunding Bonds, there remain excess proceeds, any such excess amounts will be transferred to the general fund of the District as provided and permitted by law.

* Preliminary, subject to change.

Investment of Funds. Moneys in the Debt Service Funds and the Building Fund are expected to be invested through the County’s Pooled Investment Fund. For more information, see “APPENDIX E - RIVERSIDE COUNTY POOLED INVESTMENT FUND” attached hereto.

Annual Debt Service

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

Year Ending <u>August 1</u>	<u>New Money Bonds</u>		<u>Refunding Bonds</u>		Total Annual Debt Service <u>Payment</u>
	Annual Principal <u>Payment</u>	Annual Interest <u>Payment</u> ⁽¹⁾	Annual Principal <u>Payment</u>	Annual Interest <u>Payment</u> ⁽¹⁾	

⁽¹⁾ Interest payments on the New Money Bonds will be made semiannually on February 1 and August 1 of each year, commencing on August 1, 2016.

See “PALO VERDE COMMUNITY COLLEGE DISTRICT – District Debt Structure – General Obligation Bonds” herein for a schedule of the total annual debt service requirements for all of the District’s outstanding general obligation bonds.

Redemption

Optional Redemption.*

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

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

Mandatory Sinking Fund Redemption.*

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

* Preliminary, subject to change.

Redemption Date
(August 1)

Principal Amount

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

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

Redemption Date
(August 1)

Principal Amount

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

Selection of Bonds for Redemption. Whenever provision is made for the redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

Notice of Redemption. Notice of any redemption of Bonds will be mailed, postage-prepaid, not less than 20 nor more than 45 days prior to the redemption date (i) to the respective registered owners thereof at the addresses appearing on the bond registration books, (ii) to the Securities Depositories described below, and (iii) to one or more of the Information Services described below. Notice of redemption to the Securities Depositories and the Information Services will be given by registered mail, facsimile transmission or overnight delivery service. Each notice of redemption will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

“Information Services” means Financial Information, Inc.’s “Daily Called Bond Service,” 1 Cragwood Road, 2nd Floor, South Plainfield, New Jersey 07080, Attention: Editor; Mergent, Inc., 585 Kingsley Park Drive, Fort Mill, South Carolina 29715, Attention: Called Bond Department; and

Standard and Poor's J.J. Kenny Information Services' "Called Bond Record," 55 Water Street, 45th Floor, New York, New York 10041.

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

The actual receipt by an Owner or by any Information Service or Securities Depository of notice of such redemption shall not be a condition precedent to redemption, and failure to receive such notice shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

The notice or notices required for redemption will be given by the Paying Agent or its designee. A certificate by the Paying Agent that notice of call and redemption has been given to Owners of Bonds and to the appropriate Securities Depository and Information Services shall be conclusive as against all parties, and no Owner whose Bond is called for redemption may object thereto or object to the cessation of interest on the fixed redemption date by any claim or showing that said Owner failed to actually receive such notice of call and redemption.

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

Payment of Redeemed Bonds. When notice of redemption has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is set aside for that purpose in the applicable Debt Service Fund, as described below, the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the notice of redemption with the form of assignment endorsed thereon executed in blank, said Bonds will be redeemed and paid at the redemption price out of the applicable Debt Service Fund. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

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

Effect of Notice of Redemption. Notice having been given as described above, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having been set aside as

described in “—Defeasance” herein, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, moneys for the redemption of all the Bonds to be redeemed, together with interest accrued to such redemption date, shall be held by the Paying Agent (or an independent escrow agent selected by the District) so as to be available therefor on such redemption date, and if a notice of redemption thereof shall have been given as described above, then from and after such redemption date, interest with respect to the Bonds to be redeemed will cease to accrue and become payable. All money held for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

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

Bond Insurance

The District has applied for municipal bond insurance 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.

Book-Entry Only System

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

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 with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from

over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. However, the information presented on such website is not incorporated herein by reference.

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its

usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

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

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

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

Any Bond may be exchanged for Bonds of like series, tenor, maturity and principal amount upon presentation and surrender at the designated office of the Paying Agent, together with a request for

exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the designated office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent will complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

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

Defeasance

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

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

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

then, notwithstanding that any Bonds shall not have been surrendered for payment, all obligations of the District and the Paying Agent with respect to all outstanding Bonds of the applicable series 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 owners of the Bonds of such series not so surrendered and paid all sums due with respect thereto.

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

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("Standard & Poor's").

ESTIMATED SOURCES AND USES OF FUNDS

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

Sources of Funds

Principal Amount
Net Original Issue Premium
Total Sources

Uses of Funds

New Money Building Fund
New Money Debt Service Fund
Refunded Certificates Escrow Fund
Underwriter's Discount
Costs of Issuance⁽¹⁾
Total Uses

⁽¹⁾ Reflects all costs of issuance of the New Money Bonds, including but not limited to legal and financial advisory fees, fees of the Escrow Agent and Verification Agent, printing costs, the costs and fees of the Paying Agent, bond insurance premium (if any) and other costs of issuance of the New Money Bonds.

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

Sources of Funds

Principal Amount
Net Original Issue Premium
Total Sources

Uses of Funds

Refunded Bonds Escrow Fund
Underwriter's Discount
Costs of Issuance⁽¹⁾
Total Uses

⁽¹⁾ Reflects all costs of issuance of the Refunding Bonds, including but not limited to legal and financial advisory fees, fees of the Escrow Agent and Verification Agent, printing costs, the costs and fees of the Paying Agent, bond insurance premium (if any) and other costs of issuance of the Refunding Bonds.

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 and the Improvement District. The New Money Bonds are payable solely from ad valorem taxes levied and collected by the Counties on taxable property in the District. The Refunding Bonds are payable solely from ad valorem property taxes levied and collected by San Bernardino County on taxable property within the boundaries of the Improvement District. The District's general fund is not a source for the repayment of the Bonds.

Ad Valorem Property Taxation

District property taxes are assessed and collected by the Counties at the same time and on the same tax rolls as county, city and special district property taxes. Assessed valuations are the same for the Improvement District, District and the Counties' taxing purposes.

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

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes on the secured roll are due in two installments, November 1 and February 1 of the fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus a \$10 cost on the second installment, plus any additional amount determined by the Treasurer-Tax Collector of a county. Property on the secured roll with delinquent taxes is declared tax-defaulted on or about June 30 of the calendar year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a minimum \$15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the tax-collecting authority of the relevant county.

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

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

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

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 K-14 schools will 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.

This section presents information about the District’s assessed valuation followed by information about the Improvement District’s assessed valuation.

District Assessed Valuations

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 cash value” of the property, as defined in Article XIII A of the State Constitution. For a discussion of how properties currently are assessed, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS” 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.

Property within the District has a total assessed valuation for fiscal year 2015-16 of \$ _____. The following table represents the 5-year history of assessed valuations in the District.

**ASSESSED VALUATIONS
Palo Verde Community College District
Fiscal Years 2011-12 through 2015-16**

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2011-12				
2012-13				
2013-14				
2014-15				
2015-16				

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, drought, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service on the Bonds. See “THE BONDS – Security and Sources of Payment” herein.

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

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

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

District Assessed Valuation and Parcels by Land Use

The following table shows the assessed valuation and parcels by land use in the District for fiscal year 2015-16.

ASSESSED VALUATION AND PARCELS BY LAND USE Palo Verde Community College District Fiscal Year 2015-16

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

District Assessed Valuation by Jurisdiction

The following shows the District's fiscal year 2015-16 assessed valuation by jurisdiction.

ASSESSED VALUATION AND PARCELS BY JURISDICTION⁽¹⁾ Palo Verde Community College District Fiscal Year 2015-16

⁽¹⁾ Before deduction of redevelopment incremental valuation.
Source: *California Municipal Statistics, Inc.*

District Assessed Valuation of Single Family Homes

The following table displays the fiscal year 2015-16 assessed valuations of single family residential parcels within the District.

ASSESSED VALUATION OF SINGLE FAMILY HOMES Palo Verde Community College District Fiscal Year 2015-16

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

District Tax Levies, Collections and Delinquencies

The following table shows the secured tax charges and delinquencies for taxes collected by the County from property in the District from fiscal years 2010-11 through 2014-15.

SECURED TAX CHARGES AND DELINQUENCIES Palo Verde Community College District Fiscal Years 2010-11 through 2014-15

	Secured Tax Charge ⁽¹⁾	Amt. Del. June 30	% Del. June 30
2010-11			
2011-12			
2012-13			
2013-14			
2014-15			

⁽¹⁾ District's general obligation bond debt service levy. There was no debt service for years prior to 2008-09. Fiscal year 2014-15 is preliminary.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - "Teeter Plan"

The Board of Supervisors of each of the Counties has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each of the Counties apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the respective county acts as the tax-levying or tax-collecting agency.

The Teeter Plan of each of the Counties is applicable to all tax levies for which such county acts as the tax-levying or tax-collecting agency, or for such county's treasury is the legal depository of the tax collections.

The *ad valorem* property tax to be levied to pay the principal and Accreted Value of and interest on the Bonds will be subject to the Teeter Plan of each of the Counties, beginning in the first year of such levy. The District will receive 100% of the *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by each of the respective Counties.

The Teeter Plan of each of the Counties is to remain in effect unless the Board of Supervisors of such county orders its discontinuance or unless, prior to the commencement of any fiscal year of the county (which commences on July 1), the Board of Supervisors of such county receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in such county. In the event the Board of Supervisors of either of the Counties is to order discontinuance of the Teeter Plan subsequent to its implementation, only those secured property taxes actually collected in such county would be allocated to political subdivisions (including the District) for which such county acts as the tax-levying or tax-collecting agency.

District Principal Taxpayers

The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2015-16 secured assessed valuations.

20 LARGEST LOCAL SECURED TAXPAYERS Palo Verde Community College District Fiscal Year 2015-16

⁽¹⁾ 2015-16 Local Secured Assessed Valuation: \$ _____.
Source: California Municipal Statistics, Inc.

District Tax Rates

Representative tax rate areas (a "TRA") located within the District are TRA _____ and TRA _____. The table below demonstrates the total *ad valorem* tax rates, as a percentage of assessed value, levied by all taxing entities in the respective tax rate areas during the five-year period from 2011-12 through 2015-16.

TYPICAL TAX RATES (TRA _____ and TRA _____) Palo Verde Community College District Fiscal Years 2011-12 through 2015-16

⁽¹⁾ 2015-16 Assessed Valuation of TRA _____ is \$ _____ which is _____% of the district's total assessed valuation.
⁽¹⁾ 2015-16 Assessed Valuation of TRA _____ is \$ _____ which is _____% of the district's total assessed valuation.
Source: California Municipal Statistics, Inc.

District Statement of Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "District Debt Report") prepared by California Municipal Statistics, Inc. and effective as of _____, 2016, for debt issued as of _____, 2016. The District Debt Report is included for general information purposes only. The District has not reviewed the District Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

**STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
Palo Verde Community College District**

Source: California Municipal Statistics, Inc.

Improvement District Assessed Valuations

The assessed valuation of property in the Improvement District is established by the San Bernardino 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 cash value" of the property, as defined in Article XIII A of the State Constitution. For a discussion of how properties currently are assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" 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.

Property within the Improvement District has a total assessed valuation for fiscal year 2015-16 of \$_____. The following table represents the 5-year history of assessed valuations in the Improvement District.

**ASSESSED VALUATIONS
School Facilities Improvement District No. 2004-1
of the Palo Verde Community College District
Fiscal Years 2011-12 through 2015-16**

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2011-12				
2012-13				
2013-14				
2014-15				
2015-16				

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, drought, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the Improvement District. Any such reduction would result in a corresponding increase in the annual tax rate levied by San Bernardino County to pay the debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

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

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

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

Improvement District Assessed Valuation and Parcels by Land Use

The following table shows the assessed valuation and parcels by land use in the Improvement District for fiscal year 2015-16.

ASSESSED VALUATION AND PARCELS BY LAND USE
School Facilities Improvement District No. 2004-1
of the Palo Verde Community College District
Fiscal Year 2015-16

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

Improvement District Assessed Valuation by Jurisdiction

The following shows the Improvement District's fiscal year 2015-16 assessed valuation by jurisdiction.

ASSESSED VALUATION AND PARCELS BY JURISDICTION⁽¹⁾
School Facilities Improvement District No. 2004-1
of the Palo Verde Community College District
Fiscal Year 2015-16

⁽¹⁾ Before deduction of redevelopment incremental valuation.
Source: California Municipal Statistics, Inc.