

RESOLUTION NO. _____

BOARD OF SUPERVISORS, SAN MATEO COUNTY, STATE OF CALIFORNIA

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**RESOLUTION OF THE BOARD OF SUPERVISORS OF
SAN MATEO COUNTY, CALIFORNIA, AUTHORIZING THE ISSUANCE OF
LAS LOMITAS SCHOOL DISTRICT
(SAN MATEO COUNTY, CALIFORNIA)
ELECTION OF 2001 GENERAL OBLIGATION BONDS, SERIES 2002**

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that

WHEREAS, a duly called special election was held in the Las Lomitas School District, San Mateo County, State of California (hereinafter referred to as the "District"), on November 6, 2001 (the "Election") and thereafter canvassed pursuant to law;

WHEREAS, at the Election there was submitted to and approved by the requisite two-thirds vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum amount of \$12,000,000 payable from the levy of an ad valorem tax against the taxable property in the District;

WHEREAS, at this time this Board of Supervisors (the "Board") of the County of San Mateo (the "County") has received the resolution of the governing board of the District requesting the issuance of a series of such bonds in an aggregate principal amount not to exceed \$12,000,000 to be styled as "Las Lomitas School District (San Mateo County, California) Election of 2001 General Obligation Bonds, Series 2002" (the "Bonds");

WHEREAS, the Board of Supervisors is informed and accepts, and is relying on the representation of the District, that it is necessary and desirable and that said Bonds be issued and sold by negotiated sale, for the purposes for which said Bonds have been authorized and on the terms and conditions set forth in the resolution of the Board of Trustees of the District; and

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

NOW THEREFORE, IT IS HEREBY DETERMINED AND ORDERED, that:

1. **Purpose of Bonds.** To raise funds for the purposes authorized by the voters of the District at the Election and to pay all necessary legal, financial, engineering and contingent costs in connection therewith, the County hereby authorizes the issuance of the Bonds on behalf of the District.

2. **Terms and Conditions of Sale.** The Bonds shall be sold at a negotiated sale upon the direction of the Superintendent of the District and the Treasurer-Tax Collector of the County. The Bonds shall be sold pursuant to the terms and conditions set forth in the Purchase Contract, as described below.

3. **Approval of Purchase Contract.** The form of Contract of Purchase (the "Purchase Contract") by and among the County, the District and RBC Dain Rauscher Inc., (the "Underwriter"), for the purchase and sale of the Bonds is hereby approved and the Treasurer-Tax Collector of the County (the "Treasurer-Tax Collector"), or a designated deputy thereof, or the President of the Board of Supervisors (the "President") or such President's designee is hereby authorized to execute and deliver the Purchase Contract, and the Superintendent or Business Manager of the District or such person designated by the Superintendent is hereby requested to acknowledge the execution of such Purchase Contract, if necessary, but with such changes therein, deletions therefrom and modifications thereto as the Treasurer-Tax Collector, or designated deputy thereof, or the President or such President's designee may approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; provided, however, that the maximum interest rate on the Bonds shall not exceed the maximum rate permitted by law and the underwriter's discount, excluding original issue discount, thereon shall not exceed 2.0% of the aggregate of principal amount of Bonds issued. The Treasurer-Tax Collector, any designated deputy thereof, or the County President is further authorized to determine the principal amount of the Bonds to be specified in

the Purchase Contract for sale by the County Board up to \$12,000,000 and to enter into and execute the Purchase Contract with the Underwriter and the District, if the conditions set forth in this Resolution are satisfied.

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

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

(b) “Accreted Value” means with respect to the Capital Appreciation Bonds, as of the date of calculation, the Denominational Amount thereof, plus Accreted Interest thereon to such date of calculation, compounded semiannually on each February 1 and August 1 at the stated Reoffering Yield to maturity thereof, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months.

(c) “Bond Insurer” means any insurance company which issues a municipal bond insurance policy insuring the payment of Denominational Amount and Accreted Interest of and interest on the Bonds.

(d) “Bond Payment Date” means (unless otherwise provided by the Purchase Contract), with respect to the Current Interest Bonds, February 1 and August 1 of each year commencing February 1, 2003 with respect to the interest on the Current Interest Bonds and August 1 of each year commencing August 1, 2003 with respect to the principal payments on the Current Interest Bonds, and, with respect to the Capital Appreciation Bonds, the stated maturity dates thereof, as applicable.

(e) “Bond Registrar” means the San Mateo County Treasurer-Tax Collector or such other entity designated by the San Mateo County Treasurer-Tax Collector.

(f) “Capital Appreciation Bonds” means the Bonds the interest component of which is compounded semiannually on each Bond Payment Date to maturity as shown in the table of Accreted Value for such Bonds in the Purchase Contract.

(g) “Current Interest Bonds” means the Bonds the interest on which is payable semiannually on each Bond Payment Date specified for each such Bond as designated and maturing in the years and in the amounts set forth in the Purchase Contract.

(h) “Denominational Amount” means, with respect to the Capital Appreciation Bonds, the initial purchase price thereof, which represents the principal amount thereof, and, with respect to the Current Interest Bonds, the principal amount thereof.

(i) “Depository” means the securities depository acting as Depository pursuant to Section 5(c) hereof.

(j) “DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as securities depository for the Bonds.

(k) “Information Services” means Financial Information, Inc.’s Financial Daily Called Bond Service; Kenny Information Service’s Called Bond Service; Moody’s Municipal and Government; or Standard & Poor’s J.J. Kenny Information Services Called Bond Service.

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

(m) “Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 5(c) hereof.

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

(o) “Principal” or “Principal Amount” means, with respect to any Current Interest Bond, the principal or principal amount thereof and, with respect to any Capital Appreciation Bond, the Denominational Amount.

(p) “Record Date” means the fifteenth (15th) day of the month preceding each Bond Payment Date.

(q) "Reoffering Yield" means, unless otherwise provided by the Purchase Contract, that rate which, when applied to the Denominational Amount of any Capital Appreciation Bond and compounded semiannually on each February 1 and August 1 (commencing February 1, 2003), produces the Maturity Value on the maturity date.

(r) "Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, (516) 227-4039, Facsimile transmission: (516) 227-4190.

(s) "Term Bonds" means those Bonds for which mandatory redemption dates have been established in the Purchase Contract.

(t) "Transfer Amount" mean, with respect to any Outstanding Current Interest Bond, the Principal Amount and, with respect to any Capital Appreciation Bond, the Maturity Value.

5. Terms of the Bonds.

(a) Denomination, Interest, Dated Dates. The Bonds shall be issued as any combination of Current Interest Bonds and Capital Appreciation Bonds registered as to both principal and interest, in the denominations of, with respect to the Current Interest Bonds, \$5,000 Denominational Amount or any integral multiple thereof (except for the final denomination which Denominational Amount may not be a multiple of \$5,000), and with respect to the Capital Appreciation Bonds, \$5,000 Maturity Value, or any integral multiple thereof.

Each Capital Appreciation Bond shall be dated, and shall accrete Accreted Interest from, its date of initial issuance. Capital Appreciation Bonds will not bear interest on a current basis.

Each Current Interest Bond shall be dated on such date as shall appear in the Purchase Contract (the "Dated Date"), and shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2003, in which event it shall bear interest from Dated Date.

The Bonds shall bear or accrete interest at a rate or rates such that the interest rate shall not exceed the maximum rate permitted by law. Interest shall be payable on the respective Bond Payment Dates.

The Capital Appreciation Bonds shall mature in the years and shall be issued in the aggregate Denominational Amount set forth in the Purchase Contract and shall have an interest rate and shall have Denominational Amounts per each five thousand dollars (\$5,000) in Maturity Value as shown in the Accreted Value Table attached to the Purchase Contract; provided, that in the event that the amount shown in such Accreted Value Table and the Accreted Value calculated by the District and approved by the Bond Insurer by application of the definition of Accreted Value set forth in Section 4 differ, the latter amount shall be the Accreted Value of such Capital Appreciation Bond.

(b) Redemption.

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

Unless otherwise provided in the Purchase Contract, the Capital Appreciation Bonds are not subject to optional redemption.

(ii) Mandatory Redemption. Unless otherwise provided in the Purchase Contract, the Term Bonds are subject to mandatory redemption from moneys in the Debt Service Fund established in Section 11 hereof prior to their stated maturity date, at the Principal Amount or Accreted Value thereof without premium on each August 1, in Principal Amounts as set forth in the Purchase Contract and in the Official Statement.

(iii) Selection of Bonds for Redemption. Whenever provision is made in this Resolution for the redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Bond Registrar identified below, upon written instruction from the District, shall select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Bond Registrar shall select Bonds for redemption by lot. Redemption by lot shall be in such

manner as the Bond Registrar shall determine; provided, however, that the portion of any Current Interest Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof and the portion of any Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000 Maturity Value thereof.

(iv) Notice of Redemption. When redemption is authorized or required pursuant to Section 5(b)(i) hereof, the Bond Registrar, upon written instruction from the District, shall give notice (a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Bond Registrar, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount of such Bond to be redeemed, and (g) the original issue date, interest rate or Reoffering Yield and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued or accreted to the redemption date, and that from and after such date, interest with respect thereto shall cease to accrue or accrete.

The Bond Registrar shall take the following actions with respect to such Redemption Notice:

(a) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the Bond Register.

(b) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically

confirmed facsimile transmission, or (iii) overnight delivery service, to each of the Securities Depositories.

(c) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services.

Neither failure to receive or failure to publish any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Bond Registrar for the purpose of redeeming Bonds shall bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(v) Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Bond Registrar shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in Transfer Amounts 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 County and the District shall be released and discharged thereupon from all liability to the extent of such payment.

(vi) Effect of Notice of Redemption. Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside in the District's 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 Section 5(b)(i) hereof, together with interest accrued to such redemption date, shall be held by the Bond Registrar so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue or accrete and become payable. All money held by or

on behalf of the Bond Registrar for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section 5 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 County or the District shall be cancelled by the Bond Registrar.

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

(c) Book-Entry System.

(i) Definitions. As used in this Section, the terms set forth below shall have the meanings ascribed to them:

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to this Section.

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

(ii) Election of Book-Entry System. The County shall cause the delivery of a separate single fully-registered bond (which may be typewritten) for each maturity date of such Bonds in an authorized denomination (except for any odd denomination Capital Appreciation

Bond). The ownership of each such Bond shall be registered in the Bond Register (as defined below) in the name of the Nominee, as nominee of the Depository and ownership of the Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 5(c)(ii)(4).

With respect to book-entry Bonds, the County, the District and the Bond Registrar shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Bonds. Without limiting the immediately preceding sentence, the County, the District and the Bond Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Bonds, (ii) the delivery to any Participant or any other person, other than an owner as shown in the Bond Register, of any notice with respect to book-entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Bonds to be prepaid in the event the District redeems the Bonds in part, or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to Accreted Value, Principal, premium, if any, or interest on the book-entry Bonds. The County, the District and the Bond Registrar may treat and consider the person in whose name each book-entry Bond is registered in the Bond Register as the absolute owner of such book-entry Bond for the purpose of payment of Accreted Value or Principal of and premium and interest on and to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Registrar shall pay all Accreted Value or Principal of and premium, if any, and interest on the Bonds only to or upon the order of the respective owner, as shown in the Bond Register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of Accreted Value or Principal of, and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the Bond Register, shall receive a certificate evidencing the obligation to make payments of Accreted Value or Principal of,

and premium, if any, and interest on the Bonds. Upon delivery by the Depository to the owner and the Bond Registrar, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to the Record Date, the word Nominee in this Resolution shall refer to such nominee of the Depository.

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

2. Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for book-entry Bonds, or (ii) the District determines that continuation of the book-entry system is not in the best interest of the beneficial owners of the Bonds or the District, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered bond for each maturity date of such book-entry Bond, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (4) hereof. If the District fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such Bond Register

in the name of the Nominee, but shall be registered in whatever name or names the owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of this Section 5(c).

3. Payments to Depository. Notwithstanding any other provision of this Resolution to the contrary, so long as all outstanding Bonds are held in book-entry and registered in the name of the Nominee, all payments with respect to Accreted Value or Principal of and premium, if any, or interest on the Bonds and all notices with respect to such Bonds shall be made and given, respectively to the Nominees, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Bond Registrar notwithstanding any inconsistent provisions herein.

4. Transfer of Bonds to Substitute Depository.

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

(1) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to Section 5(c)(ii)(4)(A)(2) (“Substitute Depository”); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) to any Substitute Depository, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the District that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) to any person as provided below, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the District that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

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

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

(D) The District and the Bond Registrar shall be entitled to treat the person in whose name any Bond is registered as the owner thereof for all purposes of this Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Bond Registrar or the District; and the District and the Bond Registrar shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Bonds. Neither the District nor the Bond Registrar shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Bonds, and the Bond Registrar may rely conclusively on its records as to the identity of the owners of the Bonds.

6. **Execution of Bonds.** The Bonds shall be signed by the President of the Board of Supervisors and the County Treasurer-Tax Collector by their manual signatures and countersigned by the manual signature of and the seal of the County affixed thereto by the Clerk of the Board of Supervisors, all in their official capacities. No Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this resolution unless and until the certificate of authentication printed on the Bond is signed by the Bond Registrar as authenticating agent. Authentication by the Bond Registrar shall be conclusive evidence that the Bond so authenticated has been duly issued, signed and delivered under this resolution and is entitled to the security and benefit of this resolution.

7. **Bond Registrar; Transfer and Exchange.** This Board does hereby appoint the County Treasurer-Tax Collector, Redwood City, California, to act as the authenticating agent, bond registrar, transfer agent and paying agent (collectively, the "Bond Registrar") for the Bonds.

So long as any of the Bonds remains outstanding, the District will cause the Bond Registrar to maintain and keep all books and records necessary for the registration, exchange and transfer of the Bonds as provided in this Section (the "Bond Register"). Subject to the provisions of Section 8 below, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond for all purposes of this Resolution. Payment of or on account of the Principal or

Accreted Value of and premium, if any, and interest on any Bond shall be made only to or upon the order of that person; neither the District, the County nor the Bond Registrar shall be affected by any notice to the contrary, but the registration may be changed as provided in this Section. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

Any Bond may be exchanged for a like aggregate principal amount of other authorized denominations of the same maturity. The Bond Registrar shall require the payment by the bondowner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange at the office of the Bond Registrar. A Bond may be transferred only on the Bond Register upon presentation and surrender of the Bond at the office of the Bond Registrar together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Bond Registrar. Upon exchange or transfer, the Bond Registrar shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the Owner of the Bond equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date. Capital Appreciation Bonds and Current Interest Bonds may not be exchanged for one another.

If manual signatures on behalf of the County are required, the Bond Registrar shall undertake the exchange or transfer of Bonds only after the new Bonds are signed by the authorized officers of the County. In all cases of exchanged or transferred Bonds, the County shall sign and the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of this 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 this Resolution as the Bonds surrendered upon that exchange or transfer.

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

Neither the District, the County nor the Bond Registrar will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 15th business day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

8. Payment. Payment of interest on any Current Interest Bond on any Bond Payment Date shall be made to the person appearing on the registration books of the Bond Registrar as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by check mailed to such Owner on the Bond Payment Date at his address as it appears on such registration books or at such other address as he may have filed with the Bond Registrar for that purpose on or before the Record Date. The Owner in an aggregate Principal Amount or Maturity Value of \$1,000,000 or more may request in writing to the Bond Registrar that such Owner be paid interest by wire transfer to the bank and account number on file with the Bond Registrar as of the Record Date. The principal, and prepayment premiums, if any, payable on the Current Interest Bonds and the Accreted Value and prepayment premiums, if any, on the Capital Appreciation Bonds shall be payable upon maturity or redemption upon surrender at the principal office of the Bond Registrar. The interest, Accreted Value,

Principal and premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The Bond Registrar is hereby authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The Bonds are general obligations of the District and do not constitute an obligation of the County. No part of any fund of the County is pledged or obligated to the payment of the Bonds.

9. **Form of Bonds.** The Bonds shall be in the forms set forth in Exhibit A hereto, allowing those officials executing the Bonds to make the insertions and deletions necessary to conform the Bonds to this Resolution and the Purchase Contract.

10. **Delivery of Bonds.** The proper officials of the County shall cause the Bonds to be prepared and, following their sale, shall have the Bonds signed and delivered, together with a true transcript of proceedings with reference to the issuance of the Bonds, to the original purchaser upon payment of the purchase price therefor.

11. **Deposit of Proceeds of Bonds.** The proceeds from the sale of the Bonds, to the extent of the Denominational Amount and the Principal Amount thereof, shall be paid to the County to the credit of the fund hereby created and established and to be known as the "Las Lomitas School District Building Fund" (the "Building Fund") of the District, shall be kept separate and distinct from all other District and County funds, and those proceeds shall be used solely for the purpose for which the Bonds are being issued and provided further that such proceeds shall be applied solely to authorized purposes which relate to the acquisition or improvement of real property. The accrued interest and any premium received by the County from the sale of the Bonds shall be kept separate and apart in the fund hereby created and established and to be designated as the "Las Lomitas School District General Obligation Bond Debt Service Fund" (the "Debt Service Fund") for the Bonds and used only for payment of Accreted Value or Principal of and interest on the Bonds. Interest earnings on moneys held in the Building Fund shall be retained in the Building Fund. Interest earnings on moneys held in the Debt Service Fund shall be retained in the Debt Service Fund. Any excess proceeds of the Bonds not needed for the authorized

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

Subject to federal tax restrictions, moneys in the funds created hereunder shall be invested in any one or more investments generally permitted to school districts under Sections 16429.1 and 53601 et seq. of the Government Code of the State of California (the "Government Code"), consistent with the County investment policy and this Resolution. Proceeds of the Bonds shall be invested under the direction and discretion of the Treasurer-Tax Collector

Except as required below to satisfy the requirements of Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code"), interest earned on the investment of moneys held in the Debt Service Fund shall be retained in the Debt Service Fund and used by the County to pay the Accreted Value or Principal of and interest on the Bonds when due. Interest earned on the investment of moneys held in the Building Fund shall be retained in the Building Fund.

12. Security for the Bonds. There shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct ad valorem tax annually during the period the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due, which moneys when collected will be placed in the Debt Service Fund of the District, which fund is irrevocably pledged for the payment of the principal of and interest on the Bonds when and as the same fall due.

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

14. Conditions Precedent. Based on representations of the District and to the best knowledge of the Board, this Board determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; that the full faith, credit and revenues of the District are pledged for the timely payment of the principal of and interest on the Bonds; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

15. Official Statement. It is understood and acknowledged that the Underwriter and District intend to prepare and distribute a Preliminary Official Statement and an Official Statement relating to the Bonds to persons who may be interested in the purchase of the Bonds and to deliver copies of a final Official Statement to the purchaser of the Bonds, in such time and manner as to conform with the requirements of Rule 15c2-12 of the Securities and Exchange Commission. Notwithstanding this consent, neither the Board of Supervisors, nor any officer of the County has prepared or reviewed the Official Statement of the District describing the Bonds, and the Board of Supervisors and various officers of the County take no responsibility for the contents or distribution thereof.

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

note the Bond Insurer as subrogee on the registration books for the Bonds maintained by the Bond Registrar upon surrender of the Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer.

17. **Defeasance**. All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) **Cash**: by irrevocably depositing with the County an amount of cash which together with amounts then on deposit in the Debt Service Fund (as hereinafter defined) is sufficient to pay all Bonds outstanding and designated for defeasance, including all principal thereof and interest and redemption premium thereon, if any; or

(b) **United States Obligations**: by irrevocably depositing with the County, the Bond Registrar, or a third-party escrow agent, noncallable United States Obligations together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys then on deposit in the Debt Service Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof and interest and redemption premium, if any, thereon at or before their maturity date; then, notwithstanding that any of such designated Bonds shall not have been surrendered for payment, all obligations of the District and the County with respect to all of such designated outstanding Bonds shall cease and terminate, except only the obligation of the County and the Bond Registrar to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of this Section, to the owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

For purposes of this Section, United States Obligations shall mean:

Direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidences of direct

ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed "Aaa" by Moody's if the Bonds are then rated by Moody's and "AAA" by Standard & Poor's if the Bonds are then rated by Standard & Poor's.

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

19. Security for the Bonds. The Board hereby covenants to levy and to direct the Treasurer-Tax Collector, on behalf of San Mateo County, to bill on all the taxable property in the District, in addition to all other taxes in the District, a continuing direct ad valorem tax annually during the period the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due, which moneys when collected will be placed in the Debt Service Fund of the District established by the District for the principal of and interest on the Bonds when due and as the same fall due.

20. Resolution to Treasurer-Tax Collector. The Clerk of this Board is hereby directed to provide a certified copy of this Resolution to the Auditor-Controller and the Treasurer-Tax Collector of San Mateo County immediately following its adoption.

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

* * * * *

PASSED AND ADOPTED this 25th day of June, 2002, by the Board of Supervisors of San

Mateo County, by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

President
Board of Supervisors
San Mateo County

ATTEST:

Clerk of the Board of Supervisors
San Mateo County

By: _____

CLERK'S CERTIFICATE

I, _____, Clerk of the Board of Supervisors of San Mateo County, California, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Supervisors of said County duly and regularly and legally held at the regular meeting place thereof on June 25, 2002, of which meeting all of the members of the Board of said County had due notice and at which a quorum was present.

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

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

Dated: _____, 2002

Clerk

EXHIBIT A

Form of Current Interest Bond

REGISTERED NO. _____

REGISTERED \$ _____

LAS LOMITAS SCHOOL DISTRICT
SAN MATEO COUNTY, CALIFORNIA
ELECTION OF 2001 GENERAL OBLIGATION BONDS, SERIES 2002A

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED AS OF:</u>	<u>CUSIP</u>
___% per annum	August 1, ____	_____, 2002	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Las Lomitas School District (the "District") in San Mateo County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing February 1, 2003. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2003, in which event it shall bear interest from _____, 2002. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the San Mateo County Treasurer-Tax Collector, Redwood City, California (the "Bond Registrar"). Principal is payable upon presentation and surrender of this bond at the principal office of the Bond Registrar. Interest is payable by check or draft mailed by the Bond Registrar on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the Register at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date (the "Record Date"). The Owner of Current Interest Bonds in the aggregate principal amount of \$1,000,000 or more may request in writing to the Bond Registrar that the Owner be paid interest by wire transfer to the bank and account number on file with the Bond Registrar as of the Record Date.

This bond is one of an authorization of \$12,000,000 of bonds approved to raise money for the purposes authorized by the voters of the District at the Election, and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite two-thirds vote of the electors of the District cast at a special election held on November 6, 2001, upon the question of issuing bonds in the amount of \$12,000,000 and the resolution of the Board of Trustees of the District adopted on May 24, 2002 (the "District Resolution") and the resolution of the County Board of Supervisors adopted on June 25, 2002 (the "Bond Resolution"). This bond and the issue of which this bond is one are payable as to both principal and

interest from the proceeds of the levy of ad valorem taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount. The bonds of this issue are general obligations of the District and do not constitute an obligation of the County. No part of any fund of the County is pledged or obligated to the payment of the bonds of this issue.

The bonds of this issue are comprised of \$ _____ principal amount of Current Interest Bonds, of which this bond is a part (a "Current Interest Bond") and Capital Appreciation Bonds of which \$ _____ represents the Denominational Amount and \$ _____ represents the Maturity Value.

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

Neither the District, the County nor the Bond Registrar will be required (a) to issue or transfer any bond during a period beginning with the opening of business on the 15th business day next preceding either any Bond Payment Date or any date of selection of bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given or (b) to transfer any bond which has been selected or called for redemption in whole or in part.

The Current Interest Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Current Interest Bonds maturing on or after August 1, 20__ are subject to redemption on or after August 1, 20__ at the option of the District as a whole or in part on any Bond Payment Date, at the following Redemption Prices (expressed as percentages of the Principal Amount of the Current Interest Bonds to be redeemed) plus interest accrued thereon to the dates fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
August 1, 20__ and February 1, 20__	___%
August 1, 20__ and February 1, 20__	___
August 1, 20__ and thereafter	___

The Current Interest Bonds maturing on August 1, 20__ are subject to mandatory redemption from moneys in the Debt Service Fund prior to their stated maturity date, at the Principal Amount thereof without premium on each August 1, on and after August 1, 20__, in the Principal Amounts as set forth in the following table:

<u>Redemption Dates</u>	<u>Principal Amounts</u>
TOTAL	\$

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

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

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

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

IN WITNESS WHEREOF, the Las Lomas School District, San Mateo County, California, has caused this bond to be executed on behalf of the District, in the official capacities and by the manual signatures of the President of the Board of Supervisors of the County and the County Treasurer-Tax Collector, and to be countersigned by the manual signature of the Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

[SEAL]

SAN MATEO COUNTY, CALIFORNIA

By: _____
President, Board of Supervisors

By: _____
Treasurer-Tax Collector

COUNTERSIGNED:

Clerk, Board of Supervisors

LAS LOMITAS SCHOOL DISTRICT
(San Mateo County, California)
Election of 2001 General Obligation Bonds, Series 2002A

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on _____, 2002.

Treasurer-Tax Collector
of the County of San Mateo

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers to (print or typewrite name, address and zip code of Transferee): _____ this bond and irrevocably constitutes and appoints the undersigned's attorney to transfer this bond on the books for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or any change whatever, and the signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: _____

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

LEGAL OPINION

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

(Facsimile)
Clerk, Board of Supervisors

(Form of Legal Opinion)

Form of Capital Appreciation Bond

REGISTERED
NO.

REGISTERED
\$

LAS LOMITAS SCHOOL DISTRICT
SAN MATEO COUNTY, CALIFORNIA
ELECTION OF 2001 GENERAL OBLIGATION BONDS, SERIES 2002A

REOFFERING YIELD: MATURITY DATE: DATED DATE: CUSIP
August 1, 20__

REGISTERED OWNER: CEDE & CO.

DENOMINATIONAL AMOUNT:

MATURITY VALUE:

The Las Lomas School District (the "District") in San Mateo County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Maturity Value on the Maturity Date, each as stated above, such Maturity Value being comprised of the Denominational Amount and interest accreted thereon. This bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing February 1, 2003, at the Reoffering Yield specified above to the Maturity Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the Denomination Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months. Accreted Value and redemption premium, if any, are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the San Mateo County Treasurer-Tax Collector, Redwood City, California (the "Bond Registrar"). Accreted Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the principal office of the Bond Registrar.

This bond is one of an authorization of \$12,000,000 of bonds approved for the purpose of raising money for the purpose authorized by the voters of the District at the Election, and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite two-thirds vote of the electors of the District cast at an election held on November 6, 2001, upon the question of issuing bonds in the amount of \$12,000,000 and the resolution of the Board of Trustees of the District adopted on May 24, 2002 (the "District Resolution") and the resolution of the County Board of Supervisors adopted on June 25, 2002 (the "Bond Resolution"). This bond and the issue of which this bond is one are payable as to both principal and interest from the proceeds of the levy of ad valorem taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount. The bonds of this issue are general obligations of the District and do not constitute an obligation of the County. No part of any fund of the County is pledged or obligated to the payment of the bonds of this issue.

The bonds of this issue are comprised of \$ _____ principal amount of Current Interest Bonds (each a "Current Interest Bond") and Capital Appreciation Bonds, of which this bond is a part, in the Denominational Amount of \$ _____ and the Maturity Value of \$ _____.

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

Neither the District, the County nor the Bond Registrar will be required (a) to issue or transfer any bond during a period beginning with the opening of business on the 15th business day next preceding either any Bond Payment Date or any date of selection of bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given or (b) to transfer any bond which has been selected or called for redemption in whole or in part.

The Bonds maturing on August 1, 20__ are subject to mandatory redemption from moneys in the Debt Service Fund prior to their stated maturity date, at the Accreted Value thereof without premium on each August 1, on and after August 1, 20__, in the Accreted Value as set forth in the following table:

<u>Redemption Dates</u>	<u>Accreted Values</u>
TOTAL	\$

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

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

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

IN WITNESS WHEREOF, the Las Lomas School District, San Mateo County, California, has caused this bond to be executed on behalf of the District and in their official capacities by the manual signatures of the President of the Board of Supervisors of the County and the County Treasurer-Tax Collector, and to be countersigned by the manual signature of the Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

[SEAL]

SAN MATEO COUNTY, CALIFORNIA

By: _____

President, Board of Supervisors

COUNTERSIGNED:

Clerk, Board of Supervisors

Treasurer-Tax Collector

**LAS LOMITAS SCHOOL DISTRICT
(San Mateo County, California)
2001 GENERAL OBLIGATION BONDS, SERIES 2002
CERTIFICATE OF AUTHENTICATION**

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on _____, 2002.

Treasurer-Tax Collector
of the County of San Mateo

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers to (print or typewrite name, address and ZIP code of Transferee): _____ this bond and irrevocably constitutes and appoints the undersigned's attorney to transfer this bond on the books for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or by any change whatever, and the signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: _____

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

LEGAL OPINION

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

(Facsimile)
Clerk, Board of Supervisors

(Form of Legal Opinion)