

RESOLUTION NO. _____

BOARD OF SUPERVISORS, SAN MATEO COUNTY, STATE OF CALIFORNIA

* * * * *

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF SAN MATEO UNION HIGH SCHOOL DISTRICT ELECTION OF 2000 GENERAL OBLIGATION BONDS, SERIES C (2004), PRESCRIBING THE TERMS OF SALE OF NOT TO EXCEED \$27,503,848.40 OF SAID BONDS, APPROVING THE FORM OF AND AUTHORIZING EXECUTION OF A BOND PURCHASE CONTRACT FOR SAID BONDS, AND AUTHORIZING EXECUTION OF NECESSARY CERTIFICATES.

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

WHEREAS, an election was duly called and regularly held in the San Mateo Union High School District, County of San Mateo, California (herein called the "District"), on November 7, 2000, at which the following proposition was submitted to the electors of the District:

"To repair and rehabilitate school facilities to meet current health, safety and instructional standards, including replacing deteriorated plumbing, inadequate heating, ventilation, roofs, windows and lighting, refurbishing bathrooms, safety systems, classrooms, and computer and science laboratories, and to establish an independent oversight committee to guarantee that funds are spent only on school improvements, shall the San Mateo Union High School District issue \$137,500,000 in bonds, at interest rates within the legal limit?"

and

WHEREAS, at least two-thirds of the votes cast on said proposition were in favor of issuing said bonds; and

WHEREAS, the Board of Trustees of the District duly called and an election was regularly held in said District on November 5, 2002, at which the following proposition was submitted to the electors of the District:

"Without authorizing any additional bonds or taxes, shall school bond Measure D passed by voters of San Mateo

Union High School District on November 7, 2000, be amended so that those bond funds may be used for demolition and construction projects, including the removal or replacement of outmoded or unsafe buildings and construction of new seismically safe facilities and classrooms at the District's six comprehensive high schools, and for any necessary site preparation, site improvements, easements or rights of way?"

and

WHEREAS, at least two-thirds of the votes cast on said proposition were in favor thereof; and

WHEREAS, \$60,000,000 aggregate principal amount of said bonds, designated "San Mateo Union High School District Election of 2000 General Obligation Bonds, Series A" and \$49,996,151.60 aggregate principal amount of said bonds, designated "San Mateo Union High School District Election of 2000 General Obligation Bonds, Series B" have heretofore been issued and sold; and

WHEREAS, pursuant to Section 15140 and following of the Education Code of the State of California (the "Education Code"), the Board of Trustees of the District has requested this Board of Supervisors of the County of San Mateo (the "County") to issue a portion of said bonds in a single series designated the "San Mateo Union High School District Election of 2000 General Obligation Bonds, Series C (2004)" in an aggregate principal amount not exceeding \$27,503,848.40, and to authorize the sale of said bonds by a negotiated sale to UBS PaineWebber Inc. (the "Underwriter") pursuant to a Bond Purchase Contract (the "Bond Purchase Contract"), a form of which has been submitted to and is on file with the Clerk of this Board of Supervisors, all according to the terms and in the manner set forth in a resolution duly adopted by the Board of Trustees of the District on November 13, 2003, a certified copy of which has been filed with the Clerk of this Board of Supervisors; and

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

NOW THEREFORE, IT IS HEREBY DETERMINED AND ORDERED:

Section 1. Recitals: All of the above recitals are true and correct.

Section 2. District Resolution Incorporated: This Board of Supervisors hereby acknowledges receipt of the resolution of the Board of Trustees of the District adopted on November 13, 2003.

Section 3. Authorization and Designation of Bonds: Pursuant to Education Code Section 15140 and following, this Board of Supervisors hereby

authorizes on behalf of the San Mateo Union High School District, the issuance and sale of not to exceed \$27,503,848.40 aggregate principal amount of bonds of the District and designates said bonds to be issued and sold as the "San Mateo Union High School District Election of 2000 General Obligation Bonds, Series C (2004)" (herein called the "Series C Bonds" or the "Bonds"). The Series C Bonds shall be issued as Current Interest Series C Bonds and Capital Appreciation Series C Bonds, as provided in Section 5 hereof.

Section 4. Form of Bonds; Execution: (a) Book-Entry. The Depository Trust Company, New York, New York, is hereby appointed depository for the Series C Bonds. The Series C Bonds shall be issued in book-entry form only, and shall be initially registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, and registered ownership of the Series C Bonds may not thereafter be transferred except as provided in Section 9 hereof. One bond certificate shall be issued for each maturity of the Current Interest Series C Bonds, and one bond certificate shall be issued for each maturity of the Capital Appreciation Series C Bonds; provided that if different CUSIP numbers are assigned to Bonds maturing in a single year, additional Bond certificates shall be prepared for each such maturity.

(b) Form of Certificates. The Series C Bonds shall be issued in fully registered form without coupons. The Current Interest Series C Bonds, the Capital Appreciation Series C Bonds, and the Paying Agent's certificate of authentication and registration and the form of assignment to appear on each of them, shall be in substantially the form attached hereto as Exhibit A and Exhibit B, respectively, with necessary or appropriate variations, omissions and insertions as permitted or required by this Resolution; provided, that if a portion of the text of any Series C Bond is printed on the reverse of the Series C Bond, the following legend shall be printed on the face of such Series C Bond: "THE PROVISIONS OF THIS BOND ARE CONTINUED ON THE REVERSE HEREOF AND SUCH CONTINUED PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE."

(c) Execution of Bonds. The Series C Bonds shall be signed by the manual or facsimile signature of the President of this Board of Supervisors and by the manual signature of the Treasurer-Tax Collector of the County (the "County Treasurer"), and countersigned by the manual or facsimile signature of the Clerk of this Board of Supervisors or a deputy of said Clerk, or by the manual signature of a deputy of the County Treasurer. The Bonds shall be authenticated by a manual signature of a duly authorized officer of the Paying Agent (as defined in Section 8(a) hereof).

(d) Valid Authentication. Only such of the Series C Bonds as shall bear thereon a certificate of authentication and registration as described in subsection (b), executed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Paying Agent shall be conclusive evidence that the Series C Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

(e) Identifying Number. The Paying Agent shall assign each Series C Bond authenticated and registered by it a distinctive letter, or number, or letter and number, and shall maintain a record thereof at its principal corporate trust office, which record shall be available to the District and the County for inspection.

Section 5. Terms of Bonds: (a) Date of Bonds. The Current Interest Series C Bonds shall be dated February 1, 2004, or such other date as shall be set forth in the Bond Purchase Contract.

The Capital Appreciation Series C Bonds shall be dated the date of their delivery, or such other date as shall be set forth in the Bond Purchase Contract.

(b) Denominations. The Current Interest Series C Bonds shall be issued in denominations of \$5,000 principal amount or any integral multiple thereof.

The Capital Appreciation Series C Bonds shall be issued in denominations of \$5,000 accreted value at maturity ("maturity value") or any integral multiple thereof, except that the first numbered Capital Appreciation Series C Bond may be issued in a denomination such that the maturity value of such Capital Appreciation Series C Bond shall not be an integral multiple of \$5,000.

(c) Maturity. The Current Interest Series C Bonds shall mature on the date, in each of the years, in the principal amounts and in the aggregate principal amount as shall be set forth in the Bond Purchase Contract. No Current Interest Series C Bond shall mature prior to September 1, 2004, and no Current Interest Series C Bond shall mature later than the date which is 25 years from the date of the Current Interest Series C Bonds, to be determined as provided in subsection (a) of this Section. No Current Interest Series C Bond shall have principal maturing on more than one principal maturity date. The Bond Purchase Contract may provide that no Current Interest Series C Bonds shall be issued.

The Capital Appreciation Series C Bonds shall mature on the date or dates, in each of the years, and in such maturity values as shall be set forth in the Bond Purchase Contract. No Capital Appreciation Series C Bond shall mature prior to September 1, 2004, and no Capital Appreciation Series C Bond shall mature later than the date which is 25 years from the date of the Capital Appreciation Series C Bonds, to be determined as provided in subsection (a) of this Section. No Capital Appreciation Series C Bond shall have principal maturing on more than one principal maturity date. The Bond Purchase Contract may provide that no Capital Appreciation Series C Bonds shall be issued.

(d) Interest. As used in this Resolution and in the Bonds, the terms "interest payment date," and "interest date" shall be interchangeable, and shall mean March 1 and September 1 of each year, or such other dates specified in the Bond Purchase Contract.

The Current Interest Series C Bonds shall bear interest at an interest rate not to exceed 12.00% per annum, first payable on March 1, 2004, and thereafter on

March 1 and September 1 in each year (or on such other initial and semiannual interest payment dates as shall be set forth in the Bond Purchase Contract), computed on the basis of a 360-day year of twelve 30-day months. Each Current Interest Series C Bond authenticated and registered on any date prior to the close of business on the first Record Date (as defined in Section 6(b)) shall bear interest from the date of said Current Interest Series C Bond. Each Current Interest Series C Bond authenticated during the period between any subsequent Record Date and the close of business on its corresponding Interest Payment Date shall bear interest from such Interest Payment Date. Any other Current Interest Series C Bond shall bear interest from the Interest Payment Date immediately preceding the date of its authentication. If, at the time of authentication of any Current Interest Series C Bond, interest is in default on any outstanding Current Interest Series C Bonds, such Current Interest Series C Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on the outstanding Current Interest Series C Bonds.

The Capital Appreciation Series C Bonds shall not bear current interest; each Capital Appreciation Series C Bond shall increase in value by the accumulation of earned interest from its initial principal (denominational) amount on the date of issuance thereof to its stated maturity value at maturity thereof at a compounded interest rate which shall not exceed 12.00% per annum, assuming in any semiannual period that the value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months. The interest on the Capital Appreciation Series C Bonds shall be compounded commencing on March 1, 2004, and thereafter on March 1 and September 1 in each year (or on such other initial and semiannual interest dates as shall be set forth in the Bond Purchase Contract), and shall be payable only upon maturity or prior redemption thereof.

The "accreted value" per \$5,000 maturity value of the Capital Appreciation Series C Bonds on each interest date may be given for reference in a table of accreted values prepared by the Underwriter and to appear in the Capital Appreciation Series C Bonds; provided, that the accreted value determined in accordance with this Section shall prevail over any different accreted value given in said table, and the County takes no responsibility for the table of accreted values prepared by the Underwriter. Interest on the Capital Appreciation Series C Bonds shall be payable only upon maturity or prior redemption thereof.

Section 6. Payment: (a) Principal. The principal of the Current Interest Series C Bonds and the accreted value of the Capital Appreciation Series C Bonds shall be payable, when due or upon redemption prior thereto, in lawful money of the United States of America to the person whose name appears on the bond registration books of the Paying Agent (as described in Section 8(c) hereof) as the registered owner thereof (the "Owner"), upon the surrender thereof at the principal corporate trust office of the Paying Agent.

(b) Record Date. The interest on the Current Interest Series C Bonds shall be payable in lawful money of the United States of America to the Owner thereof as of the close of business on the 15th day of the month preceding an

interest payment date (the "Record Date"), whether or not such day is a business day, such interest to be paid by check or draft mailed on such interest payment date (if a business day, or on the next business day if the interest payment date does not fall on a business day) to such Owner at such Owner's address as it appears on the bond registration books described in Section 8(c) or at such address as the Owner may have filed with the Paying Agent for that purpose, except that the payment shall be made in immediately available funds (e.g., by wire transfer) to any Owner of at least \$1,000,000 of outstanding Current Interest Series C Bonds who shall have requested in writing such method of payment of interest prior to the close of business on the Record Date immediately preceding any interest payment date. So long as Cede & Co. or its registered assigns shall be the Owner of the Series C Bonds, payment shall be made in immediately available funds as provided in Section 9(d) hereof.

(c) Interest and Sinking Fund: Principal and interest due on the Series C Bonds shall be paid from the interest and sinking fund of the District as provided in Education Code Section 15146.

Section 7. Redemption Provisions: (a) Optional Redemption. The Series C Bonds shall be subject to redemption, at the option of the District, on the dates and terms provided herein, or on such other dates and terms as shall be designated in the Bond Purchase Contract. The Bond Purchase Contract may provide that the Series C Bonds shall not be subject to optional redemption, and may provide separate and distinct redemption provisions for the Current Interest Series C Bonds and the Capital Appreciation Series C Bonds.

Unless otherwise specified in the Bond Purchase Contract, the Current Interest Series C Bonds shall be subject to optional redemption as follows: Current Interest Series C Bonds maturing on or before September 1, 2014, shall not be subject to redemption prior to their respective stated maturity dates. The Current Interest Series C Bonds maturing in each year beginning September 1, 2015, shall be subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after September 1, 2014. If less than all of the Current Interest Series C Bonds are called for redemption, such bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District, and if less than all of the Current Interest Series C Bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be determined by lot.

Unless otherwise specified in the Bond Purchase Contract, the Current Interest Series C Bonds redeemed at the option of the District shall be redeemed at the following prices (expressed as a percentage of the principal amount of the Current Interest Series C Bonds called for redemption), together with interest accrued thereon to the date of redemption:

<u>Redemption Date</u>	<u>Optional Redemption Price</u>
September 1, 2014 through August 31, 2015	101%
September 1, 2015 and thereafter	100%

Unless otherwise specified in the Bond Purchase Contract, the Capital Appreciation Series C Bonds shall be subject to optional redemption as follows: Capital Appreciation Series C Bonds maturing on or before September 1, 2014, shall not be subject to redemption prior to their respective stated maturity dates. The Capital Appreciation Series C Bonds maturing in each year beginning September 1, 2015, shall be subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after September 1, 2014. If less than all of the Capital Appreciation Series C Bonds are called for redemption, such bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District, and if less than all of the Capital Appreciation Series C Bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be determined by lot.

Unless otherwise specified in the Bond Purchase Contract, the Capital Appreciation Series C Bonds redeemed at the option of the District shall be redeemed at the following prices (expressed as a percentage of the accreted value of the Capital Appreciation Series C Bonds called for redemption on the date of redemption):

<u>Redemption Date</u>	<u>Optional Redemption Price</u>
September 1, 2014 through August 31, 2015	101%
September 1, 2015 and thereafter	100%

The "redemption date" is that date on which the Bonds which are called are to be presented for redemption.

(b) Mandatory Sinking Fund Redemption. The Current Interest Series C Bonds, if any, which are designated in the Bond Purchase Contract as Current Interest Series C Term Bonds shall also be subject to redemption prior to their stated maturity dates, without a redemption premium, in part by lot, from mandatory sinking fund payments in the amounts and in accordance with the terms to be specified in the Bond Purchase Contract. The principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Current Interest Series C Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date. The Bond Purchase Contract may provide that the Current Interest Series C Bonds shall not be subject to mandatory sinking fund redemption.

The Capital Appreciation Series C Bonds, if any, which are designated in the Bond Purchase Contract as Capital Appreciation Series C Term Bonds shall also be

subject to redemption prior to their stated maturity dates, without a redemption premium, in part by lot, from mandatory sinking fund payments in the amounts and in accordance with the terms to be specified in the Bond Purchase Contract. The principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Capital Appreciation Series C Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date. The Bond Purchase Contract may provide that the Capital Appreciation Series C Bonds shall not be subject to mandatory sinking fund redemption.

The Auditor-Controller of the County is hereby authorized to create such sinking funds or accounts for the Series C Bonds as shall be necessary to accomplish the purposes of this section.

(c) Notice of Redemption. Notice of optional, unscheduled or contingent redemption of any Series C Bonds shall be given by the Paying Agent upon the written request of the District. Notice of any such redemption of Series C Bonds shall be mailed postage prepaid, not less than 30 nor more than 60 days prior to the redemption date (i) by first class mail to the respective Owners thereof at the addresses appearing on the bond registration books described in Section 8(c), (ii) by secured mail to all organizations registered with the Securities and Exchange Commission as securities depositories, (iii) to at least two information services of national recognition which disseminate redemption information with respect to municipal securities, and (iv) as may be further required in accordance with the Continuing Disclosure Certificate of the District described in Section 15.

Each notice of redemption shall contain all of the following information:

- (i) the date of such notice;
- (ii) the name of the Bonds and the date of issue of the Bonds;
- (iii) the redemption date;
- (iv) the redemption price;
- (v) the dates of maturity of the Bonds to be redeemed;
- (vi) (if less than all of the Bonds of any maturity are to be redeemed) the distinctive numbers of the Bonds of each maturity to be redeemed;
- (vii) (in the case of Bonds redeemed in part only) the respective portions of the principal amount of the Bonds of each maturity to be redeemed;
- (viii) the CUSIP number, if any, of each maturity of Bonds to be redeemed;

- (ix) a statement that such Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; and
- (x) notice that further interest on such Bonds will not accrue after the designated redemption date.

(d) Effect of Notice. A certificate of the Paying Agent or the District that notice of call and redemption has been given to Owners and to the appropriate securities depositories and information services as herein provided shall be conclusive as against all parties. The actual receipt by the Owner of any Series C Bond or by any securities depository or information service of notice of redemption shall not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, shall not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

When notice of redemption has been given substantially as provided for herein, and when the redemption price of the Bonds called for redemption is set aside for the purpose as described in subsection (f) of this Section, the Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Bonds at the place specified in the notice of redemption, such Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Bonds so called for redemption after such redemption date shall look for the payment of such Bonds and the redemption premium thereon, if any, only to the interest and sinking fund or the escrow fund established for such purpose. All Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

(e) Right to Rescind Notice. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the interest and sinking fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Bonds 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.

(f) Redemption Fund. Prior to or on the redemption date of any Bonds there shall be available in the interest and sinking fund of the District, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the premiums payable as in this resolution provided, the Bonds designated in said notice of redemption. Such monies so set aside in any such escrow fund shall be

applied on or after the redemption date solely for payment of principal of and premium, if any, on the Bonds to be redeemed upon presentation and surrender of such Bonds, provided that all monies in the interest and sinking fund of the District shall be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date shall be paid from the interest and sinking fund of the District, unless otherwise provided for to be paid from such escrow. If, after all of the Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the interest and sinking fund of the District or otherwise held in trust for the payment of redemption price of the Bonds, said monies shall be held in or returned or transferred to the interest and sinking fund of the District for payment of any outstanding bonds of the District payable from said fund; provided, however, that if said monies are part of the proceeds of bonds of the District, said monies shall be transferred to the fund created for the payment of principal of and interest on such bonds. If no such bonds of the District are at such time outstanding, said monies shall be transferred to the general fund of the District as provided and permitted by law.

(g) Defeasance of Bonds. If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Owners of any or all outstanding Bonds all of the principal, interest and premium, if any, represented by such Bonds at the times and in the manner provided herein and in the Bonds, or as provided in the following paragraph, or as otherwise provided by law consistent herewith, then such Owners shall cease to be entitled to the obligation to levy taxes for payment of such Bonds, as provided in Section 11 hereof, and such obligation and all agreements and covenants of the District and of the County to such Owners hereunder and under the Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal, interest and premium, if any, represented by such Bonds, but only out of monies on deposit in the interest and sinking fund or otherwise held in trust for such payment; and provided further, however, that the provisions of subsection (h) hereof shall apply in all events.

For purposes of this section, the District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or non-callable direct obligations of the United States of America or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the interest and sinking fund of the District, be fully sufficient, in the opinion of a certified public accountant, to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

(h) Unclaimed Monies. Any money held in any fund created pursuant to this Resolution, or by the Paying Agent in trust, for the payment of the principal of, redemption premium, if any, or interest on the Bonds and remaining unclaimed for two years after the principal of all of the Bonds has become due and payable (whether by maturity or upon prior redemption) shall be transferred to the interest and sinking fund of the District for payment of any outstanding bonds of the District payable from said fund;

or, if no such bonds of the District are at such time outstanding, said monies shall be transferred to the general fund of the District as provided and permitted by law.

Section 8. Paying Agent: (a) Appointment. The Treasurer-Tax Collector of the County of San Mateo, in Redwood City, California, is hereby appointed the initial Paying Agent for the Series C Bonds (the "Paying Agent").

(b) Principal Corporate Trust Office. Unless otherwise specifically noted, any reference herein to the Paying Agent shall initially mean the Treasurer-Tax Collector of the County of San Mateo, and any reference herein to the "principal corporate trust office" of the Paying Agent for purposes of transfer, registration, exchange, payment, and surrender of the Series C Bonds shall initially mean the office of the Treasurer-Tax Collector of the County of San Mateo in Redwood City, California; provided, however, that in any case "Paying Agent" shall refer to any successor paying agent/registrar or transfer agent for the Series C Bonds, and "principal corporate trust office" shall include the principal corporate trust office or other office of such successor Paying Agent designated thereby for a particular purpose.

(c) Registration Books. The Paying Agent will keep or cause to be kept at its principal corporate trust office sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred on said books, Bonds as provided in Section 13 hereof.

(d) Payment of Fees and Expenses. The fees and expenses of the Paying Agent not paid from the proceeds of sale of the Bonds shall be paid in each year from the interest and sinking fund of the District, insofar as permitted by law, including specifically by Education Code Section 15232.

(e) Replacement or Resignation of Paying Agent. At any time that the County Treasurer is acting as paying agent hereunder, he or she may appoint, discharge, replace and contract with agents for payment, registration, transfer, and other duties related to the Series C Bonds as the treasurer shall assign pursuant to provisions of general law, including Education Code Section 15232, and all such agents shall be deemed agents of, and shall serve at the pleasure of, the County Treasurer. The discharge or resignation of the Paying Agent currently acting hereunder shall not take effect for a period of 30 days, unless the County Treasurer or the replacement Paying Agent appointed by the County Treasurer shall sooner assume the duties of Paying Agent.

Section 9. Transfer Under Book-Entry System: (a) The Series C Bonds shall be initially issued and registered as provided in Section 4. Registered ownership of such Series C Bonds, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of Cede & Co., as nominee of The Depository Trust Company, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this section (a "substitute depository"); provided, that any successor of Cede & Co., as nominee of The Depository Trust Company or substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) To any substitute depository not objected to by the District or the County, upon (1) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the County (upon consultation with the District) to substitute another depository for The Depository Trust Company (or its successor) because The Depository Trust Company or its successor (or any substitute depository 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

(iii) To any person as provided below, upon (1) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository, or (2) a determination by the County (upon consultation with the District) to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) of this section, upon receipt of the outstanding Series C Bonds by the Paying Agent, together with a written request of the District or County to the Paying Agent, a new Series C Bond for each maturity of Current Interest Series C Bonds and each maturity of Capital Appreciation Series C Bonds shall be executed and delivered (in the case of Current Interest Series C Bonds, in the aggregate principal amount of the Current Interest Series C Bonds then outstanding, and in the case of Capital Appreciation Series C Bonds, in the aggregate maturity value of the Capital Appreciation Series C 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 or County. In the case of any transfer pursuant to clause (iii) of subsection (a) of this section, upon receipt of the outstanding Series C Bonds by the Paying Agent together with a written request of the District or County to the Paying Agent, new Series C Bonds shall be executed and delivered in such denominations, numbered in the manner determined by the Paying Agent, and registered in the names of such persons, as are requested in such written request of the District or County, subject to the limitations of Section 5, and thereafter, the Series C Bonds shall be transferred pursuant to the provisions set forth in Section 10 of this resolution; provided, that the Paying Agent shall not be required to deliver such new Series C Bonds within a period of less than 60 days after the receipt of any such written request of the District or County.

(c) The County, the District and the Paying Agent shall be entitled to treat the person in whose name any Series C Bond is registered as the owner thereof, notwithstanding any notice to the contrary received by the County, the District or the Paying Agent; and the County, the District and the Paying Agent shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Series C Bonds, and neither the County, the District or the Paying Agent shall have any responsibility or obligation, legal or otherwise, to the beneficial owners or to any other party, including The Depository Trust Company or its successor (or substitute depository or its successor), except for the Owner of any Series C Bonds.

(d) So long as the outstanding Series C Bonds are registered in the name of Cede & Co. or its registered assigns, the District, the County and the Paying Agent shall cooperate with Cede & Co., as sole Owner, or its registered assigns in effecting payment of the principal of and interest on the Series C Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available (e.g., by wire transfer) on the date they are due.

Section 10. Transfer and Exchange: (a) Transfer. Following the termination or removal of the depository pursuant to Section 9 hereof, any Series C Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 8(c) hereof, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Series C Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent.

Whenever any Series C Bond or Bonds shall be surrendered for transfer, the designated County officials shall execute and the Paying Agent shall authenticate and deliver, as provided in Section 4, a new Series C Bond or Bonds of the same series, maturity, interest payment mode and interest rate (in the case of Current Interest Series C Bonds, for a like aggregate principal amount, and in the case of Capital Appreciation Series C Bonds, for a like aggregate maturity value). The Paying Agent may require the payment by any Owner of Series C Bonds requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of any Series C Bond shall be required to be made by the Paying Agent during the period from (1) the close of business on the applicable Record Date to and including the succeeding interest date, or (2) the close of business on the date on which notice is given that such Series C Bond has been selected for redemption in whole or in part, to and including the designated redemption date.

(b) Exchange. The Series C Bonds may be exchanged for Series C Bonds of other authorized denominations of the same maturity and interest payment mode, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Series C Bond to the Paying Agent for cancellation,

accompanied by delivery of a duly executed request for exchange in a form approved by the Paying Agent.

Whenever any Series C Bond or Bonds shall be surrendered for exchange, the designated County officials shall execute and the Paying Agent shall authenticate and deliver, as provided in Section 4, a new Series C Bond or Bonds of the same maturity and interest payment mode and interest rate (in the case of Current Interest Series C Bonds, for a like aggregate principal amount, and in the case of Capital Appreciation Series C Bonds, for a like aggregate maturity value). The Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No exchange of any Series C Bonds shall be required to be made by the Paying Agent during the period from (1) the close of business on the applicable Record Date to and including the succeeding interest date, or (2) the close of business on the date on which notice is given that such Series C Bond has been selected for redemption in whole or in part, to and including the designated redemption date.

Section 11. Levy of Taxes to Levy Taxes to Pay Bonds: The money for the payment of principal, redemption premium, if any, and interest with respect to the Series C Bonds shall be raised by taxation upon all taxable property in the District and provision shall be made for the levy and collection of such taxes in the manner provided by law and for such payment out of the interest and sinking fund of the District, and the Board of Supervisors of the County hereby covenants to levy ad valorem taxes for the payment of the Series C Bonds on all property in the District subject to taxation by the County without limitation as to rate or amount (except certain personal property which is taxable at limited rates).

Section 12. Sale of Bonds; Bond Purchase Contract: The Series C Bonds shall be sold to the Underwriter not later than February 28, 2004. The Bond Purchase Contract submitted to and on file with the Clerk of this Board of Supervisors providing for the sale by this Board of Supervisors and the purchase by the Underwriter of the Series C Bonds at a purchase price to be set forth therein (which purchase price shall be approved by the County Treasurer, this Board of Supervisors hereby expressly delegating to such officer the authority to execute the Bond Purchase Contract on its behalf), is hereby approved; provided, that (i) the true interest cost for the Series C Bonds shall not be in excess of 6.50%, (ii) the maximum interest rate on the Current Interest Series C Bonds shall not be in excess of 12.00% per annum; (iii) the effective compounded rate of interest on each Capital Appreciation Series C Bond shall not exceed 12.00% per annum; (iv) the underwriter's discount shall not exceed 1.10% of the aggregate principal amount of the Series C Bonds (excluding any costs of issuance the Underwriter agrees to pay pursuant to the Bond Purchase Contract); and (v) the Series C Bonds shall otherwise conform to the limitations specified herein;

The Bond Purchase Contract shall recite the aggregate principal amount of the Series C Bonds, and with respect to the Current Interest Series C Bonds, shall recite the date thereof, the maturity dates, principal amounts and annual rates of

interest of each maturity thereof, the initial and semiannual interest payment dates thereof, and the terms of optional and mandatory sinking fund redemption thereof; and with respect to the Capital Appreciation Series C Bonds, shall recite the date thereof, the initial principal amounts, maturity dates, and maturity values of each maturity thereof, the initial and semiannual interest dates thereof, and the terms of optional and mandatory sinking fund redemption thereof. The Bond Purchase Contract, together with this Resolution, shall constitute the order of the Board of Supervisors for purposes of Education Code Section 15230.

The County Treasurer (or an authorized deputy or delegate of the County Treasurer) is hereby authorized and directed to accept the offer of the Underwriter when said offer is satisfactory to the County Treasurer, and to execute and deliver the Bond Purchase Contract on behalf of the County in substantially the form now on file with this Board of Supervisors, with such changes therein as shall be approved by the authorized officer of the County executing the same, and such execution shall constitute conclusive evidence of the County Treasurer's approval and this Board of Supervisors' approval of any change therein from the form of such Bond Purchase Contract.

Section 13. Deposit and Investment of Proceeds: (a) The proceeds of sale of the Series C Bonds, exclusive of any premium and accrued interest received, shall be deposited in the County treasury to the credit of the building fund of the District. Any premium and accrued interest shall be deposited upon receipt in the interest and sinking fund of the District within the County treasury.

(b) All funds held by the Treasurer-Tax Collector hereunder shall be invested at the Treasurer-Tax Collector's discretion pursuant to law and the investment policy of the County.

(c) Investment earnings on the money in the building fund shall be deposited in the building fund. Investment earnings on the money in the interest and sinking fund shall be deposited in the interest and sinking fund.

Section 14. Tax Covenant: The County acknowledges and relies upon the fact that the District has represented and covenanted that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Series C Bonds under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and that it will comply with the requirements of the Tax Certificate of the District with respect to the Series C Bonds, to be entered into by the District as of the date of issuance of the Series C Bonds, and further that such representation and covenant shall survive payment in full or defeasance of the Series C Bonds.

Section 15. Continuing Disclosure Certificate: The County acknowledges and relies upon the fact that the District has represented that it shall execute a Continuing Disclosure Certificate containing such covenants of the District as shall be necessary to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The County acknowledges and relies upon the fact that the

District has covenanted that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate.

Section 16. Limited Review; for Official Statement: Neither the Board of Supervisors nor any officer of the County has prepared or reviewed the official statement of the District describing the Series C Bonds (the "Official Statement"), and this Board of Supervisors and the various officers of the County take no responsibility for the contents or distribution thereof; provided, however, that solely with respect to a section contained or to be contained therein describing the County's investment policy, current portfolio holdings, and valuation procedures, as they may relate to funds of the District held by the County Treasurer, the County Treasurer is hereby authorized and directed to prepare and review such information for inclusion in the District's Official Statement and in a preliminary Official Statement, and to certify in writing prior to or upon the issuance of the Series C Bonds that the information contained in such section does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading.

Section 17. Approval of Actions: The President of this Board of Supervisors, the Clerk of this Board of Supervisors, the County Auditor-Controller, the County Counsel, and the County Treasurer and the deputies and designees of any of them, are hereby authorized and directed to execute and deliver any and all certificates and representations, as may be acceptable to County Counsel, including signature certificates, no-litigation certificates, and other certificates proposed to be distributed in connection with the sale of the Series C Bonds, necessary or desirable to accomplish the transactions authorized herein.

Section 18. Effective Date: This resolution shall take effect from and after its adoption.

* * * * *