

(d) The estimates of costs associated with the issuance and sale of the Series 2016-E Bonds include the following: (i) the Underwriter's discount shall be as described in Section 7 hereof; (ii) Bond Counsel fees are based upon the final par amount of the Series 2016-E Bonds and are set out in the retention agreements with Bond Counsel and Disclosure Counsel, which are on file with the District; (iii) costs for purchase of a policy of bond insurance or other credit enhancement (iv) costs for printing of the Preliminary Official Statement and Official Statement, other legal counsel fees, rating agency fees and presentation, pricing consultant, the initial fees and expenses of the paying agent, California Municipal Statistics and other fees and expenses incident to the issuance and sale of the Series 2016-E Bonds are expected to be not greater than 0.60% of the expected maximum par amount of the Series 2016-E Bonds (\$40,000,000), as further set forth in Exhibit "C" attached hereto. All such figures are estimates and shall not constrain or limit the District as to the issuance and sale of the Series 2016-E Bonds pursuant to the directives and conditions set forth herein.

(e) The Board hereby directs that following the sale of the Series 2016-E Bonds, the Board shall be presented with the actual costs of sale, issuance and delivery costs of the Series 2016-E Bonds at the next occurring meeting of the Board for which such information can be determined and presented in accordance with State law.

(f) The Board hereby directs that following the sale and delivery of the Series 2016-E Bonds that an itemized summary of the costs of the sale, issuance and delivery costs of the Series 2016-E Bonds shall be provided to the California Debt and Investment Advisory Commission (CDIAC). The Board hereby determines that submission of such information as part of the filing of the Report of Final Sale for the Series 2016-E Bonds made to CDIAC pursuant to State law, including Government Code Section 8855, shall constitute compliance with the applicable requirements of Education Code Section 15146(c)(2).

(g) The Board hereby directs that as part of the authorization for issuance, sale, issuance and delivery of the Series 2016-E Bonds that all necessary filings with CDIAC shall be completed by the District staff and/or its consultants or legal counsel on behalf of the District. The Board directs that confirmation of such filings shall be included in the transcript of agreements, resolutions, proceedings and documents prepared and delivered in connection with the authorization for issuance, sale, issuance and delivery of the Series 2016-E Bonds.

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

Section 18. District Consultant Costs, County Costs, and Costs of Issuance Agreement.

(a) The District has retained the services of Bowie, Arneson, Wiles & Giannone to represent the District as Bond Counsel, James F. Anderson Law Firm, a Professional Corporation, to represent the District as Disclosure Counsel, and Fieldman Rolapp & Associates, Inc. as Financial Advisor. U.S. Bank National Association will serve as the District's initial Paying Agent. The Designated Officers are authorized to execute and deliver service agreements with such legal counsel and other service providers in connection with such services. The Superintendent of the District is hereby also authorized to retain such other and further

consultants and services, including, but not limited to, printing services, legal services, assessment information and pricing consultant services as are necessary or desirable to facilitate the issuance, sale and delivery of the Series 2016-E Bonds.

(b) The Superintendent of the District is hereby also authorized to retain such other and further consultants and services, including, but not limited to, printing services, legal services, assessment valuation information and independent pricing consultant services as are necessary or desirable to facilitate the issuance, sale and delivery of the Series 2016-B Bonds.

(c) That this District Board authorizes the payment to Riverside County of out-of-pocket expenses and other costs incurred by Riverside County in connection with Riverside County's support of, and participation in, the issuance, sale and delivery of the Series 2016-E Bonds.

(c) As may be provided in the Purchase Agreement, the Underwriter may be required to pay a portion of the costs of issuance from allocated funds as a condition to the purchase of the Series 2016-E Bonds. The District Board hereby authorizes a Designated Officer(s) to acknowledge such a Costs of Issuance Custodian Agreement, or equivalent agreement, involving U.S. Bank National Association or another bank or financial institution. As may be provided in such agreement, amounts provided by the Underwriter for payment of costs of issuance shall be deposited thereunder and the payment of costs of issuance may be requisitioned by a Designated Officer(s) in accordance with such agreement.

Section 19. Approval of Actions. All actions heretofore taken by officers, agents and consultants of the District with respect to the sale and issuance of the Series 2016-E Bonds are hereby approved, confirmed and ratified. The President and Clerk of the Board and the Superintendent and the Designated Officer(s) are each authorized and directed in the name and on behalf of the District to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which they, or any of them, might deem necessary or appropriate in order to consummate the lawful issuance, sale and delivery of the Series 2016-E Bonds. Whenever in this Resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in case such officer shall be absent or unavailable.

Section 20. Other Actions. The President and Clerk of the District Board and the Designated Officers of the District, are authorized and directed to execute all documents and to take all actions necessary to cause or facilitate the issuance of the Series 2016-E Bonds.

Section 21. Partial Invalidity; Severability. If any one or more of the covenants or agreements, or portions thereof, provided in this Resolution on the part of the District to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall be deemed separable from the remaining covenants and agreement or portions thereof and shall in no way affect the validity of this Resolution or of the Series 2016-E Bonds; but the Bond owners shall retain all rights and benefits accorded to them under any applicable provisions of law. The District hereby declares that it would have this Resolution and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Series 2016-E

Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 22. Governing Law. This Resolution shall be construed and governed in accordance with the laws of the State of California.

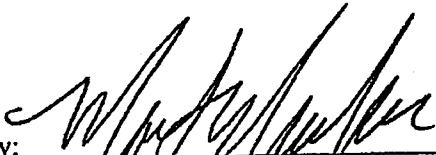
Section 23. Effective Date. This Resolution shall take effect immediately upon adoption.

Section 24. County Filing. The Clerk of the District Board is hereby directed to file, or cause to be filed, certified copies of this Resolution with the Clerk of the Riverside County Board of Supervisors and the Superintendents of Schools of Riverside County and Imperial County.

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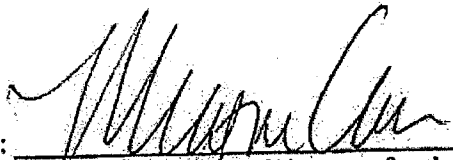
ADOPTED, SIGNED and APPROVED this 12th day of April, 2016, by the Board of Trustees of the Coachella Valley Unified School District of the Counties of Riverside and Imperial, State of California.

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

By: 

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

ATTEST:

By: 

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

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

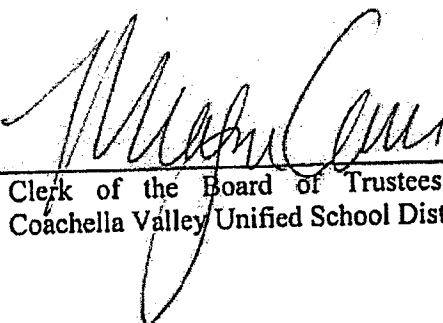
I, Meagan Caress, Clerk of the Board of Trustees of the Coachella Valley Unified School District, do hereby certify that the foregoing Resolution was duly adopted by the Board of Trustees of the Coachella Valley Unified School District at a meeting thereof held on the 12th day of April, 2016, at which meeting a quorum of such Board was present and acting throughout and for which notice and an agenda was prepared and posted as required by law, and that such Resolution was so adopted by the following vote:

AYES: 4 Machuca, Martinez, Caress, Murillo

NOES: 2 Acuña, Hall

ABSTAIN: 0

ABSENT: 1 Kamper

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

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

I, Meagan Caress, Clerk of the Board of Trustees of the Coachella Valley Unified School District, do hereby certify that the foregoing is a true and correct copy of Resolution No. 2016-70, which was duly adopted by the Board of Trustees of the Coachella Valley Unified School District at a meeting thereof held on the 12th day of April, 2016.

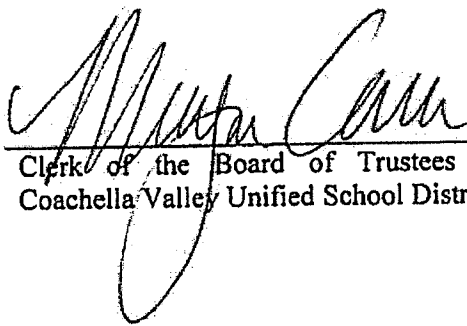
By: 
Clerk of the Board of Trustees of the
Coachella Valley Unified School District

EXHIBIT "A"

FORM OF BOND PURCHASE AGREEMENT

§ _____
COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
(Riverside and Imperial Counties, California)
GENERAL OBLIGATION BONDS
2005 ELECTION, SERIES 2016-E

BOND PURCHASE AGREEMENT

_____, 2016

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

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

Ladies and Gentlemen:

The undersigned, RBC Capital Markets, LLC, as underwriter (the "Underwriter"), acting on its own behalf and not acting as a fiduciary or agent of you, offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with the Coachella Valley Unified School District (the "District") and the County of Riverside (the "County"), which, upon your written acceptance hereof, will be binding upon the District, the County and the Underwriter. By execution of this Purchase Agreement, the District, the County and the Underwriter acknowledge the terms hereof and recognize that they will be bound by certain of the provisions hereof, and to the extent binding thereupon, acknowledge and agree to such terms. This offer is made subject to the written acceptance of this Purchase Agreement by the District and the County, and delivery of such acceptance to us at or prior to 11:59 P.M., California Time, on the date hereof.

Section 1. Purchase and Sale of the Bonds. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the County, on behalf of the District, for reoffering to the public, and the County, on behalf of the District, hereby agrees to sell and deliver to the Underwriter for such purpose, all (but not less than all) of \$ _____ aggregate principal amount of the District's General Obligation Bonds, 2005 Election, Series 2016 -E (the "Bonds"). The Bonds shall bear interest at the rates with the yields to maturity (or yields to the call date), shall mature in the years and shall be subject to redemption as shown on Exhibit A hereto, which is incorporated herein by this reference. The Bonds shall otherwise be as described in the Official Statement (as defined herein), and shall be issued and secured pursuant to the provisions of: the resolution of the District authorizing the issuance of the Bonds, adopted on _____, 2016 (the "District Resolution"), the resolution with respect to the Bonds adopted by the County Board of Supervisors on _____, 2016 (the "County Resolution" and, together with the

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

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

The District acknowledges that it has previously provided the Underwriter with an acknowledgment of receipt of the required Underwriter's disclosure under Rule G-17 of the Municipal Securities Rulemaking Board ("MSRB"). The Underwriter shall purchase the Bonds at a price of \$ _____ (consisting of the aggregate principal amount of the Bonds of \$ _____, plus net original issue premium of \$ _____, and less an Underwriter's discount of \$ _____). At the request of the District, on the day of Closing, the Underwriter will wire a portion of the purchase price in the [respective] amount[s] of [: (a) \$ _____ to [BOND INSURER] (the "Insurer") for the bond insurance premium and (b)] \$ _____ the District's Cost of Issuance Custodian for payment of costs of issuance.

The proceeds of sale of the Bonds are expected to be applied (i) for the purposes set forth in the ballot submitted to and approved by District voters during the bond election on June 7, 2005, (ii) fund a debt service fund to pay interest through [February/August] 1, 20__ and (iii) to pay certain costs of issuance of the Bonds.

Section 2. The Bonds. The Bonds shall be dated as of their date of delivery and shall mature on August 1 in the years shown on Exhibit A hereto with a final maturity of August 1, 20__. Interest on the Bonds accrues from the date of delivery and is payable semiannually on February 1 and August 1 of each year, commencing on [February/August] 1, 2016. The Bonds shall otherwise be as described in, and shall be issued and secured pursuant to the provisions of the Resolutions, this Purchase Agreement, the Official Statement and the Act.

U.S. Bank National Association (the "Paying Agent") shall serve as the initial authenticating agent, bond registrar, transfer agent, and paying agent for the Bonds as designated by the Resolutions.

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

Section 3. Use of Documents. The District and the County hereby authorize the Underwriter to use, in connection with the offering and sale of the Bonds, this Purchase Agreement, the Preliminary Official Statement, the Official Statement, the Resolutions, and all information contained herein and therein and all of the documents, certificates or statements furnished by the District and the County to the Underwriter in connection with the transactions contemplated by this Purchase Agreement. The District and the County do not object to distribution of the Official Statement in electronic form.

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

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

Section 5. Official Statement. The District has caused to be drafted and previously delivered to the Underwriter a Preliminary Official Statement, dated _____, 2016 (the "Preliminary Official Statement"), including the cover page, the inside cover page and appendices thereto, relating to the Bonds. The District represents and warrants that it has deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other

terms of the Bonds which depend upon the final pricing of the Bonds for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended (the "Rule"). The Preliminary Official Statement was prepared by the District for use by the Underwriter in connection with the public offering, sale and distribution of the Bonds.

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

The District authorizes the Underwriter to file, to the extent required by the applicable rules promulgated by the Securities and Exchange Commission or the MSRB, and the Underwriter agrees to file or cause to be filed, the Official Statement with (i) the MSRB or its designee (including the MSRB's Electronic Municipal Market Access system); or (ii) other repositories approved from time to time by the Securities and Exchange Commission (either in addition to or in lieu of the filing referred to above).

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

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

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)

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

the light of the circumstances under which they were made, not misleading. If, in the opinion of the Underwriter, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the District shall prepare and furnish to the Underwriter, at the District's expense, such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the District and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the Closing, the District also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

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

Section 6. Closing. At 9:00 a.m., California Time, on _____, 2016, or at such other time or on such other date as shall have been mutually agreed upon by the District, the County and the Underwriter (the "Closing"), the District will deliver to the Underwriter, through the facilities of DTC utilizing DTC's FAST delivery system, or at such place as the parties may mutually agree upon, the Bonds in book-entry form, duly executed and registered as provided in Section 2 above, together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to an account or accounts within the United States designated by the District.

Section 7. Representations, Warranties and Agreements of the Underwriter. The Underwriter represents to and agrees with the District and the County that, as of the date hereof and as of the date of Closing:

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

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

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

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

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

(b) (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has the full legal right, power and authority to enter into this Purchase Agreement, to adopt the District Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Agreement and the District Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the Continuing Disclosure Certificate, the District Resolution and this Purchase Agreement (collectively, the "District Documents") have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) the District Documents constitute the valid and legally binding obligations of the District; enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and to principles of equity relating to or affecting the enforcement of creditors' rights; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Agreement and by the Official Statement.

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

(d) The District has complied, and will comply, with the requirements of the Internal Revenue Code of 1986, as amended, with respect to the Bonds, and the District shall not knowingly take or omit to take any action that, under existing law, may adversely affect the exclusion from gross income for federal income tax purposes, or the exemption from any applicable State tax applicable to the Bonds.

(e) To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of the District Documents, and the compliance with the provisions thereof and hereof do not conflict with or constitute on the part of the

District a violation of or default under, the State Constitution or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

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

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

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

(i) In accordance with the requirements of the Rule, the District will enter into a Continuing Disclosure Certificate, substantially in the form attached to the Preliminary Official Statement and Official Statement in Appendix E (the "Continuing Disclosure Certificate") at or prior to the Closing, in which the District will undertake, for the benefit of the Owners of the Bonds, to provide certain information as set forth therein. Except as otherwise described in the Official Statement, the District has not failed during the previous five years to comply in all material respects with any previous continuing disclosure undertakings under the Rule.

(j) The District will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request, and at the sole expense of the Underwriter, in order to qualify the

Bonds for offering and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and to continue such qualifications in effect so long as may be required for the distribution of the Bonds (provided, however, that the District will not be required to qualify as a foreign corporation or to file any general or special consent to service of process under the laws of any jurisdiction).

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

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

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

(n) The District hereby agrees to take any and all actions as may be required by the County or otherwise necessary in order to arrange for the levy and collection of *ad valorem* taxes and payment of the Bonds.

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

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

(b) (i) At or prior to the Closing, the County will have taken all action required to be taken by it to authorize the sale and delivery of the Bonds on behalf of the District; (ii) the County has full legal right, power and authority to enter into this

Purchase Agreement, to adopt the County Resolution, to sell, execute and deliver the Bonds to the Underwriter on behalf of the District and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Agreement and the County Resolution; (iii) the execution and delivery or adoption of, and the performance by the County of its obligations contained in the Bonds, the County Resolution and this Purchase Agreement have been duly authorized; (iv) assuming due authorization, execution and delivery by the other parties hereto, this Purchase Agreement constitutes a valid and legally binding obligation of the County; and (v) the County has duly authorized the consummation by it of all of its transactions contemplated by this Purchase Agreement.

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

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

(e) As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is (i) pending, in which service of process has been completed on the County, or (ii) to the best knowledge of the County, threatened against the County: (A) 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 (B) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, or the levy of any taxes contemplated by the District Resolution and the County Resolution, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Agreement, the District Resolutions or the County Resolution or contesting the powers of the County or its authority with respect to the Bonds, the County Resolution or this Purchase Agreement; or (C) in which a final adverse decision could (1) materially adversely affect the operations of the County or the consummation of the transactions contemplated by this Purchase Agreement or the County Resolution, (2) declare this Purchase Agreement to be invalid or unenforceable in whole or in material part, or (3)

adversely affect the exclusion of the interest paid on the Bonds from California personal income taxation.

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

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

(h) The section of the Preliminary Official Statement entitled "Appendix [F] - County of Riverside Treasurer's Pooled Investment Fund," at the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the date hereof and on the Closing Date, the section of the Final Official Statement entitled "Appendix [F] - County of Riverside Treasurer's Pooled Investment Fund" did not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

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

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

(b) At the time of the Closing, (i) the Official Statement, this Purchase Agreement and the Resolutions shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the

Underwriter; (ii) all actions under the Act which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the District and the County shall perform or have performed all of their respective obligations required under or specified in the respective Resolution, this Purchase Agreement or the Official Statement to be performed at or prior to the Closing;

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

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

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

(A) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service (the "IRS"), with the purpose or effect, directly or indirectly, of changing, directly or indirectly, the federal income tax consequences or State tax consequences of the interest on the Bonds or of obligations of the general character of the Bonds in the hands of the holders thereof; or

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

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

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

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

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

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

(vii) any fact or event shall exist or have existed that, in the Underwriter's judgment, requires or has required an amendment of or supplement to the Official Statement;

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

(ix) the suspension by the SEC of trading of any outstanding securities of the District;

(x) any state Blue Sky or securities commission, or other governmental agency or body, shall have withheld registration, exemption or

clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

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

(xii) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading and, in either such event, the District refuses to permit the Official Statement to be supplemented to supply such statement or information, or the effect of the Official Statement as so supplemented is to materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds;

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

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

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

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

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

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

(A) the description of the Bonds and the security for the Bonds and statements in the Official Statement on the cover page thereof and

under the captions "INTRODUCTION" (excluding statements under the subheadings ["Municipal Bond Insurance," "Potential Bond Insurer,"] "Professionals Involved in the Bond Offering" and "Other Information"), "THE BONDS" (excluding statements under the subheading "Book-Entry-Only System"), "TAX MATTERS" and "OTHER LEGAL MATTERS - Continuing Disclosure" to the extent they purport to summarize certain provisions of the Bonds, the Resolutions, the Continuing Disclosure Certificate and the form and content of Bond Counsel's approving opinion with respect to the Bonds, fairly and accurately summarize the matters purported to be summarized therein; provided that Bond Counsel need not express any opinion with respect to any financial or statistical data, or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion, information concerning the Insurer or the Policy (as defined herein), or DTC or its book-entry only system;

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

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

(iv) The opinion of Disclosure Counsel, dated the date of Closing and addressed to the District, substantially to the effect that based on such counsel's participation in conferences with representatives of the Underwriter, Bond Counsel, the Financial Advisor, the District and others, during which conferences the contents of the Official Statement and related matters were discussed, and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the District that during the course of their representation of the District on the matter, no facts came to the attention of the attorneys in such firm rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement, as of its date, or as of the date hereof (except that no opinion is expressed as to any financial, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, maps, estimates, projections, assumptions or expressions of opinion, any information about feasibility, valuation, appraisals,

real estate, ownership, archaeological or environmental matters, the Appendices thereto or any information about debt service requirements, book-entry, the Insurer, the Policy, The Depository Trust Company, ratings, rating agencies or tax exemption included or referred to therein, which we expressly exclude from the scope of this paragraph and, as to which we express no opinion or view), contained, or contains, any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(v) A certificate signed by an appropriate official of the District to the effect that (i) such official is authorized to execute this Purchase Agreement, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the District Resolution and this Purchase Agreement to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such official has reviewed the Preliminary Official Statement and the Official Statement and on such basis certifies that the Preliminary Official Statement, as of its date, and the Official Statement, of its date and as of the date of Closing, do not contain any untrue statements of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading (excluding therefrom information regarding DTC and its book-entry only system), and (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Agreement substantially conform to the descriptions thereof contained in the Resolution, and (vi) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, pending or, to the best knowledge of such officials, threatened against the District, contesting in any way the completeness or accuracy of the Official Statement, the issuance, sale or delivery of the Bonds, the due adoption of the Resolutions, the execution of this Purchase Agreement or the Continuing Disclosure Certificate, or in any way contesting the existence or powers of the District;

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

(vii) Evidence satisfactory to the Underwriter [(i) that (A) the Bonds shall have been rated "[]" by Standard & Poor's, Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") based

upon the issuance of the Policy (as defined herein) by the Insurer, and (B)] the Bonds have received an underlying rating of “[]” by Moody’s Investors Service, and (ii) that any such ratings have not been revoked or downgraded;

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

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

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

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

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

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

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

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

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

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

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

(xv) A certificate of the Paying Agent, signed by a duly authorized officer of the Paying Agent, and in form and substance satisfactory to the Underwriter, to the effect that, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, pending or, to the best knowledge of such officials, threatened (1) seeking to restrain or

enjoin the delivery by the Paying Agent of any of the Bonds, or (2) 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;

(xvi) A non-arbitrage tax certificate of the District in a form satisfactory to Bond Counsel;

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

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

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

(xix) Evidence that the federal tax identification form 8038-G has been prepared by Bond Counsel for filing;

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

(xxi) A copy of the signed Letter of Representations as filed with DTC;

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

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

(f) Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriter as provided in Section 6 hereof, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Section 14 hereof.

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

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

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

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

Notwithstanding Section 10(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 12(viii) above that are attributable to District personnel.

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

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

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

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

Section 16. Non-Assignment. Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior written consent of the other party hereto.

Section 17. Entire Agreement. This Purchase Agreement, when executed by the parties hereto, shall constitute the entire agreement of the parties hereto (including their permitted successors and assigns, respectively).

Section 18. Execution in Counterparts. This Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same document.

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Section 19. Applicable Law. This Purchase Agreement shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

RBC CAPITAL MARKETS, LLC,
as Underwriter

By _____
Director

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

COUNTY OF RIVERSIDE

By _____
Authorized Representative

**COACHELLA VALLEY UNIFIED SCHOOL
DISTRICT**

Executed at _____ p.m., Pacific Time
on _____, 2016.

By _____
Designated Officer

EXHIBIT A

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
(Riverside and Imperial Counties, California)
GENERAL OBLIGATION BONDS
2005 ELECTION, SERIES 2016-E

\$ _____ Serial Bonds

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
20__	\$	%	%
20__			
20__			
20__			

TERMS OF REDEMPTION

[The Bonds are not subject to redemption prior to their stated maturity dates.]

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EXHIBIT B

OPINION OF COUNTY COUNSEL

**§ _____
COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
(Riverside and Imperial Counties, California)
GENERAL OBLIGATION BONDS
2005 ELECTION, SERIES 2016-E**

[CLOSING DATE]

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

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

Ladies and Gentlemen:

This opinion is rendered to you in my capacity as counsel to the County of Riverside (the "County") in connection with the issuance by the County on behalf of the Coachella Valley Unified School District (the "District") of its General Obligation Bonds, 2005 Election, Series 2016 -E (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Board of Supervisors of the County with respect to the Bonds adopted on _____, 2016 (the "County Resolution"), at the request of the District made pursuant to a resolution adopted with respect to the Bonds, adopted by the Board of Trustees of the District on _____, 2016 (the "District Resolution").

In rendering this opinion, I have examined the County Resolution, the Purchase Agreement dated _____, 2016 (the "Purchase Agreement") and such other documents, records and instruments and made such investigations of law and fact as I have deemed necessary to render the opinions expressed herein.

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

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

2. The County Resolution approving and authorizing the execution and delivery of the Purchase Agreement and the issuance of the Bonds was duly adopted at a meeting of the governing body of the County which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption, has not been modified, amended, rescinded or revoked and is in full force and effect on the date hereof.

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

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

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

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

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

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

Very truly yours,

COUNTY COUNSEL OF THE COUNTY
OF RIVERSIDE

By: _____
Deputy County Counsel

EXHIBIT "B"

FORM OF CONTINUING DISCLOSURE CERTIFICATE

FORM OF CONTINUING DISCLOSURE CERTIFICATE

**§[PRINCIPAL AMOUNT]
COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2005 ELECTION, SERIES 2016-E
(Riverside and Imperial Counties, California)**

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Coachella Valley Unified School District (the "District") in connection with the issuance of §[Principal Amount] of the District's 2015 General Obligation Bonds, 2005 Election, Series 2016-E (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the District adopted on April [12], 2016 (the "District Resolution") and a Resolution of the Board of Supervisors of Riverside County, adopted on April [26], 2016 (the "County Resolution") (collectively, the "Bond Resolution"). The District covenants and agrees as follows:

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

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

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

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

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

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

"Dissemination Agent" shall mean initially Applied Best Practices, LLC, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

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

"Holders" shall mean registered owners of the Bonds.

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

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

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

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

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

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

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

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

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

(a) The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

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

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

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

SECTION 5. Reporting of Significant Events.

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

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

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

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

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

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

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

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

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

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

- (a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;
- (c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and
- (d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

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

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

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

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

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

Dated: _____, 2016

COACHELLA VALLEY UNIFIED SCHOOL
DISTRICT

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

EXHIBIT A

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

Name of District: COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

Name of Bond Issue: General Obligation Bonds, 2005 Election, Series 2016-E

Date of Issuance: _____, 2016

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

Dated: _____

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

By _____ [form only; no signature required]

EXHIBIT "C"

ESTIMATED COSTS OF ISSUANCE

Underwriter's Discount (not to exceed)	0.60% of the Par Amount
Bond Insurance (if purchased) (not to exceed)	0.40% of the Par Amount
Other costs of issuance, including, but not limited to:	
• Financial Advisor fees and expenses	\$47,000.00
• Bond Counsel fees and expenses	73,000.00
• Disclosure Counsel fees and expenses	32,500.00
• Rating Agency costs of rating(s)	52,000.00
• Printing costs (AVIA)	2,000.00
• Paying Agent costs and expenses	4,000.00
• Riverside County costs and expenses	7,500.00
• Continuing Disclosure Services (ABP)	3,000.00
• Statistical Data (CalMuni)	1,425.00
• Contingency	7,575.00

Notes to Exhibit "C"

All costs of issuance listed herein are estimates. Such figures shall not constrain or limit the District as to the issuance and sale of the Series 2016-E Bonds pursuant to the directives and conditions set forth in District Resolution No. 2016-70 and the applicable provisions of the County Resolution.

NEW ISSUE – FULL BOOK-ENTRY

Insured Rating: S&P: _____
Underlying Rating: Moody's: _____
 (See "RATINGS" herein.)

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

**[\$[PRINCIPAL AMOUNT] *
 COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
 GENERAL OBLIGATION BONDS, 2005 ELECTION, SERIES 2016-E
 (Riverside and Imperial Counties, California)**

Dated: Date of Delivery

Due: August 1, as shown below

The Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series 2016-E (the "Bonds" or the "Series 2016-E Bonds") in the aggregate principal amount of \$[Principal Amount] are being issued by the County of Riverside (the "County"), on behalf of the Coachella Valley Unified School District (the "District"), (i) to finance [confirm: the construction, renovation and repair of various District facilities, (ii) to fund a debt service fund to pay interest through February 1, 2019, and (iii) to pay certain costs of issuing the Bonds. On June 5, 2005, at least two-thirds of District voters approved the election to authorize up to \$250,000,000 principal amount of general obligation bonds (the "2005 Authorization"). The County, on behalf of the District, has issued four previous series of bonds pursuant to the 2005 Authorization, leaving \$ _____ [50,011,475]* of the 2005 Authorization authorized but unissued.

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

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

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

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by [Insurer].

[INSURER LOGO]

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

The Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval as to their legality by Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel to the District and subject to certain other conditions. James F. Anderson Law Firm, A Professional Corporation, Laguna Hills, California, is acting as Disclosure Counsel. Certain legal matters will be passed on for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about _____, 2016.

RBC Capital Markets

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. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

[\$(PRINCIPAL AMOUNT)]
COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2005 ELECTION, SERIES 2016-E
(Riverside and Imperial Counties, California)

MATURITY SCHEDULE *
Base CUSIP® No. 189849†

Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP® No.†
20__	\$	%	%		
20__					
20__					
20__					

\$ _____ % Term Bonds due September 1, 20__ – Yield _____ % Price _____ CUSIP® No. † 189849 _____

*Preliminary, subject to change.

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

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

BOARD OF TRUSTEES

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

DISTRICT ADMINISTRATION

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

PROFESSIONAL SERVICES

BOND COUNSEL

Bowie, Arneson, Wiles & Giannone
Newport Beach, California

DISCLOSURE COUNSEL

James F. Anderson Law Firm, A Professional Corporation
Laguna Hills, California

FINANCIAL ADVISOR

Fieldman, Rolapp & Associates
Irvine, California

PAYING AGENT

U.S. Bank National Association
Los Angeles, California

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

Statements contained in this Official Statement which involve time estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The information set forth herein has been furnished by the District, or other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The Underwriter has provided the following sentence for inclusion in this Official Statement. "The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information." The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

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

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

[Bond Insurer. [Insurer] ("[INSURER]") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, [INSURER] has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding [INSURER], supplied by [INSURER] and presented under the heading "BOND INSURANCE" and APPENDIX H - "SPECIMEN MUNICIPAL BOND INSURANCE POLICY."]

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

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

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[\$[PRINCIPAL AMOUNT] *
COACHELLA VALLEY UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2005 ELECTION, SERIES 2016-E
(Riverside and Imperial Counties, California)

INTRODUCTION

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

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series 2016-E (the “Bonds” or the “Series 2016-E Bonds”) in the principal amount of \$[Principal Amount].*

The District

The Coachella Valley Unified School District (the “District”) is a unified school district providing elementary and secondary levels of education. Established in 1973, the District currently operates fourteen K-6 schools, three 7-8 schools, one 7-12 high school, two 9-12 high schools, one continuation high school, one adult education extension program, one Early Head Start program, nine Head Start programs, three part-day State Preschools and ten full-day State Preschools. The District encompasses approximately 1,220 square miles, with most of its territory within Riverside County (the “County”) and a small portion within Imperial County (together with the County, the “Counties”). The District serves the cities of Indio, Coachella, La Quinta, Thermal, Mecca, Oasis, North Shores and Salton City. For Fiscal Year 2015-16, the District’s average daily attendance (“ADA”) was 18,108 students and for Fiscal Year 2016-17, the District’s ADA is projected to be 18,108 students, and taxable property within the District has a Fiscal Year 2015-16 assessed valuation of \$8,777,020,856.¹

The District is governed by a seven-member Board of Trustees (the “District Board”), each member of which is elected to a four-year term. Elections for positions to the District Board are held every two years, alternating between four and three available positions. The management and policies of the District are administered by a Superintendent appointed by the District Board who is responsible for day-to-day District operations, as well as the supervision of the District’s other key personnel. Dr. Darryl S. Adams is the current District Superintendent.

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

*Preliminary, subject to change.

¹ Source: Riverside and Imperial Counties.

Authority for Issuance

The Series 2016-E Bonds are authorized to be issued by the District pursuant to provisions of the California Government Code (“Government Code”) Sections 53506 *et seq.* and, to the extent applicable, California Education Code (“Education Code”) Sections 15100 *et seq.*, Resolution No. 2016-70, adopted by the District Board on April 12, 2016 (the “Series 2016-E Resolution”), pursuant to provisions of the California Constitution, the 2005 Authorization (as herein defined), and Resolution No. 2016-091, adopted by the Board of Supervisors of Riverside County (the “County Board”) on April 26, 2016 (the “County Resolution” and together with the Series 2016-E Resolution, the “Bond Resolution”). The District received authorization at an election held on June 7, 2005, by at least two-thirds of the votes cast by eligible voters in the District, to authorize the issuance of \$250,000,000 maximum principal amount of general obligation bonds of the District (the “2005 Authorization”). See “THE BONDS – Authority for Issuance” herein.

Sources of Payment for the Bonds

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

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

Purpose of Issue

The Bonds are being issued to (i) [finance the acquisition and construction of additional school facilities and the permanent improvement or renovation of existing school facilities by the District, (ii) fund a debt service fund to pay interest through February 1, 2019, and (iii) pay certain costs of issuance for the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “APPLICATION OF PROCEEDS OF BONDS” herein.

Description of the Bonds

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

Registration. The Bonds will be issued in fully-registered form only, registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) in the denominations set forth on the cover page hereof, under the book-entry-only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See “THE BONDS – Book-Entry-Only System” and APPENDIX G – “BOOK-ENTRY SYSTEM.” In the event that the book-entry-only system described below is no longer

used with respect to the Bonds, the Bonds will be registered in accordance with the Bond Resolution. See “THE BONDS – Registration, Transfer and Exchange of Bonds.”

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

Redemption.* The Bonds are subject to optional and mandatory redemption. See “THE BONDS – Redemption.”

Municipal Bond Insurance

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy (the “Policy”) to be issued concurrently with the delivery of the Bonds by [Insurer] (“[INSURER]” or the “Bond Insurer”). See “BOND INSURANCE” below.

Other Matters Relating to Municipal Bond Insurance

In the event of a default in the payment of principal of or interest on the Bonds, when all or some becomes due, any Owner of such insured Bonds may have a claim under the Policy. However, in the event of any acceleration of the due date of such principal by reason of optional redemption or otherwise, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any, with respect to the Bonds. The payment of principal and interest in connection with optional redemption of the Bonds by the District which is recovered by the District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the Bond Insurer at such time and in such amounts as would have been due absent such redemption by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer’s consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the applicable Series of the Bonds or the marketability (liquidity) of such Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claims paying ability. The Bond Insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of “RATINGS” and “BOND INSURANCE” below.

*Preliminary, subject to change.

The obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the District nor the Underwriter have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "BOND INSURANCE" below for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

Tax Matters

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

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Bowie, Arneson, Wiles & Giannone, Bond Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about [May ____, 2016].

Continuing Disclosure

The District will covenant for the benefit of bondowners to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in compliance with S.E.C. Rule 15c2-12(b)(5). The specific nature of the information to be made available and of the notices of listed events is summarized under "OTHER LEGAL MATTERS – Continuing Disclosure" and as set forth in APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Professionals Involved in the Bond Offering

Several professional firms have provided services to the District with respect to the sale and delivery of the Bonds. Bowie, Arneson, Wiles & Giannone, Newport Beach, California, Bond Counsel, will deliver its legal opinion in substantially the form set forth in Appendix D. James F. Anderson Law Firm, A Professional Corporation, Laguna Hills, California, has served as disclosure counsel to the District with respect to the Bonds. Fieldman Rolapp & Associates is acting as Financial Advisor. Norton

Rose Fulbright US LLP, Los Angeles, California, is acting as counsel to the Underwriter. U.S. Bank National Association will act as Paying Agent for the Bonds. The payment of fees and expenses of such firms with respect to the Bonds is contingent on the sale and delivery of the Bonds. The District's financial statements for the Fiscal Year ending June 30, 2015, which are included as Appendix B, have been audited by Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants, Rancho Cucamonga, California.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Superintendent of the Coachella Valley Unified School District, 87225 Church Street, Thermal, California 92274, telephone number (760) 848-1162. There may be a charge for copying, mailing and handling.

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

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

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Exchange Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

THE BONDS

Authority for Issuance

The Bonds are authorized to be issued by the County, on behalf of the District, pursuant to provisions of the California Government Code Sections 53506 *et seq.* and, to the extent applicable, Education Code Sections 15100 *et seq.* and other applicable law and pursuant to the Bond Resolution. At an election held on June 7, 2005, the District received the 2005 Authorization. On September 7, 2005, the District issued \$49,998,180 of Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series A (the "2005 Series A Bonds"). On February 22, 2007, the District issued \$30,000,000 of Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series B (the "2005 Series B Bonds"). On May 26, 2010, the District issued \$24,990,463 of Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series C (the "2005 Series C Bonds"). On July 12, 2012, the District issued \$54,999,882 of Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series D (the "2005 Series D Bonds"). The Bonds are the fifth series of bonds issued pursuant to the 2005 Authorization, leaving \$ _____ [50,011,475]* of the 2005 Authorization authorized but unissued.

Security

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Boards of Supervisors of the Counties are empowered and are obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of the principal of and interest on the Bonds, upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates). Such taxes, when collected, shall be deposited and kept separate and apart in the funds established and held by the Treasurer and designated as the "Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series 2016-E Bonds Debt Service Fund" (the "Debt Service Fund"). The Debt Service Fund shall be used by the County for the payment of the principal of and interest on the Bonds when due, and for no other purpose. Although the Counties are obligated to levy an *ad valorem* tax for the payment of the Bonds, and the County will hold the Debt Service Fund, the Bonds are not a debt of the Counties. See "TAX BASE FOR REPAYMENT OF BONDS" herein.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of, interest on and redemption premium, if any, on the Bonds as the same become due and payable, shall be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal of, interest on, and redemption premium, if any, on the Bonds, as applicable, to its Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds. Interest earnings on the investment of moneys held in the Debt Service Fund shall be retained in the Debt Service Fund and used by the District to pay principal of and interest on the Bonds when due (subject to compliance with applicable federal tax code requirements).

The rate of the annual *ad valorem* taxes levied by the Counties to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such

*Preliminary, subject to change.

as exemptions for property owned by the State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, wildfire, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see APPENDIX A – "INFORMATION RELATING TO THE COACHELLA VALLEY UNIFIED SCHOOL DISTRICT'S OPERATIONS AND BUDGET – CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Description of the Bonds; Payment

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

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

Interest on the Bonds accrues from their date of issuance and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2016 (each an "Interest Payment Date"). Interest on the Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall be issued in denominations of \$5,000 or integral multiples thereof and bear interest from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Interest Payment Date to the Interest Payment Date, inclusive, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before July 15, 2016, in which event it shall bear interest from their date of issuance; provided, however, that if at the time of authentication of any Bond, interest is then in default on outstanding Bonds, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest payments on any Bond shall be paid on each Interest Payment Date by check mailed by first class mail to the person on whose name the Bond is registered, and to that person's address appearing on the Bond Register as of the close of business on the 15th day of the month immediately preceding such Interest Payment Date whether or not such day is a business day (each a "Record Date") immediately preceding such payment date. An owner of an aggregate principal amount of Bonds of \$1,000,000 or more may request, in writing, prior to the close of business on the Record Date preceding each Interest Payment Date, to the Paying Agent that such owner be paid interest by wire transfer to the bank within the United States of America and account number on file with the Paying Agent as of the Record Date. Payments of principal and redemption premiums, if any, with respect to the Bonds shall be payable at maturity or redemption upon surrender at the office of the Paying Agent as designated by the Paying Agent to the District in writing. The principal of and interest on the Bonds shall be payable in lawful money of the United States of America.

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

Book-Entry-Only System

The Depository Trust Company (defined above as "DTC") will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited through the facilities of DTC. Principal of, premium, if any, on the Bonds and payment of interest on the Bonds is payable by the Paying Agent to DTC. DTC is responsible for disbursing such payments to the Beneficial Owners in accordance with the DTC book-entry-only system. See APPENDIX G – "BOOK-ENTRY SYSTEM."

Paying Agent

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

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

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

Redemption*

Optional Redemption

The Bonds maturing on or before August 1, 2026, are not subject to optional redemption prior to maturity. The Bonds maturing on or after August 1, 2027, are subject to optional redemption prior to maturity from any funds legally available therefor, in whole or in part on any date, on or after August 1, 2026, at the principal amount of the Bonds to be redeemed, plus accrued but unpaid interest to the redemption date, without premium.

Mandatory Redemption

The \$_____ term Bonds maturing on August 1, 20__, are subject to mandatory sinking fund redemption, in part, by lot, on August 1 ____ and on each August 1 thereafter in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued but unpaid interest, without premium.

Mandatory Sinking Fund Redemption Date (August 1)	Principal Amount To be Redeemed
20__	\$
20__	
20__	
20__	
20__†	

† Maturity.

The principal amount of any term Bond to be redeemed in each year shown above will be reduced proportionately, in integral multiples of \$5,000, by any portion of such term Bond optionally redeemed prior to the mandatory sinking fund redemption date.

Purchase In Lieu of Redemption. In lieu of, or partially in lieu of, any mandatory sinking fund redemption of Bonds pursuant to the terms thereof, moneys in the Debt Service Fund may be used to purchase the Outstanding Bonds that were to be redeemed with such funds in the manner provided in the Bond Resolution. Purchases of Outstanding Bonds may be made by the School District or the County Treasurer through the Paying Agent prior to the selection of Bonds for redemption at public or private sale as and when and at such prices as the School District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par, plus accrued interest.

Selection of Bonds for Redemption

Whenever less than all the outstanding Bonds are to be redeemed, the Paying Agent, upon written direction from the District, shall select the Bonds for redemption as so directed and if not directed, in inverse order of maturity, and 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.

*Preliminary, subject to change.

Notice of Redemption

While the Bonds are subject to DTC's book-entry system, the Paying Agent will be required to give notice of redemption only to DTC as provided in the letter of representations executed by the School District and received and accepted by DTC. DTC and the Participants will have sole responsibility for providing any such notice of redemption to the beneficial owners of the Bonds to be redeemed. Any failure of DTC to notify any Participant, or any failure of Participants to notify the Beneficial Owner of any Bonds to be redeemed, of a notice of redemption or its content or effect will not affect the validity of the notice of redemption, or alter the effect of redemption set forth in the Bond Resolution.

The Paying Agent 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) if less than all of the then outstanding Bonds are to be called for redemption, the numbers (or state that all Bonds between two stated numbers both inclusive have been called for redemption) and CUSIP[®] numbers, if any, of the Bonds to be redeemed; (c) the date of notice and the date of redemption; (d) the place or places where the redemption will be made; and (e) descriptive information regarding the Bonds and the specific Bonds to be redeemed, including the dated date, interest rate and stated maturity date of each. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bonds to be redeemed, together with interest accrued, to the date of redemption, and redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue, as applicable.

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

Neither failure to receive or failure to send such redemption notice nor any defect in any redemption notice so given shall affect the sufficiency of the proceedings for the redemption of such Bonds nor entitle the owner thereof to interest beyond the date given for redemption.

Contingent Redemption; Rescission of Redemption

Any redemption notice may specify that redemption of the Bonds designated for redemption on the specified date will be subject to the receipt by the District of moneys sufficient to cause such redemption (and will specify the proposed source of such moneys), and the District, the Counties and the Paying Agent have no liability to the Owners of any Bonds, or any other party, as a result of the District's failure to redeem the Bonds designated for redemption as a result of insufficient moneys therefor.

Additionally, the District may rescind any optional redemption of the Bonds, and notice thereof, for any reason on any date prior to the date fixed for such redemption by causing written notice of the rescission to be given to the Owners of the Bonds so called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Bond of notice of such rescission shall not be a condition precedent to rescission and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission. The District, the County and the Paying Agent will have no liability to the Owners of any

Bonds, or any other party, as a result of the District's decision to rescind a redemption of any Bonds pursuant to the provisions of the Bond Resolution.

Partial Redemption of Bonds

Upon the surrender of any Bond redeemed in part only, the Paying Agent shall authenticate and deliver to the registered 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 shall be valid upon payment of the amount required to be paid to such Owner and the District shall be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption

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

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

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

Defeasance

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

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

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds, and the District and the County with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent or an independent escrow agent selected by the District to pay or cause to be paid from

funds deposited pursuant to paragraphs (a) or (b) above, to the registered owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

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

Registration, Transfer and Exchange of Bonds

So long as any of the Bonds remain outstanding, if the book-entry only system is no longer in effect, the District will cause the Paying Agent to maintain and keep at its principal trust office all books and records necessary for the registration, exchange and transfer of certificated the Bonds as provided in the Bond Resolution (the "Bond Register"). Subject to the provisions of the Bond Resolution, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond for all purposes of the Bond Resolution. Payment of or on account of the principal of and premium, if any, and interest on any Bond shall be made only to or upon the order of that person; the District, the County and the Paying Agent shall not be affected by any notice to the contrary, but the registration may be changed as provided in the Bond Resolution. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

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

Any Bond may be exchanged for Bonds of like tenor, maturity and principal amount upon presentation and surrender at the principal corporate trust office of the Paying Agent, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Any Bond may, in accordance with its terms (but only if the District determines no longer to maintain the book-entry-only status of the Bonds, DTC determines to discontinue providing such services and no successor securities depository is named or DTC requests the District to deliver certificated securities to particular DTC Participants) be transferred, upon the Bond Register by the registered owner, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the registered owner, in the aggregate principal amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

In all cases of exchanged or transferred Bonds, the County shall sign and the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of the Bond Resolution. All fees and costs of transfer shall be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer shall be valid obligations of the District, evidencing the same debt, and entitled to the same security and benefit under the Bond Resolution as the Bonds surrendered upon that exchange or transfer.

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

The District, the County and the Paying Agent will not be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th day of the month next preceding either any Interest Payment Date or beginning on the date of selection of Bonds to be redeemed and ending with the close of business on the Interest Payment Date or any day on which the applicable notice of redemption is given, as applicable, or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the 2016-E Bonds are expected to be applied as follows:

Sources of Funds	
Principal Amount of Bonds	\$
Net Premium	_____
Total Sources	\$
 Uses of Funds	
Building Fund	\$
Debt Service Fund ⁽¹⁾	
Costs of Issuance ⁽²⁾	_____
Total Uses	\$

⁽¹⁾ Deposit to the Debt Service Fund to pay interest through [February 1, 2019*].

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

*Preliminary, subject to change.

DEBT SERVICE SCHEDULE

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

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

AGGREGATE DEBT SERVICE SCHEDULE

Aggregate Debt Service Schedules. The following table shows the debt service schedule with respect to the remaining Outstanding 2005 Series A Bonds, the Outstanding 2005 Series B Bonds, the Outstanding 2005 Series C Bonds, the Outstanding 2005 Series D Bonds, the 2014 General Obligation Refunding Bonds, Series A and B and the 2015 General Obligation Refunding Bonds before the issuance of the Series 2016-E Bonds (assuming no optional redemptions or extraordinary redemption) through August 1 of each applicable year.

The table on the following page displays the annual debt service requirements of the District for all of its outstanding general obligation bonds (assuming no optional redemptions), including general obligation bonds issued under the 2005 Authorization and general obligation bonds issued under the \$41,000,000 authorization received on November 6, 2012 (the "2012 Authorization").

TABLE 1
TOTAL OUTSTANDING BONDED DEBT
Coachella Valley Unified School District

Year Ending August 1	The 2005 Authorization					The 2012 Authorization				
	2005 Series A and B Bonds ⁽¹⁾	2005 Series C Bonds	2005 Series D Bonds	2014 Gen. Obl. Ref. Bonds, Series A	2014 Gen. Obl. Ref. Bonds, Series B	2015 Gen. Obl. Ref. Bonds	2005 Series E Bonds ⁽²⁾	2012 Series A Bonds	2012 Series B Bonds	Total Annual Debt Service ⁽²⁾
2016	\$443,750.00	--	\$2,036,125.00	\$3,784,125.00	\$811,237.50	\$548,508.96	\$	\$2,227,594.46	\$171,639.93	\$11,979,480.85
2017	498,750.00	--	2,036,125.00	3,855,725.00	814,537.50	456,793.76		2,276,838.20	195,539.16	12,194,408.62
2018	--	--	2,311,125.00	3,840,925.00	1,362,737.50	456,793.76		2,318,093.20	195,539.16	12,652,913.62
2019	--	--	2,562,875.00	3,822,925.00	1,429,937.50	456,793.76		1,317,534.46	195,539.16	12,059,704.88
2020	--	--	2,906,475.00	3,851,725.00	1,371,137.50	556,793.76		1,381,254.80	1,575,539.16	14,029,350.22
2021	--	--	3,020,475.00	3,824,525.00	1,676,637.50	555,293.76		1,430,955.80	1,550,726.16	14,566,238.22
2022	--	--	3,128,475.00	3,990,325.00	1,650,137.50	453,543.76		1,500,282.30	1,606,379.10	14,749,767.66
2023	--	--	3,728,475.00	3,840,125.00	1,602,387.50	453,543.76		1,538,775.30	1,655,115.56	15,593,422.12
2024	--	\$1,800,000.00	2,183,475.00	3,790,875.00	1,909,387.50	453,543.76		1,612,996.30	--	11,750,277.56
2025	--	2,000,000.00	2,320,187.50	3,830,125.00	1,938,387.50	453,543.76		1,675,489.40	--	12,217,733.16
2026	--	2,000,000.00	2,361,687.50	3,869,875.00	2,297,387.50	453,543.76		1,752,527.30	--	12,735,021.06
2027	--	2,400,000.00	2,440,762.50	3,844,625.00	2,298,737.50	453,543.76		1,823,200.80	--	13,260,869.56
2028	--	2,500,000.00	2,495,825.00	3,852,625.00	2,463,375.00	3,003,543.76		1,897,509.90	--	13,995,878.66
2029	--	2,700,000.00	2,696,762.50	--	4,084,625.00	3,102,043.76		--	--	12,583,431.26
2030	3,000,000.00	3,000,000.00	2,912,762.50	--	1,174,725.00	3,148,137.50		--	--	13,235,625.00
2031	--	6,000,000.00	4,653,762.50	--	--	3,177,200.00		--	--	13,830,962.50
2032	--	8,000,000.00	6,383,362.50	--	--	--		--	--	14,383,362.50
2033	--	8,400,000.00	6,498,250.00	--	--	--		--	--	14,898,250.00
2034	--	9,000,000.00	6,496,250.00	--	--	--		--	--	15,496,250.00
2035	--	9,500,000.00	6,616,750.00	--	--	--		--	--	16,116,750.00
2036	--	10,000,000.00	6,763,000.00	--	--	--		--	--	16,763,000.00
2037	--	10,000,000.00	7,407,750.00	--	--	--		--	--	17,407,750.00
2038	--	10,500,000.00	7,400,000.00	--	--	--		--	--	17,900,000.00
2039	--	10,500,000.00	7,800,000.00	--	--	--		--	--	18,300,000.00
2040	--	11,000,000.00	7,800,000.00	--	--	--		--	--	18,800,000.00
2041	--	11,000,912.94	8,500,000.00	--	--	--		--	--	19,500,912.94
2042	--	11,006,532.14	8,500,000.00	--	--	--		--	--	19,506,532.14
2043	--	12,000,000.00	8,500,000.00	--	--	--		--	--	20,500,000.00
Total	\$3,942,500.00	\$143,307,445.08	\$132,460,737.50	\$49,998,525.00	\$24,668,375.00	\$18,183,165.34	\$	22,753,052.22	\$7,146,017.39	\$421,007,892.53

⁽¹⁾The Series A Bonds are the August 1, 2030 maturity in the amount of \$3,000,000 and the Series B Bonds are the August 1, 2016 and August 1, 2017 maturities.

⁽²⁾Debt service will be updated to include the debt service of the 2016-E Bonds after pricing of the 2016-E Bonds.

Source: Coachella Valley Unified School District.

APPLICATION OF PROCEEDS OF BONDS

Series 2016-E Bonds Building Fund

A portion of the proceeds from the sale of the Bonds, shall be paid to the County to the credit of the "Coachella Valley Unified School District General Obligation Bonds, 2005 Election, Series 2016-E Bonds Building Fund" (the "Building Fund") Proceeds of the Bonds shall be used solely for authorized purposes which relate to [Update: the acquisition and construction of additional school facilities and the permanent improvement or renovation of existing school facilities by the District and to the payment of costs of issuance of the Bonds. The District intends to use the net construction proceeds of the Bonds as described above in "INTRODUCTION – Purpose of Issue." Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued shall be transferred to the Series 2016-E Bonds Debt Service Fund and applied to the payment of principal of and interest on the Bonds. Interest earned on the investment of moneys held in the Building Fund shall be retained in the Building Fund.

Debt Service Fund

Any tax revenues collected by the Counties pursuant to the Bond Resolution, and Section 15260 *et seq.* of the Education Code, with respect to the Bonds shall be deposited and kept separate and apart in the Debt Service Fund and shall be used only for payment of principal of and interest on the Bonds.

Permitted Investments

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

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

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, [Insurer] ("INSURER") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

[Insurer]

TAX BASE FOR REPAYMENT OF BONDS

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

Ad Valorem Property Taxation

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

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

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

Ad Valorem Property Taxation. Taxes are levied by the respective Counties for each fiscal year on taxable real and personal property in the District which is situated in the respective Counties as of the preceding January 1. The valuation of secured real property is established as of January 1 and is subsequently equalized in August. The valuation of secured real property which changes ownership or is

newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

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 utility property and property (real or personal) for which there is a tax lien on such property is sufficient, in the opinion of the applicable County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." Boats and airplanes are examples of unsecured property. Secured property assessed by the State Board of Equalization is commonly identified for taxation purposes as "utility" property.

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

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll and if unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of 1.5% per month begins to accrue on November 1 and a lien may be recorded against the assessee. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county clerk and county recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee.

Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The availability of revenue from growth in tax bases to such entities may be affected by the existence of successor agencies to redevelopment agencies or by similar entities which, under certain circumstances, may be entitled to revenues resulting from the increase in certain property values in the District.

Assessed Valuations

The assessed valuation of property in the District is established by the respective County's Assessors, except for public utility property which is assessed by the State Board of Equalization ("SBE"). For a discussion of how properties currently are assessed, see "APPENDIX A – INFORMATION RELATING TO THE COACHELLA VALLEY UNIFIED SCHOOL DISTRICT'S OPERATIONS AND BUDGET."

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

ad valorem levy for the Bonds are based upon the assessed valuation of the parcels of taxable property in the District. Property taxes allocated to the District are collected by the County at the same time and on the same tax rolls as are county, city and special district taxes. The assessed valuation of each parcel of property is the same for both District and each county's taxing purposes. The valuation of secured property by the applicable County Assessor is established as of January 1 and is subsequently equalized in September of each year.

Taxation of State-Assessed Utility Property. A portion of property tax revenue of the District is derived from utility property subject to assessment by the SBE. State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions that are assessed as part of a "going concern" rather than as individual pieces of real or personal property. This may include railways, telephone companies and companies transmitting or selling gas or electricity. The assessed value of unitary and certain other state-assessed property is allocated to the counties by the SBE, taxed at special county-wide rates and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating non-unitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Taxes on privately owned railway cars, however, are levied and collected directly by the Board of Equalization. Property used in the generation of electricity by a company that does not also transmit or sell that electricity is taxed locally instead of by the Board of Equalization. Thus, the reorganization of regulated utilities and the transfer of electricity-generating property to non-utility companies, as occurred under electric power deregulation in California, affects how those assets are assessed and which local agencies benefit from the property taxes derived. In general, the transfer of State-assessed property located in the District to non-utility companies will increase the assessed value of property in the District since the property's value will no longer be divided among all taxing jurisdictions in the applicable County. The transfer of property located and taxed in the District to a State-assessed utility will have the opposite effect: generally reducing the assessed value in the District, as the value is shared among the other jurisdictions in the applicable County. The District is unable to predict future transfers of State-assessed property in the District and the applicable County, the impact of such transfers on its utility property tax revenues or whether future legislation or litigation may affect ownership of utility assets, the State's methods of assessing utility property or the method by which tax revenues of utility property is allocated to local taxing agencies, including the District.

Tax Collections and Delinquencies. A school district's share of the 1% county-wide tax is based on the actual allocation of property tax revenues to each taxing jurisdiction in the county in Fiscal Year 1978-79, as adjusted according to a complicated statutory scheme enacted since that time. Revenues derived from special *ad valorem* taxes for voter-approved indebtedness are reserved to the taxing jurisdiction that approved and issued the debt and may only be used to repay that debt.

Each County only provides information for tax charges and corresponding delinquencies by local agencies with respect to debt service levies for voter approved indebtedness. It does not provide such information for the 1% general tax levy. See " - Teeter Plan" and " - Tax Levies and Delinquencies" below.

Property within the District has a total assessed valuation for Fiscal Year 2015-16 of \$8,777,020,856. The following tables represent a six-year history of assessed valuations in the District.

TABLE 2

**ASSESSED VALUATIONS
Fiscal Years 2010-11 through 2015-16
Coachella Valley Unified School District
Riverside County Portion⁽¹⁾**

<u>Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Before Rdv. Increment</u>
2010-11	\$7,432,820,977	\$1,891,781	\$167,051,927	\$7,601,764,685
2011-12	7,058,836,878	1,891,781	151,934,858	7,212,663,517
2012-13	7,053,068,507	1,417,431	147,987,360	7,202,473,298
2013-14	7,333,776,207	1,417,431	135,506,923	7,470,700,561
2014-15	7,903,549,201	1,417,431	138,880,958	8,043,847,590
2015-16	8,359,866,874	1,417,431	148,089,387	8,509,373,692

Imperial County Portion

<u>Year</u>	<u>Local Secured</u>	<u>Utility</u> ⁽²⁾	<u>Unsecured</u>	<u>Total Before Rdv. Increment</u>
2010-11	\$273,690,571	\$0	\$7,988,075	\$281,678,646
2011-12	248,910,974	0	4,877,456	253,788,430
2012-13	246,218,585	0	5,184,939	251,403,524
2013-14	243,899,116	0	4,225,399	248,124,515
2014-15	242,835,255	0	6,784,953	249,620,208
2015-16	261,445,965	0	6,201,199	267,647,164

Total District

<u>Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Before Rdv. Increment</u>
2010-11	\$7,706,511,548	\$1,891,781	\$175,040,002	\$7,883,443,331
2011-12	7,307,747,852	1,891,781	156,812,314	7,466,451,947
2012-13	7,299,287,092	1,417,431	153,172,299	7,453,876,822
2013-14	7,577,675,323	1,417,431	139,732,322	7,718,825,076
2014-15	8,146,384,456	1,417,431	145,665,911	8,293,467,798
2015-16	8,621,312,839	1,417,431	154,290,586	8,777,020,856

⁽¹⁾ [Confirm Status: The District notes that it is currently aware of an effort to transfer a small amount of District territory into the Desert Sands School District. The District cannot predict whether these efforts will be pursued or successful.

⁽²⁾ There is no utility property in the Imperial County portion of the District.

Source: California Municipal Statistics, Inc.

As indicated above, assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, flood, drought, fire or toxic contamination, dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. Any such reduction would result in a

corresponding increase in the annual tax rate levied by the Counties to pay the debt service with respect to the Bonds.

With respect to droughts specifically, the State of California in recent years has been facing water shortfalls. On January 17, 2014, the Governor declared a state of drought emergency, calling on Californians to conserve water. As part of his declaration, the Governor directed State officials to assist agricultural producers and communities that may be economically impacted by dry conditions. Thereafter, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. On April 1, 2015, the Governor issued an executive order mandating certain conservation measures including a requirement that the Water Board impose restrictions to achieve a statewide 25% reduction in urban water usage through February 28, 2016. On November 13, 2015, the Governor issued an executive order which stated that if the drought conditions persist through January 2016, the Water Board shall extend until October 31, 2016, restrictions to achieve a statewide reduction in urban potable water usage, that the Water Board consider modifying existing restrictions to address use of potable and non-potable water, and that the California Public Utilities Commission be requested to take similar action with respect to investor owned utilities providing water service. On December 1, 2015, the Department of Water Resources announced an initial 2016 allocation of 10% for the State Water Project contractors. As of March 17, 2016, the Department of Water Resources informed the State Water Project contractors they would be eligible for a 2016 allocation of 45%, although that amount could later be increased. Depending upon the amount of rain and snow that reaches California this winter, the allocation may be increased or decreased.

The historic drought has lasted for years and will not be resolved by a single year's rainfall. The implementation of mandatory water reductions is ongoing. The District cannot predict how long the drought conditions will last, what effect drought conditions may have on property values, whether or to what extent water reduction requirements may affect the homeowners or others in the District or to what extent the drought could cause disruptions to economic activity within the boundaries of the District. See "INTRODUCTION – Sources of Payment for the Bonds" and "THE BONDS – Security" herein.

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

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

Assessed Valuation and Parcels by Land Use

The following table is a per parcel analysis of the District's secured assessed valuation for Fiscal Year 2015-16 by land use.

TABLE 3
SECURED ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2015-16
Coachella Valley Unified School District

	2015-16 <u>Assessed Valuation</u> ⁽¹⁾	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
<u>Non-Residential:</u>				
Agricultural/Rural	\$ 583,633,517	6.77%	2,215	4.71%
Commercial/Recreational	561,143,890	6.51	801	1.70
Vacant Commercial	122,768,168	1.42	955	2.03
Industrial	175,245,155	2.03	226	0.48
Institutional/Social/Religious	4,335,184	0.05	130	0.28
Other Vacant/Desert Parcels	<u>210,377,294</u>	<u>2.44</u>	<u>13,599</u>	<u>28.94</u>
Subtotal Non-Residential	\$1,657,503,208	19.23%	17,926	38.15%
<u>Residential:</u>				
Single Family Residence	\$5,222,059,933	60.57%	15,008	31.94%
Condominium/Townhouse	490,935,487	5.69	1,420	3.02
Mobile Home	59,391,141	0.69	140	0.30
Mobile Home Park	5,944,838	0.07	73	0.16
2+ Residential Units	376,075,203	4.36	269	0.57
Vacant Residential	<u>809,403,029</u>	<u>9.39</u>	<u>12,152</u>	<u>25.86</u>
Subtotal Residential	\$6,963,809,631	80.77%	29,062	61.85%
Total	\$8,621,312,839	100.00%	46,988	100.00%

⁽¹⁾Local Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Assessed Valuation of Single Family Homes

The following table is a per parcel analysis of the assessed valuation of single-family homes within the District, in terms of their Fiscal Year 2015-16 assessed valuation.

TABLE 4

**ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2015-16
Coachella Valley Unified School District**

	No. of Parcels	2015-16 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	15,008	\$5,222,059,933	\$347,952	\$171,431

2015-16 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$49,999	1,009	6.723%	6.723%	\$ 38,225,583	0.732%	0.732%
\$50,000 - \$99,999	2,820	18.790	25.513	214,222,751	4.102	4.834
\$100,000 - \$149,999	2,568	17.111	42.624	318,860,417	6.106	10.940
\$150,000 - \$199,999	2,347	15.638	58.262	408,456,899	7.822	18.762
\$200,000 - \$249,999	999	6.656	64.919	220,009,164	4.213	22.975
\$250,000 - \$299,999	434	2.892	67.811	117,405,852	2.248	25.223
\$300,000 - \$349,999	398	2.652	70.462	128,374,961	2.458	27.682
\$350,000 - \$399,999	385	2.565	73.028	144,094,937	2.759	30.441
\$400,000 - \$449,999	422	2.812	75.840	178,999,707	3.428	33.869
\$450,000 - \$499,999	353	2.352	78.192	167,114,337	3.200	37.069
\$500,000 - \$549,999	332	2.212	80.404	174,388,541	3.339	40.408
\$550,000 - \$599,999	368	2.452	82.856	210,683,912	4.034	44.443
\$600,000 - \$649,999	371	2.472	85.328	231,963,296	4.442	48.885
\$650,000 - \$699,999	275	1.832	87.160	185,606,178	3.554	52.439
\$700,000 - \$749,999	238	1.586	88.746	172,496,927	3.303	55.742
\$750,000 - \$799,999	169	1.126	89.872	130,638,521	2.502	58.244
\$800,000 - \$849,999	154	1.026	90.898	126,728,068	2.427	60.671
\$850,000 - \$899,999	173	1.153	92.051	150,741,992	2.887	63.558
\$900,000 - \$949,999	126	0.840	92.890	116,391,602	2.229	65.786
\$950,000 - \$999,999	113	0.753	93.643	110,079,476	2.108	67.894
\$1,000,000 and greater	954	6.357	100.000	1,676,576,812	32.106	100.000
Total	15,008	100.000%		\$5,222,059,933	100.000%	

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

The following table shows the assessed valuations by jurisdiction in Fiscal Year 2015-16 in the District.

TABLE 5

**ASSESSED VALUATION BY JURISDICTION⁽¹⁾
Fiscal Year 2015-16
Coachella Valley Unified School District**

<u>Jurisdiction:</u>	<u>Assessed Valuation in District</u>	<u>% of District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in District</u>
City of Coachella	\$1,479,417,058	16.86%	\$1,589,677,642	93.06%
City of Indio	885,917,661	10.09	7,294,372,083	12.15
City of La Quinta	4,615,707,340	52.59	11,980,037,078	38.53
Unincorporated Riverside County	1,528,331,633	17.41	36,331,022,777	4.21
Unincorporated Imperial County	<u>267,647,164</u>	<u>3.05</u>	5,304,206,649	5.05
Total District	\$8,777,020,856	100.00%		
 <u>Summary by County:</u>				
Riverside County	\$8,509,373,692	96.95%	\$238,256,114,839	3.57%
Imperial County	<u>267,647,164</u>	<u>3.05</u>	11,814,153,931	2.27
Total District	\$8,777,020,856	100.00%		

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

Largest Property Owners

The following table shows the 20 largest owners of taxable property in the District as determined by secured assessed valuation in Fiscal Year 2015-16:

TABLE 6

LARGEST LOCAL SECURED PROPERTY OWNERS COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

Largest 2015-16 Local Secured Taxpayers

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2015-16 Assessed Valuation</u>	<u>% of Total ⁽¹⁾</u>
1.	Anthony Vineyards	Industrial and Agricultural	\$ 66,374,884	0.77%
2.	Coral Option I	Residential Development	54,457,589	0.63
3.	East of Madison	Country Club and Residential	53,046,467	0.62
4.	Red Globes Properties	Agricultural	49,435,239	0.57
5.	Woodspur Farming	Agricultural	49,328,175	0.57
6.	TD Desert Development	Commercial	47,264,804	0.55
7.	JTM Land Co.	Race Track	37,112,132	0.43
8.	Desert Polo Land Co.	Polo Club and Festival Grounds	36,600,632	0.42
9.	LQR Golf	Golf Course and Resort	33,084,139	0.38
10.	Soco	Commercial	31,197,289	0.36
11.	Sunrise Desert Partners	Agricultural	28,550,121	0.33
12.	Armtec Defense Products Co.	Industrial	26,420,627	0.31
13.	Lennar Homes of California Inc.	Residential Development	26,245,522	0.30
14.	Polo Estates Ventures	Residential Development	25,939,237	0.30
15.	Michael Bozick	Agricultural	25,714,016	0.30
16.	Colmac Energy Inc.	Industrial	24,999,844	0.29
17.	Crown Hill Ranches Inc.	Agricultural	23,098,157	0.27
18.	Smoketree Apartments 288	Apartments	22,988,748	0.27
19.	RREF II CWC LAQ	Residential Development	22,440,000	0.26
20.	La Quinta MB Welling Ltd.	Apartments	<u>20,787,095</u>	<u>0.24</u>
			<u>\$705,084,717</u>	<u>8.18%</u>

⁽¹⁾Fiscal Year 2015-16 Local Secured Assessed Valuation: \$8,621,312,839.

Source: California Municipal Statistics, Inc.

Appeals and Adjustments of Assessed Valuations

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

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

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

Alternative Method of Tax Distribution – “Teeter Plan”

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

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

The *ad valorem* property tax to be levied to pay the principal of and interest on the Bonds is subject to the Teeter Plan. The District will receive 100% of the *ad valorem* property tax levied to pay the Bonds irrespective of actual delinquencies in the collection of the tax by the Counties.

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

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

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a pro rata adjustment for the amount of the change is made

on the records of the treasurer and auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by the county as an interest-free offset against future advances of tax levies under the Teeter Plan.

Tax Levies, Collections and Delinquencies

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

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

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

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy and collect all property taxes, and prescribed how levies on county-wide property values (except for levies to support prior voter-approved indebtedness) are to be shared with local taxing entities within each county. The following table shows secured *ad valorem* taxes for the payment of bonded indebtedness of the District, and amounts delinquent as of June 30, for Fiscal Years 2010-11 through 2014-15:

TABLE 7
SUMMARY OF SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2010-11 through 2014-15
Coachella Valley Unified School District

<u>Fiscal Year</u>	<u>Secured Tax Charge⁽¹⁾</u>	<u>Amount Delinquent June 30</u>	<u>% Delinquent June 30</u>
2010-11	\$6,854,503.08	\$387,467.90	5.65%
2011-12	5,220,696.01	214,060.50	4.10
2012-13	5,576,917.53	150,147.04	2.69
2013-14	10,800,128.94	182,672.66	1.69
2014-15	11,666,471.06	177,044.33	1.52

⁽¹⁾ [Confirm: General obligation bond debt service levy only.
Source: California Municipal Statistics, Inc.

Tax Rates

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

The table below provides historical total *ad valorem* tax rates levied by all taxing entities in a typical tax rate area (TRA 20-160) (Riverside County Portion)⁽¹⁾ within the District from Fiscal Year 2011-12 to Fiscal Year 2015-16.

TABLE 8

**SUMMARY OF AD VALOREM TAX RATES
Fiscal Years 2011-12 through 2015-16
Coachella Valley Unified School District**

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>
General	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Desert Community College District	.01995	.01995	.01995	.02325	.02087
Coachella Valley Unified School District	.07487	.07968	.14919	.14919	.13218
Coachella Valley Water District	<u>.08000</u>	<u>.08000</u>	<u>.10000</u>	<u>.10000</u>	<u>.10000</u>
Total	1.17482%	1.17963%	1.26914%	1.27244%	1.25305%

⁽¹⁾ Fiscal Year 2015-16 assessed valuation of TRA 20-160 is \$1,171,099,531, which is 13.34% of the District's total assessed valuation.

Source: *California Municipal Statistics, Inc.*

Direct and Overlapping Bonded Debt

Set forth below is a direct and overlapping debt report as of March 1, 2016 (the "Debt Report") with respect to the District prepared by California Municipal Statistics, Inc. The Debt Report is included for general information purposes only. Neither the District nor the Underwriter have reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the District; (2) the second column shows the percentage of the assessed valuation of the overlapping public agency identified in column 1 which is represented by property located within the District; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in the District, as determined by multiplying the total outstanding debt of each agency by the percentage of the District's assessed valuation represented in column 2.

TABLE 9

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

2015-16 Assessed Valuation: \$8,777,020,856

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/16</u>
Desert Community College District	12.274%	\$ 34,784,074
Coachella Valley Unified School District	100.	179,376,138 ⁽¹⁾
Pioneers Memorial Healthcare District	7.227	844,448
Desert Recreation and Park District Reassessment District No. 01-1	8.154	36,693
Coachella Valley Water District, Assessment District Nos. 32 and 33	100.	821,528
City of Indio Assessment District No. 2001-1	29.320	746,194
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$216,609,075
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	3.572%	\$33,114,026
Riverside County Pension Obligation Bonds	3.572	10,877,454
Riverside County Board of Education Certificates of Participation	3.572	33,398
Imperial County Certificates of Participation	2.265	198,414
Imperial County Pension Obligation Bonds	2.265	944,618
Coachella Valley Unified School District General Fund Obligations	100.	41,525,000
City of Indio Certificates of Participation	12.145	4,638,783
City of La Quinta General Fund Obligations	38.528	712,768
Desert Recreation and Park District Certificates of Participation	18.811	257,377
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$92,301,838
Less: Riverside County supported obligations		246,301
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$92,055,537
 <u>OVERLAPPING TAX INCREMENT DEBT:</u>		
Coachella Redevelopment Agency	91.275-91.578%	\$ 37,856,727
La Quinta Redevelopment Agency	14.716	29,609,328
Riverside County Redevelopment Agency	17.971-80.692	137,395,012
TOTAL OVERLAPPING TAX INCREMENT DEBT		\$204,861,067
 GROSS COMBINED TOTAL DEBT		\$513,771,980 ⁽²⁾
NET COMBINED TOTAL DEBT		\$513,525,679

(1) Excludes issue to be sold.

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

Ratios to 2015-16 Assessed Valuation:

Direct Debt (\$179,376,138)	2.04%
Total Direct and Overlapping Tax and Assessment Debt.....	2.47%
Combined Direct Debt (\$220,901,138)	2.52%
Gross Combined Total Debt.....	5.85%
Net Combined Total Debt	5.85%

Ratio to Redevelopment Incremental Valuation (\$3,824,093,559):

Total Overlapping Tax Increment Debt.....	5.36%
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Source: California Municipal Statistics, Inc.

TAX MATTERS

Opinion of Bond Counsel

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

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

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

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

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

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

Original Issue Discount; Premium Bonds

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

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

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

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

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

The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, liquidity of or marketability of, the Bonds. In recent years, legislative changes were proposed in Congress, which, if enacted, would result in additional federal income tax being imposed on certain owners of tax-exempt state or local obligations, such as the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation as to which Bond Counsel expresses no opinion. As discussed in this Official Statement, under the above caption " – Opinion of Bond Counsel," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the District in violation of its covenants in the Bond Resolution. Should such an event of taxability occur, the Bonds are not subject to special redemption or acceleration and will remain outstanding until maturity or until redeemed under the other redemption provisions contained in the Bond Resolution.

Internal Revenue Service Audits of Tax-Exempt Securities Issues

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

Information Reporting and Backup Withholding

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

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

OTHER LEGAL MATTERS

Continuing Disclosure

The District has covenanted for the benefit of registered owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the “Annual Report”) by not later than nine months following the end of the District’s Fiscal Year (so long as the District’s Fiscal Year ends on June 30), commencing with the report for the 2014-15 Fiscal Year (which will be due not later than April 1, 2016), and to provide notices of the occurrence of certain listed events. The Annual Report will be filed by the District with the Municipal Securities Rulemaking Board (“MSRB”) through the Electronic Municipal Market Access System (“EMMA”) in an electronic format and accompanied by identifying information as prescribed by the MSRB. Any notice of a listed event will be filed by the District with the MSRB through the EMMA System. The specific nature of the information to be made available and to be contained in the notices of listed events is set forth in APPENDIX E – “FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the “Rule”).

District Prior Disclosure Compliance. [Review/update: A review of the District’s prior disclosure undertakings and its prior disclosure filings since April 1, 2011, indicates the District did not fully comply in all respects with its prior continuing disclosure undertakings under the Rule. Identification of the below described events does not constitute a representation by the District that the

late filings were material. For example, (1) certain annual reports and certain audited financial statements with respect to Fiscal Years 2010-11 through 2011-12 were not timely filed, (2) certain annual reports for Fiscal Years 2010-11 through 2012-13 did not include all content required by the applicable disclosure undertaking, and (3) certain notices of listed events relating to changes in the ratings of certain of the District's then outstanding obligations were not timely filed. The District has filed the annual reports and audited financial statements which were not timely filed, has filed addendums and additional information relating to annual reports to provide information not included in the annual reports filed, and has filed listed event notices that were not timely filed in connection with rating changes on its obligations. The District believes that it is currently in material compliance with all of its continuing disclosure undertakings and the District has hired an outside consultant to facilitate preparation and filing of disclosure reports and notices of listed events in the future.

Limitation on Remedies

The opinion of Bond Counsel, the proposed form of which is attached hereto as Appendix D, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditors' rights. The rights of the Owners of the Bonds are subject to certain limitations. Enforceability of the rights and remedies of the Beneficial Owners of the Bonds, and the obligations incurred by the District, are limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, the limitations on remedies against school and community college districts on the State. Bankruptcy proceedings, if initiated, could subject the beneficial owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), which governs the bankruptcy proceedings for public agencies, no involuntary petitions for bankruptcy relief are permitted. While current State law precludes school districts from voluntarily seeking bankruptcy relief under Chapter 9 of the Bankruptcy Code without the concurrence of the State, such concurrence could be granted or State law could be amended.

The Bond Resolution and the State Government Code require each County to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of, premium, if any, and interest on the Bonds. Each County, on behalf of the District, is thus expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in such County's Treasury Pool, as described above. In the event the District or the applicable County were to enter into bankruptcy proceedings, a federal bankruptcy court might hold that the owners of the Bonds are unsecured creditors with respect to any funds received by the District or such County prior to the bankruptcy, which may include taxes that have been collected and deposited into the respective Debt Service Funds, where such amounts are deposited into the applicable County Treasury Pool, and such amounts may not be available for payment of the principal and interest on the Bonds unless the Owners of the Bonds can "trace" those funds. There can be no assurance that the Owners could successfully so "trace" such taxes on deposit in a Debt Service Fund where such amounts are invested in a County Treasury Pool. Under any such circumstances, there could be delays or reductions in payment on the Bonds.

Legality for Investment in California

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

Absence of Material Litigation

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

RATINGS

The Bonds are expected to be assigned a rating of “___” by S&P based on the issuance of the Policy by [INSURER]. Additionally, Moody's Investors Service, Inc. (“Moody's”) has assigned an underlying rating of “___” to the Bonds without consideration of the issuance of the Policy. Each rating agency may have obtained and considered information and material which has not been included in this Official Statement. Generally, a rating agency bases its ratings on information and material so furnished and on investigations, studies and assumptions made by the rating agency. Some information provided to the rating agencies by the District may not appear in this Official Statement. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely or placed under review or “Credit Alert” by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any downward revision or withdrawal of ratings may have an adverse effect on the market price for the Bonds.

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

UNDERWRITING

The Bonds will be purchased by RBC Capital Markets, LLC, as Underwriter (the “Underwriter”). The Underwriter has agreed to purchase the Bonds at a price of \$_____, which is equal to the principal amount of the Bonds, plus a net original issue premium of \$_____, and less an Underwriter's discount of \$_____. The Bond Purchase Agreement relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such

purchase being subject to certain terms and conditions set forth in said agreements the approval of certain legal matters by counsel and certain other conditions.

The Underwriter and its affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriter and its affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District; provided, however, that potential investors are advised that the offering of the Bonds is made only by means of the Official Statement. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representation other than as contained in the Official Statement.

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

ADDITIONAL INFORMATION

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

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

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

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

COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

By

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

APPENDIX A

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

Principal of and interest on the Bonds is payable from the proceeds of an ad valorem tax levied by the Counties for the payment thereof. (See "THE BONDS – Security" herein.) Articles XIII A, XIII B, XIII C and XIII D of the Constitution, Propositions 39, 98, 111 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these constitutional and statutory measures on the ability of the Counties to levy taxes and of the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the Counties to levy taxes for payment of the Bonds. The tax levied by the Counties for payment of the Bonds was approved by the District's voters in compliance with Article XIII A, Article XIII C, and all applicable laws.

THE DISTRICT

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

General Information

The District is a unified school district providing elementary and secondary levels of education. Established in 1973, the District currently operates fourteen K-6 schools, three 7-8 schools, one 7-12 high school, two 9-12 high schools, one continuation high school, one adult education extension program, one Early Head Start program, nine Head Start programs, three part-day State Preschools and ten full-day State Preschools. The District encompasses approximately 1,220 square miles, with most of its territory within Riverside County (the "County") and a small portion within Imperial County (together with the County, the "Counties"). The District serves the cities of Indio, Coachella, La Quinta, Thermal, Mecca, Oasis, North Shores and Salton City. For Fiscal Year 2015-16, the District's average daily attendance ("ADA") was 18,108 students and for Fiscal Year 2016-17, the District's ADA is projected to be 18,108 students, and taxable property within the District has a Fiscal Year 2015-16 assessed valuation of \$8,777,020,856.⁽¹⁾

Administration

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

⁽¹⁾ Source: California Municipal Statistics, Inc.; Riverside and Imperial Counties.

BOARD OF TRUSTEES
Coachella Valley Unified School District

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

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

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

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

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

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

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

Year 1986-87, or (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period. The State Department of Finance indicates that Proposition 98's share of General Fund tax proceeds averages about 40 percent. As a percentage of new (additional) General Fund tax revenues, Proposition 98 gets approximately 60 percent. That is, for an increase in General Fund tax proceeds of \$100 million, Proposition 98 would get about \$60 million on the average.

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

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

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

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

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

Average Daily Attendance

As indicated above, commencing with the Fiscal Year 2013-14, the State budget restructured the manner in which the State allocates funding for K-12 education using the Local Control Funding Formula. Under the prior funding system, school districts received different per-pupil funding rates based on historical factors and varying participation in categorical programs. Table 1 shows the District's average daily attendance (ADA) and enrollment for 2007-08 through 2016-17. Enrollment can fluctuate due to factors such as population growth or decline, competition from private, parochial and public charter schools, inter-district transfers in or out and other causes. Losses in enrollment will cause a school district to lose operating revenues, without necessarily permitting the district to make adjustments in fixed operating costs.

TABLE 1

**AVERAGE DAILY ATTENDANCE, REVENUE LIMIT AND ENROLLMENT
Fiscal Years 2007-08 through 2016-17
Coachella Valley Unified School District**

<u>Fiscal Year</u>	<u>Average Daily Attendance</u> ⁽¹⁾	<u>Change</u>	<u>Enrollment</u> ⁽²⁾
2007-08	17,436	--	18,203
2008-09	17,463	27	18,256
2009-10	17,386	(17)	18,186
2010-11	17,495	110	18,464
2011-12	17,550	67	18,409
2012-13	17,784	241	18,720
2013-14	17,313	91	18,850
2014-15	17,797	(49)	18,878
2015-16 ⁽³⁾	18,108	311	18,674
2016-17 ⁽⁴⁾	18,108	0	18,674

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

⁽²⁾ Enrollment as of [Review/update: October] report submitted to the California Basic Educational Data System ("CBEDS") in each school year.

⁽³⁾ Budgeted.

⁽⁴⁾ Projected.

Source: Coachella Valley Unified School District.

The following table shows a breakdown of the District's ADA for purposes of the Local Control Funding Formula by grade span, total enrollment and the percentage of EL/LI student enrollment for Fiscal Years 2013-14 to 2017-18.

TABLE 2
LOCAL CONTROL FUNDING FORMULA
ADA, ENROLLMENT AND EL/LI ENROLLMENT PERCENTAGE
Fiscal Year 2013-14 to 2017-18
Coachella Valley Unified School District

Fiscal Year	Average Daily Attendance ⁽¹⁾					Enrollment	
	K-3	4-6	7-8	9-12	Total ADA	Total Enrollment	% of EL/LI Enrollment ⁽²⁾
2013-14	6,202	4,329.58	2,684.41	4,629.35	17,797.34	18,452	92%
2014-15 ⁽³⁾	6,069	4,522.00	2,733.00	4,682.00	18,666.00	18,666	96%
2015-16 ⁽⁴⁾	6,075	4,522.94	2,739.43	4,697.75	18,035.00	18,108	96%
2016-17 ⁽⁴⁾	6,075	4,522.94	2,739.43	4,697.75	18,035.00	18,108	96%
2017-18 ⁽⁴⁾	6,075	4,522.94	2,739.43	4,697.75	18,035.00	18,108	96%

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

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

⁽³⁾ Actual.

⁽⁴⁾ Second Interim.

⁽⁴⁾ Projected based on no change from Second Interim.

Source: Coachella Valley Unified School District.

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

Labor Relations

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

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

TABLE 3

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

<u>Labor Organization</u>	<u>Number of Employees In Organization</u>	<u>Contract Expiration Date</u>
Coachella Valley Teachers Association	954	June 30, 2015 ⁽¹⁾
California School Employees Association	778	June 30, 2017 ⁽²⁾

(1) The contract for the Coachella Valley Teachers' Association is currently in negotiations.

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

Source: Coachella Valley Unified School District.

Retirement Programs

The District participates in the State of California Teachers' Retirement System ("STRS"). This plan covers certificated employees, as well as certain classified employees. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

The District's contribution to STRS was \$6,171,712 for Fiscal Year 2012-13, \$[] for Fiscal Year 2013-14 and \$[] for Fiscal Year 2014-15. The District has budgeted \$[] as its contribution to STRS in Fiscal Year 2015-16. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to California public schools. The District was required by such statutes to contribute 8.88% of their eligible salary for Fiscal Year 2014-15 and is currently required by such statutes to contribute 10.73% of eligible salary for Fiscal Year 2015-16, while participants were required to contribute 8.15% of their respective salaries for Fiscal Year 2014-15 and are required to contribute 9.20% (classic members) and 8.56% (new members) of their respective salaries for Fiscal Year 2015-16 (see "Pension Reform" below). The State also contributes to STRS. The State's contribution reflects a base contribution and a supplemental contribution that will vary from year to year based on statutory criteria. The State also contributes an amount based on a percentage of annual member earnings into the STRS Supplemental Benefits Maintenance Account, which is used to maintain the purchasing power of benefits.

Interested persons may review the STRS website for details regarding its programs – <http://www.calstrs.com>. (This reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement.) The following information has been obtained from the information published by STRS and is believed to be reliable but is not guaranteed as to accuracy or completeness. The governing board of STRS adopts a valuation of its defined benefit plan and its defined benefit supplemental plan each year. Due to the financial market declines which occurred during the Fiscal Year 2008-09 period, STRS investments lost substantial value at that time. STRS uses an averaging process that recognizes gains and losses over a three-year period, as a result of which the fund is still being affected by losses incurred during the market downturn. Recent years have seen positive investment returns. The valuation for the period ending June 30, 2014, identified the level of funding for the STRS defined benefit program at 68.5% of full funding based on an actuarial value of assets (73.3% based on a fair market value of assets), with an estimated actuarial obligation of \$231.2 billion, an actuarial valuation of assets of \$158.4 billion and unfunded actuarial obligations of \$72.7 billion. In recent years, historical unfunded actuarial obligations for the defined benefit plan have ranged from being over funded in the late 1990's to the 66.9% of full funding estimated in the June 30, 2013, valuation.

Contributions to STRS are generally fixed by State law. The 2014-15 State Budget included a plan of shared responsibility among the State, school districts and teachers. The Board of STRS periodically meets and adopts valuation assumptions and valuation policy for the retirement program.

The District also participates in the State of California Public Employees' Retirement System ("PERS"). Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended, with the Public Employees' Retirement Laws. School districts are currently required to contribute to PERS at an actuarially determined rate, which was 11.442% of eligible salary expenditures for Fiscal Year 2013-14, 11.771% of eligible salary expenditures for Fiscal Year 2014-15 and 11.817% of eligible salary expenditures for Fiscal Year 2015-16, while participants enrolled in PERS prior to the Implementation Date (defined herein) contribute 7% of their respective salaries for Fiscal Year 2014-15 and 7% of their respective salaries for Fiscal Year 2015-16. Participants enrolled after the Implementation Date contribute at an actuarially determined rate, which is 6% of their respective salary for Fiscal Year 2014-15 and 6% of their respective salary for Fiscal Year 2015-16. See " – Governor's Pension Reform" herein.

The District's contribution to PERS was \$3,228,667 for Fiscal Year 2013-14 and \$ _____ for Fiscal Year 2014-15. The District has budgeted \$4,308,350 as its contribution to PERS in Fiscal Year 2015-16.

Interested persons may review the PERS website for details regarding its programs – <http://www.calpers.ca.gov>. (This reference is for convenience of reference only and not considered to be incorporated as part of this Official Statement.) The following information has been obtained from the information published by PERS and is believed to be reliable but is not guaranteed as to accuracy or completeness. The governing board of the PERS adopts a valuation of its defined benefit plan each year. Due to the financial market declines which occurred during the Fiscal Year 2008-09 period, PERS investments lost substantial value at that time. In December 2009, the PERS Board adopted changes to its asset smoothing method in order to phase in over a three-year period the impact of the 24% investment loss experience by PERS in Fiscal Year 2008-09. Recent years have seen positive investment returns. The valuation for the period ending June 30, 2014, identified the level of funding for the PERS defined benefit program for schools at 86.6% of full funding. PERS website does not provide an estimate of the actuarial obligations, of the estimated actuarial valuation of assets or of the estimated unfunded actuarial obligations. PERS has adopted policies regarding contribution rates for the various plans and such plans are subject to modification as the PERS governing board determines how to address the unfunded actuarial obligations. At its April 17, 2013, meeting, the Board approved a change to the CalPERS amortization and smoothing policies. Beginning with the June 30, 2014, valuation, the newly adopted direct smoothing method will be used to set the 2015-16 rates for the State and Schools defined benefit plans. Under this new direct rate smoothing method, all gains and losses will be paid over a fixed 30-year period with the increases or decreases in the rate spread over a 5-year period. The PERS governing board periodically adopted new assumptions regarding the longer life expectancy of state retirees. The June 30, 2014, valuation notes that the changes to the demographic assumptions approved by the Board would be used to set the Fiscal Year 2016-17 contribution rate for School employers. The increase in liability due to the new actuarial assumptions would be calculated in the 2015 actuarial valuation and amortized over a 20-year period with a 5-year ramp-up/ramp-down in accordance with Board policy.

In 2014, the Governor signed into law a comprehensive funding strategy to address the unfunded liability at the California State Teachers' Retirement System (CalSTRS), which is currently estimated to be \$72.7 billion. Consistent with this strategy, the 2016-17 Proposed Budget (defined below) includes \$2.5 billion General Fund in 2016-17 for CalSTRS. The 2016-17 Proposed Budget indicates that the

funding strategy positions CalSTRS on a sustainable path forward, eliminating the unfunded liability in about 30 years. Based on a model of shared responsibility, the state, school districts and teachers all increased their contributions to the system beginning in 2014-15. Specifically, the 2016-17 Proposed Budget funding plan in 2016-17 increases the state contribution to 6.3% of teacher compensation, 10.2% for most teachers and 12.6% for school districts. The 2016-17 Proposed Budget also proposes that the State make an additional contribution of 2.5% of teacher compensation to CalSTRS for the Supplemental Benefits Maintenance Account.

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

Pension Reform

On August 28, 2012, Governor Brown and the State Legislature reached agreement on a new law that reforms pensions for State and local government employees. AB 340, which was signed into law on September 12, 2012, established the California Public Employees' Pension Reform Act of 2012 ("PEPRA") which governs pensions for public employers and public pension plans on and after January 1, 2013 (the "Implementation Date"). For new employees, PEPRA, among other things, caps pensionable salaries at the Social Security contribution and wage base, which is \$118,500 for 2016, or 120% of that amount for employees not covered by Social Security, increases the retirement age by two years or more for all new public employees while adjusting the retirement formulas, requires state employees to pay at least half of their pension costs, and also requires the calculation of benefits on regular, recurring pay to stop income spiking. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays and purchases of service credit. PEPRA applies to all State and local public retirement systems, including county and school district retirement systems. PEPRA only exempts the University of California system and charter cities and counties whose pension plans are not governed by State law. Although the District anticipates that PEPRA would not increase the District's future pension obligations, the District is unable to determine the extent of any impact PEPRA would have on the District's pension obligations at this time. Additionally, the District cannot predict if PEPRA will be challenged in court and, if so, whether any challenge would be successful.

GASB 67 and 68

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

Statement 67 replaces the requirements of Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and Statement 50, Pension Disclosures as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. Statement 67 builds upon the existing framework for financial reports of defined benefit pension plans, which includes a statement of fiduciary net position (the amount held in a trust for paying retirement benefits) and a statement of changes in fiduciary net position. Statement 67 enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. Statement 67

also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial statements and in 10-year required supplementary information schedules.

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

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

[Review/update: At year end, the District had an outstanding pension liability of \$_____, as a result of the adoption of GASB No. 68, Accounting Reporting for Pensions. The District has, recorded its proportionate share of net pension liabilities for STRS and PERS.

Alternate Retirement Program

As established by Federal law, all public sector employees who are not members of their employer's existing retirement systems (STRS or PERS) must be covered by social security or an alternative plan. The District has elected to use Accumulation Program of Part-Time and Limited-Service Employees ("APPLE") Plan as its alternative plan. The District contributes 3.75% of an employee's gross earnings and an employee is required to contribute 3.75% of his or her gross earnings to the pension plan. During Fiscal Year 2012-13, the District's required and actual contributions for the APPLE Plan amounted to \$73,042, which constituted 3.75% of its current year covered payroll. The District contributed \$76,398 for Fiscal Year 2013-14, a contribution of \$108,839 for Fiscal Year 2014-15 and budgeted a contribution of \$51,022 for Fiscal Year 2015-16.

Supplemental Early Retirement Plan

The District has offered supplemental early retirement plans ("SERP") to its certificated and classified employees as part of the union contracts since 1984. Eligible employees are provided an annuity to supplement the retirement benefits such employees are entitled to receive through their respective retirement systems. As of June 30, 2015, 154 employees who have retired after 2003 had elected to receive these annuities, as purchased from United of Omaha and Pacific Life Insurance. The annuities offered to the employees are paid over a five-year period. As of June 30, 2015, the future annuity payments were as follows:

Year Ending <u>June 30</u>	<u>Total Payments</u>
2015	\$600,729
2016	486,523
2017	112,850
2018	<u>0.00</u>
Total	<u>\$1,200,202</u>

Source: Coachella Valley Unified School District.

Other Postemployment Benefits

Plan Benefits. The Postemployment Benefits Plan (the “Plan”) is a single-employer defined benefit health care program administered by the District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. As of June 30, 2015, membership of the Plan consisted of 120 retirees and beneficiaries currently receiving benefits and 1,612 active Plan members.

Funding Policy. The contribution requirements of the Plan members and the District are established and amended by the District, its bargaining units and unrepresented groups on an annual basis. The District’s contribution is currently based on a projected pay-as-you-go basis to cover the cost of benefits for current retirees. For Fiscal Year 2012-13, the District contributed \$2,916,354 to the Plan, all of which was used for current premiums. For Fiscal Year 2013-14, the District contributed \$2,958,111 to the Plan, all of which was used for current premiums. For Fiscal Year 2014-15, the District has projected a contribution to the Plan of \$2,317,708, all of which is expected to be used to pay current premiums. For Fiscal Year 2015-16, the District has projected a contribution to the Plan of \$2,280,463, all of which is expected to be used to pay current premiums.

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

As of June 30, 2015, the District recognized a net, long-term obligation (the “Net OPEB Obligation”) with respect to Plan benefits of \$12,013,239, based on its contributions towards the actuarially-determined ARC. See “APPENDIX B – AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 10” attached hereto.

Risk Management

The District is exposed to various risks related to torts, theft, damage and destruction of assets, errors and omissions, personal injuries and natural disasters. The District participated in the Riverside Schools’ Insurance Authority (“RSIA”) public entity risk pool for property and liability insurance coverage in Fiscal Year 2014-15. Settled claims have not exceeded the insured coverage in any of the

past three years, and there has not been a significant reduction in coverage from the prior year. During Fiscal Year 2013-14, the District made a payment of \$966,153 to RSIA for services received. During Fiscal Year 2014-15, the District made a payment of \$1,048,873 to RSIA for services received. During Fiscal Year 2015-16, the District budgeted a payment of \$1,000,000 to RSIA for services received.

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

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

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

Charter Schools

Charter schools are largely independent schools operating as part of the public school system created pursuant to Part 26.8 (beginning with Section 47600) of Division 4 of Title 2 of the State Education Code (the “Charter School Law”). A charter school is usually created or organized by a group of teachers, parents and community leaders, or a community-based organization, and may be approved by an existing local public school district, a county board of education or the State Board of Education.

A charter school is generally exempt from the laws governing school districts, except where specifically noted in the law. The Charter School Law acknowledges that among its intended purposes are: (i) to provide parents and students with expanded choices in the types of educational opportunities that are available within the public school system; (ii) to hold schools accountable for meeting measurable pupil outcomes and provide schools a way to shift from a rule-based to a performance-based system of accountability; and (iii) to provide competition within the public school system to stimulate improvements in all public schools.

The District approved a petition to establish an independent charter school within the boundaries of the District: NOVA Academy Charter School, which opened in Fiscal Year 2009-10 (“NOVA”). Approximately 199 students are estimated to be enrolled in NOVA in Fiscal Year 2014-15. Additionally, Imagine School, a County-operated charter school located within the boundaries of the District, opened in Fiscal Year 2013-14 (“Imagine”), with approximately 192 students estimated to be enrolled in Fiscal Year 2014-15. The District currently has no information about Imagine’s enrollment, and can provide no representation as to future enrollment or transfers of students from the District to Imagine.

The District can make no representations as to whether additional charter schools will be established within the boundaries of the District, the amount of any future transfers of students from the District to charters schools and the corresponding financing impact on the District.

EFFECT OF STATE BUDGET ON REVENUES

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

Most public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources. Prior to implementation in Fiscal Year 2013-14 of the Local Control Funding Formula, the primary source of funding for school districts was the revenue limit, which was a combination of State funds and local property taxes (see " – DISTRICT FINANCIAL INFORMATION – State Funding of Education" below). Under the Local Control Funding Formula, State funds typically make up the majority of a district's funding, as was the case under the previous revenue limit funding. In the past, school districts also received substantial funding from the State for various categorical programs. Commencing with Fiscal Year 2009-10, various mandates and restrictions on local school districts were removed, allowing flexibility to spend funding for 42 categorical programs as school districts wished. These flexibility provisions were extended for a number of years through legislation and the Local Control Funding Formula replaces revenue limit and most categorical program funding. Revenues received by the District from all State sources accounted for approximately 73% of total general fund revenues in Fiscal Year 2012-13, for approximately 83% of total general fund revenues in Fiscal Year 2013-14 and approximately 85% of total general fund revenues in Fiscal Year 2014-15 and are estimated to account for approximately 85% of total general fund revenues in Fiscal Year 2015-16.

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

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

If, at year-end, the guaranteed amount is calculated to be higher than the amount actually appropriated in that year, the difference becomes an additional education funding obligation, referred to as "settle-up." If the amount appropriated is higher than the guaranteed amount in any year, that higher funding level permanently increases the base guaranteed amount in future years. The Proposition 98

guaranteed amount is reduced in years when general fund revenue growth lags personal income growth, and may be suspended for one year at a time by enactment of an urgency statute. In either case, in subsequent years when State general fund revenues grow faster than personal income (or sooner, as the Legislature may determine), the funding level must be restored to the guaranteed amount, the obligation to do so being referred to as "maintenance factor."

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

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

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

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

Education Provisions of the California State Budget. Following the enactment of Proposition 25 on November 2, 2010, the Governor is required by the State Constitution to propose a budget to the State Legislature no later than January 10 of each year, and a final budget must be adopted by a majority vote of each house of the Legislature no later than June 15. Prior to enactment of Proposition 25, the final budget was required to be approved by a 2/3rds majority vote of each house of the Legislature and the June 15 deadline was routinely breached. For example, prior to enactment of Proposition 25, the State Budget approval occurred as late as September 23, 2008, for the Fiscal Year 2008-09 State Budget and October 8, 2010 for the Fiscal Year 2010-11 State Budget, the latest budget approval in State history. The budget becomes law upon the signature of the Governor, who retains veto power over specific items

of expenditure. School district budgets must generally be adopted by July 1, and revised by the school board within 45 days after the Governor signs the budget act to reflect any changes in budgeted revenues and expenditures made necessary by the adopted State budget. State income tax, sales tax, and other receipts can fluctuate significantly from year to year depending on economic conditions in the State and the nation. Because funding for K-12 education is closely related to overall State income, funding levels can also vary significantly from year to year, even in the absence of significant education policy changes. The District cannot predict how State income or State education funding will vary over the entire term to maturity of the Bonds, and the District takes no responsibility for informing Owners of the Bonds as to any such annual fluctuations.

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

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

2016-17 Proposed State Budget. On January 7, 2016, the Governor released his proposed State budget for Fiscal Year 2016-17 (the “2016-17 Proposed Budget”). The 2016-17 Proposed Budget proposed \$71.6 billion with respect to the Proposition 98 (as defined below in “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 98”) minimum funding guarantee for Fiscal Year 2016-17. The 2016-17 Proposed Budget reflects Proposition 98 Guarantee increases in Fiscal Years 2014-15 and 2015-16, relative to the Fiscal Year 2015-16 Budget Act levels – providing additional one-time resources in each of those years. For K-12 per pupil spending, the total per-pupil expenditures from all sources are projected to be \$14,184 in Fiscal Year 2015-16 and \$14,550 in Fiscal Year 2016-17, including funds provided for prior year settlement obligations. Ongoing K-12 Proposition 98 per-pupil expenditures in the 2016-17 Proposed Budget are \$10,591 in Fiscal Year 2016-17, an increase of \$368 per-pupil over the level provided in Fiscal Year 2015-16, and up significantly from the \$7,008 per pupil provided in Fiscal Year 2011-12. The 2016-17 Proposed Budget utilizes the funding to implement the LCFF and provides \$2.8 billion in new funding, bringing the Local Control Funding Formula’s implementation to 95% complete.

The 2016-17 Proposed Budget proposes an additional \$2 billion deposit above the deposit required by Proposition 2 to fund the Rainy Day Fund to a total of \$8 billion, which is 6.5 percent of the General Fund tax revenues. The 2016-17 Proposed Budget notes the significant reliance of the General Fund on capital gains and on taxes paid by the top 1 percent of income earners who paid over 45 percent of personal income taxes in the 2013 tax year. Personal income taxes are estimated to contribute 69.5 percent of Fiscal Year 2016-17 general fund revenues. Proposition 2, enacted in 2014, provides that when capital gains revenue is projected to be greater than 8 percent of the General Fund tax revenue, the excess revenue is to be used to pay off General Fund debts and build up a reserve for future downturns. The 2016-17 Proposed Budget also notes an estimated \$77 billion in deferred maintenance on existing State infrastructure, including the State’s highways, roads and bridges, and proposes funding \$879 million from the General Fund to accelerate the repayment of loans to transportation projects, \$807 million (\$500 million from the General Fund) for critical deferred maintenance at levees, state parks, universities, community colleges, prisons, state hospitals and other state facilities and \$1.5 billion from the General Fund for work on three state office buildings, including the State Capitol Annex.

The LAO, a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the 2016-17 Proposed State Budget entitled “The 2016-17 Budget: Overview of the Governor’s Budget” on January 11, 2016 (the “2016-17 Proposed Budget Overview”). In the 2016-17 Proposed Budget Overview, the LAO notes that the Governor’s emphasis on reserves is appropriate and that this general approach is prudent as a large budget reserve is the key to weathering the next recession with minimal disruption to public programs. The LAO also noted that a focus on infrastructure makes sense, but indicate the specific proposals raise several issues that merit legislative consideration, such as (i) the appropriateness of the proposed funding sources, (ii) ensuring such funding is allocated to the highest priority and most cost-effective infrastructure needs and (iii) allowing for sufficient legislative oversight. The LAO also noted that the Governor allocates about \$7 million in discretionary resources, prioritizing reserves and one-time spending, including using a significant portion of the discretionary resources to increase total reserves to over \$10 billion, doubling the size of budget reserves. The LAO recommends that as the Legislature considers the trade-offs among different budget priorities, the Legislature plan for the next downturn, and begin with a robust target for budget reserves for the end of 2016-17 and concentrate spending on one-time purposes. The 2016-17 Proposed Budget Overview is available from the LAO at www.lao.ca.gov but such information is not incorporated herein by reference.

Significant proposals of the 2016-17 Proposed State Budget affecting K-12 school districts include:

- *Local Control Funding Formula* – A fourth-year investment of more than \$2.8 billion in the LCFF, building upon almost \$12.8 billion provided over the last three years. In total, this level of funding exceeds the original 2013 projection of formula funding provided through Fiscal Year 2016-17 by almost \$6 billion. The proposed funding level is enough to eliminate almost 50% of the remaining funding gap to full implementation, bring total formula implementation to 95%.

- *Early Education Block Grant* – A \$1.6 billion early education block grant for local educational agencies that combines \$880 million for the California State Preschool Program, \$725 million for the Proposition 98 General Fund for transitional kindergarten, and \$50 million for the Proposition 98 General Fund for the Preschool Quality Rating and Improvement System to better target services to low-income and at risk children and their families.

- *Career Technical Education* – Continued support of the Career Technical Education Incentive Grant Program, a transitional education and workforce development initiative administered by the California Department of Education.

- *K-12 School Facilities* – Continued dialogue by the Governor’s Administration with the State Legislature and education stakeholders to shape a future state program focused on school districts with the greatest need, while providing substantial new flexibility to school districts to raise the necessary resources for their facilities needs. The 2016-17 Proposed Budget indicates the Governor has significant concerns with the current school facilities program, including being overly complex, creating costs for school districts to navigate a process that can involve as many as ten different state agencies and creating an incentive for school districts to build new schools when they already have the capacity to absorb enrolment growth, and allocating funding on a first-come, first-served basis, giving school districts with dedicated facilities personnel a substantial advantage, and not providing school districts enough flexibility to design school facility plans to reflect local needs.

- *K-12 Budget Adjustments* – More than \$2.8 billion in Proposition 98 General Fund funding for school districts and charter schools, including (i) one time discretionary funding, (ii) additional Proposition 98 General Fund funding for County Office of Education, (iii) increases in Proposition 98 General Fund funding for charter school ADA growth and one time funding for operational startup costs for new charter schools in 2016 and 2017, (iv) increases in funding for local educational agencies to provide academic and behavioral support, (v) a decrease in special education funding based on a projected decrease in Special Education ADA, (vi) a cost of living adjustment for categorical programs that remain outside of LCFF, (vii) a decrease in Proposition 98 General Fund for school districts and county offices of education as a result of higher offsetting property tax revenues, (viii) a decrease in funding due to decreased projected ADA, (ix) Proposition 39 funding for energy efficiency, and (x) Proposition 47 funding for truancy and dropout prevention, victim services and mental health and drug treatment.

- *Child Care* – Stakeholder workshops to recommend actions the State may take to increase the administrative efficiency of State-subsidized child care contractors and increase funding to reflect full-year implementation of child care and preschool investment made in the 2015-16 State Budget and increasing costs per case for CalWORKS Stage 2 cases and increasing costs and increasing cases for CalWORKS Stage 3 cases.

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

Future Budget Impacts. The State Budget will be affected by national and State economic conditions and other factors. The District cannot predict how State income or State education funding will vary over the term to maturity of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to actions the State Legislature or Governor may take affecting a budget after its adoption. The Bonds, however, are not payable from such revenue. The Bonds will be payable solely from the proceeds of an *ad valorem* property tax which is required to be levied by the County in an amount sufficient for the payment thereof. Information about the State budget and State spending for education is regularly available at various State-maintained websites. See “ – EFFECT OF STATE BUDGET ON REVENUES – *Information regarding State Education Spending*” above.

To the extent negatively impacted by actions taken by the Governor and the State Legislature to address changing State revenues generally or by State revenues available for education specifically, the District may need to develop and implement different or additional budgetary adjustments to contend with its projected spending in the future.

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

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

Tax increment revenues that would have been directed to redevelopment agencies will be distributed to make “Pass-Through Payments” to local agencies that they would have received under prior law and to successor agencies for retirement of the redevelopment agencies’ debts and for limited administrative costs. The remaining revenues will be distributed as property tax revenues to cities, counties, school districts, community college districts and special districts. The District cannot predict whether, or to what extent, the elimination of redevelopment agencies will affect the Pass-Through Payments or whether amounts received will be offset against other funds the State would otherwise have paid to the District. See “THE BONDS – Security.”

The District entered into agreements with several redevelopment agencies formed pursuant the California Community Redevelopment Law (Health and Safety Code Sections 33000 et seq.) (generally, “Redevelopment Agencies”), pursuant to which the District has, in the past, received “pass-through” tax increment revenues (the “Redevelopment Revenues”). The District has projected the receipt of \$164,325, \$789,217 and \$2,575,480 in Redevelopment Revenues with respect to agreements entered into in the past with La Quinta, Coachella and Riverside County redevelopment agencies in Fiscal Year 2014-15 and the District has projected the receipt of \$120,000, \$680,000 and \$2,546,162 in Redevelopment Revenues with

respect to agreements entered into in the past with La Quinta, Coachella and Riverside County redevelopment agencies in Fiscal Year 2015-16.

The District, however, can make no representations that Redevelopment Revenues will continue to be received by the District in amounts consistent with prior years, or as currently projected, particularly in light of the recently enacted legislation eliminating redevelopment agencies.

DISTRICT FINANCIAL INFORMATION

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

Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts. [Significant accounting policies followed by the District are explained in Note 1 to the District's audited financial statements for the Fiscal Year ending June 30, 2015, which are included as APPENDIX B.]

The District's expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Delinquent taxes not received after the fiscal year end are not recorded as revenue until received. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

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