

RESOLUTION NO. \_\_\_\_\_ -

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO STATE OF CALIFORNIA

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RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF  
SAN MATEO PROVIDING FOR THE ISSUANCE OF HILLSBOROUGH CITY  
SCHOOL DISTRICT, COUNTY OF SAN MATEO, STATE OF CALIFORNIA,  
2004 TAX AND REVENUE ANTICIPATION NOTES

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

**WHEREAS**, pursuant to Section 53850 et seq. of the Government Code of the State of California (the "Act") contained in Article 7.6 thereof, entitled "Temporary Borrowing", on or after the first day of any fiscal year (being July 1), a school district may borrow money by issuing notes for any purpose for which the school district is authorized to expend moneys, including but not limited to current expenses, capital expenditures, and the discharge of any obligation or indebtedness of the school district; and

**WHEREAS**, Section 53853 of the Act provides that such notes must be issued in the name of the school district by the board of supervisors of a county, the county superintendent of which has jurisdiction over the school district, as soon as possible following the receipt of a resolution of the governing board of the school district requesting the borrowing; and

**WHEREAS**, the County Superintendent of the County of San Mateo (the "County") has jurisdiction over the Hillsborough City School District (the "District"), and this Board of Supervisors of the County (the "County Board") has received a resolution of the Board of Trustees of the District (the "District Board"), being the governing board of the District, dated March 10, 2004, entitled "RESOLUTION OF THE BOARD OF TRUSTEES OF HILLSBOROUGH CITY SCHOOL DISTRICT AUTHORIZING THE ISSUANCE OF 2004 TAX AND REVENUE ANTICIPATION NOTES FOR SAID DISTRICT AND REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN MATEO TO ISSUE SAID NOTES" (the "District Resolution"), a copy of which is attached hereto as Exhibit B, which District Resolution requests the borrowing of not exceeding Seven Million Dollars (\$7,000,000) at an interest rate not exceeding three percent (3%), through the issuance by the County Board of 2004 Tax and Revenue Anticipation Notes (the "Notes") in the name of the District; and

**WHEREAS**, such Notes are payable twelve months after their date of delivery which is during the fiscal year succeeding the fiscal year 2004-2005 in which such Notes were issued, but as required by Section 53854 of the Act, such date is not later than fifteen months after the date

of issue, and such Notes shall be payable only from revenue received or accrued during the fiscal year 2004-2005 in which issued; and

**WHEREAS**, pursuant to Section 53856 of the Act, the District may pledge any taxes, income, revenue, cash receipts or other moneys deposited in inactive or term deposits (but excepting certain moneys encumbered for a special purpose); and the District Resolution specifies that certain unrestricted revenues that will be received by the District for the General Fund of the District during or allocable to fiscal year 2004-2005 are pledged for the payment of the Notes; and

**WHEREAS**, the Notes shall be a general obligation of the District, and to the extent not paid from the taxes, income, revenue, cash receipts and other moneys of the District pledged for the payment thereof shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as required by Section 53857 of the Act, and shall not be in any way payable from County moneys; and

**WHEREAS**, to the extent required by applicable regulations, the Notes shall be in a minimum denomination of \$100,000 and in increments thereafter of \$5,000 or integral multiples thereof, or a minimum denominations of \$5,000 or integral multiples thereof, as permitted by Section 53854 of the Act; shall be issued on a date to be designated, as permitted by Section 53853 of the Act; and shall be in the form and executed in the manner prescribed in the District Resolution and herein, as required by Section 53853 of the Act; and

**WHEREAS**, the County Board has no independent knowledge of but accepts the determination by the District that said \$7,000,000 maximum principal amount of Notes to be issued by the County Board in fiscal year 2004-2005, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including but not limited to revenue from state and federal governments), cash receipts and other moneys of the District which will be available for the payment of the Notes and interest thereon, as required by Section 53858 of the Act; and

**WHEREAS**, the Notes will not be outstanding after a period ending twelve months after the date on which such Notes are issued and will not be issued in an amount greater than the maximum anticipated cumulative cash flow deficit to be financed by the anticipated tax or other revenue sources for the period for which such taxes or other revenues are anticipated and during which such Notes are outstanding, all as provided in applicable Income Tax Regulations of the United States Treasury; and

**WHEREAS**, pursuant to Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"), under certain circumstances, certain obligations the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code may be designated by the issuer thereof as "qualified tax-exempt obligations," thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct for federal income tax purposes a portion of such institution's interest expense that is allocable to such qualified tax-exempt obligations, all as determined in accordance with Sections 265 and 291 of the Code, and

**WHEREAS**, the District Board has designated the Notes as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code; and

**WHEREAS**, the District desires that such Notes be sold pursuant to a negotiated sale or competitive sale, and as a limited offering or as a rated public offering, as herein provided.

**NOW THEREFORE, IT IS HEREBY DETERMINED AND ORDERED**

Section 1. Authorization of Issuance of Notes: Terms Thereof. The County Board hereby determines to and shall issue in the name of the District an amount not to exceed \$7,000,000 principal amount of Notes under Sections 53850 et seq. of the Act, designated “Hillsborough City School District, County of San Mateo, State of California, 2004 Tax and Revenue Anticipation Notes” (the “Notes”); to be numbered from 1 (and consecutively upward in order of issuance if more than one Note is registered); to be in the denominations of \$5,000, or integral multiples thereof, as determined by the financial advisor to the District; to be dated the date of delivery thereof, to mature (without option of prior redemption) 364 days from said date of delivery (or 359 days computed on a 30-day month/360-day year basis) or, if such date is not a day on which banks in New York or California are open for business, on the last day prior to such date; and to bear interest, payable at maturity and computed on a 30-day month/360-day year basis, at the rate or rates determined at the time of sale thereof, but not in excess of three percent (3%) per annum. To the extent the Notes are sold in a private placement or limited offering for which an exemption from continuing disclosure is available, the Notes shall be in a minimum denomination of \$100,000 and \$5,000 increments thereafter. Both the principal of and interest on the Notes shall be payable, only upon surrender thereof, in lawful money of the United States of America at the office of the Tax Collector-Treasurer of the County (“Treasurer”), who is hereby designated to be the paying agent on the Notes (in such capacity, the “Paying Agent”), or such other Paying Agent as the Treasurer and the District may designate.

Section 2. Form of Notes. The Notes shall be issued in registered form, without coupons, and shall be substantially in the form and substance set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures. In the event that Cede & Co. is the initial purchaser of the Notes, the Notes shall be initially registered in the name of “Cede & Co.” as nominee of The Depository Trust Company, and shall be evidenced by one note in the full principal amount of the Notes. If Cede & Co. is the initial purchaser of the Notes, the Depository Trust Company, New York, New York is hereby appointed depository for the Notes (the “Depository”). Registered ownership may not thereafter be transferred except as set forth in Section 4 hereof. There shall be simultaneously delivered with each note, the legal opinion of Holland & Knight, LLP respecting the validity of said Notes and, immediately following such legal opinion, a certificate executed with the signature of the President of the County Board (the “Board President”), said certificate to be in substantially the following form:

I HEREBY CERTIFY that the foregoing is a true and correct copy of the legal opinion regarding the Notes therein described that was manually signed by Holland & Knight, LLP and was dated as of the date of delivery of and payment for said Notes.

[Signature]  
President of the Board of Supervisors

Section 3. Transfer and Exchange of Notes. In the event the Notes are not or are no longer registered in the name of "Cede & Co.", the registration of any note may, in accordance with its terms, be transferred, upon the registration books kept by the Paying Agent for such purpose, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Paying Agent.

Whenever any note shall be surrendered for registration of transfer, the Paying Agent shall execute and deliver a new note, for a like aggregate principal amount. The Paying Agent shall require the note owner requesting such registration of transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The Paying Agent may require the owner requesting such registration of transfer to pay such additional reasonable charge as may be necessary to cover customary expenses incurred and fees charged by the Paying Agent with respect to such registration of transfer. The Paying Agent may treat the registered owner of any note as the absolute owner thereof for all purposes whatsoever in accordance with this resolution, and the Paying Agent shall not be affected by any notice to the contrary.

Subject to the provisions of Section 4 hereof, Notes may be exchanged at the office of the Paying Agent in Redwood City, California for a like aggregate principal amount of Notes in other authorized denominations. The Paying Agent shall require the payment by the note owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The District may require the owner requesting such exchange to pay such additional reasonable charge as may be necessary to cover customary expenses incurred and fees charged by the Paying Agent with respect to such exchange.

Section 4. Use of Depository. (1) The Notes shall be initially registered as provided in Section 2 hereof. While Cede & Co. is the registered owner of the Notes, registered ownership of the Notes, 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 4 (a "substitute depository"); provided, that any successor of Cede & Co., as nominee of The Depository Trust Company or a 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 Paying Agent, 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 Treasurer 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 to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository.

(2) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (1) of this Section 4, upon receipt of the outstanding Notes by the Paying Agent, together with a request of the District to the Paying Agent, a new note shall be executed and delivered in the aggregate principal amount of the Notes registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such request of the District. In the case of any transfer pursuant to clause (iii) of subsection (1) of this Section 4, "or to the extent Cede & Co. is not the registered owner of the Notes," upon receipt of the outstanding Notes by the Paying Agent together with a request of the District to the Paying Agent, new Notes 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 a request of the District; provided, the Paying Agent shall not be required to deliver such new Notes within a period less than sixty (60) days from the date of receipt of such a request of the District. Thereafter, Notes shall be transferred pursuant to Section 3 hereof.

(3) The Paying Agent shall be entitled to treat the person in whose name any note 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 Paying Agent or the District; and the Paying Agent shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Notes and neither the District nor the Paying Agent will have any responsibility or obligations, 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 registered owner of any Notes.

(4) So long as the outstanding Notes are registered in the name of Cede & Co. or its registered assigns, the Paying Agent shall cooperate with Cede & Co., as sole registered owner, or its registered assigns in effecting payment of the principal of and interest on the Notes by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

Section 5. Deposit of Note Proceeds. The moneys so borrowed shall be deposited in the General Fund of the District and may be invested by the Treasurer in the Local Agency Investment Fund.

Section 6. Payment of Notes.

(A) Source of Payment. The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the District during fiscal year 2004-2005 and which are available therefor and are not payable from moneys of the County. The Notes shall be a general obligation of the District, and to the extent the Notes are not paid from the Pledged Revenues defined below, the Notes

shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as provided in the District Resolution and by law. Notwithstanding anything to the contrary contained herein or in any document mentioned herein or related to the Notes and in the event Note proceeds or moneys on deposit in the Repayment Fund are invested pursuant to Section 12 hereof, the County shall not have any monetary liability hereunder or by reason hereof or in connection with the transactions contemplated hereby and the Notes shall be payable solely from the moneys of the District available therefor as set forth in this Section and in Section 4 of the District Resolution.

(B) Pledged Revenues. As security for the payment of the principal of and interest on the Notes, as provided in the District Resolution, the District has pledged an amount equal to fifty percent (50%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending February 28, 2005; and an amount equal to fifty percent (50%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending May 31, 2005; plus an amount sufficient to pay interest on the Notes and any deficiency in the amount required to be deposited during any prior month, from unrestricted revenues received by the District in the month ending May 31, 2005 (such pledged amounts being hereinafter called the "Pledged Revenues"). The term "unrestricted revenues" shall mean taxes, income, revenue, cash receipts, and other money of the District as provided in Section 53856 of the Act, which are intended as receipts for the General Fund of the District and which are generally available for the payment of current expenses and other obligations of the District.

The principal of the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys received by the District from such Pledged Revenues as provided by law.

In the event that there are insufficient unrestricted revenues received by the District to permit the deposit into the Repayment Fund of the full amount of Pledged Revenues to be deposited from unrestricted revenues in any month, then the amount of such deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the repayment of the Notes and the interest thereon.

(C) Deposit of Pledged Revenues. The Pledged Revenues shall be held by the Paying Agent in a special fund designated as the "Hillsborough City School District, County of San Mateo, State of California, 2004 Tax and Revenue Anticipation Notes Repayment Fund" (herein called the "Repayment Fund") and applied as directed in this Resolution. Any moneys accounted for in the Repayment Fund shall be for the benefit of the holders of the Notes, and until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at maturity with interest to maturity, the moneys accounted for in the Repayment Fund shall be applied only for the purposes for which the Repayment Fund is created.

(D) Disbursement and Investment of Moneys in Repayment Fund. From the date this Resolution takes effect, all Pledged Revenues shall, when received, be deposited in the Repayment Fund. After such date as the amount of Pledged Revenues deposited for in the Repayment Fund shall be sufficient to pay in full the principal of and interest on the Notes, when due, any moneys in excess of such amount remaining in or accruing to the Repayment Fund shall be transferred to the General Fund of the District upon the request of the District. On the

maturity date of the Notes, the moneys in the Repayment Fund shall be used, to the extent necessary, to pay the principal of and interest on the Notes.

Moneys in the Repayment Fund shall be invested as permitted by applicable California law, as it is now in effect and as it may be amended, modified or supplemented from time to time, including investments authorized by Section 12 hereof; provided that no such investments shall have a maturity date later than the maturity date of the Notes. To the extent that moneys invested or held by the County are subject to arbitrage rebate, neither the County nor any officer or employee of the County shall assume hereunder or under the provisions of any rebate certificate any duty or obligation to make the actual calculations of arbitrage rebate liability of the District, or to pay any such rebate or any penalties in regard thereto if the District miscalculates or fails to pay or cause such rebate or such penalties to be paid.

Section 7. Execution of Notes. The Treasurer, or a designated deputy thereof, is hereby authorized to sign the Notes manually or by facsimile signature; the Board President or a designated deputy thereof, is hereby authorized to sign the Notes manually or by facsimile signature; and the Clerk of the County Board (the "Clerk") is hereby authorized to countersign the Notes manually or by facsimile signature provided, however, that the Tax Collector – Treasurer will receive prior notice of the use of his facsimile signature; the Clerk is hereby authorized to affix the seal of the County Board thereto by facsimile impression thereof; and said officers are hereby authorized to cause the blank spaces thereof to be filled in as may be appropriate.

Section 8. Sale of Notes. The Notes shall be sold at a negotiated sale or competitive sale at the direction of the District. The Notes may be sold as a limited offering or a rated public offering. The form of contract of purchase for the Notes, substantially in the form attached hereto as Exhibit C (the "Contract of Purchase") is hereby approved. The Tax Collector-Treasurer is hereby authorized to execute and deliver the Contract of Purchase and the District's Superintendent (the "Superintendent") or designee thereof is hereby requested to acknowledge such Contract of Purchase with such changes as the designated District officer 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 Notes shall not exceed three percent (3%) per annum. The District's designated official is further requested to determine the maximum principal amount of the Notes up to \$7,000,000.

Section 9. Authorization of Preliminary Official Statement and Official Statement or Limited Offering Memorandum or Private Placement Memorandum. Cooperman Associates, the District's financial advisor, and Holland & Knight, LLP, Bond Counsel, are hereby authorized to prepare a Preliminary Official Statement and an Official Statement or Limited Offering Memorandum or Private Placement Memorandum relating to the Notes, to be used in connection with the offering and sale of the Notes. The Superintendent of the District, or his designee, is hereby authorized and requested to execute and deliver the Official Statement or Limited Offering Memorandum or Private Placement Memorandum.

Section 10. Delivery of Notes. The proper officers of the County are hereby authorized and directed to deliver the Notes to the Purchaser in accordance with the Contract of Purchase. All actions heretofore taken by the officers and agents of the County Board with

respect to the sale and issuance of the Notes are hereby approved, confirmed and ratified, and the officers of the County Board are hereby authorized and directed, for and in the name and on behalf of the County Board, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents, including but not limited to those described in the Notice of Sale or Limited Offering Memorandum or Private Placement Memorandum, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with this Resolution and resolutions heretofore adopted by the County and District Boards.

Section 11. Further Actions Authorized. It is hereby covenanted that the County, and its appropriate officials, have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them, for the levy, collection and enforcement of the secured property taxes pledged under the District Resolution in accordance with the law and for carrying out the provisions of the District Resolution and of this Resolution.

Section 12. Authorization to Invest Proceeds. Notwithstanding anything to the contrary contained herein, the proceeds of the Notes shall be pledged to the payment of the Notes in the event and to the extent sufficient Pledged Revenues of the District and other legally available revenues are not deposited into the Repayment Fund. Pursuant to Section 53601(1) of the Government Code of the State of California, the following are hereby designated as authorized investments for the proceeds of the Notes and the Repayment Fund: (i) so long as the moneys to be invested shall be held by an independent paying agent and not by the Treasurer, a guaranteed investment contract with a financial institution or insurance company which has at the date of execution thereof one or more outstanding issues of unsecured, uninsured and unguaranteed debt obligations or a claims paying ability rated not lower than "AA-" by Standard & Poor's Ratings Group; provided that the Treasurer shall not be involved in any such investment, and provided further that the Treasurer shall receive by the time of investment a certificate of indemnity from the District holding the Treasurer and the County, its officers, employees and servants harmless and indemnifying them from any costs, liabilities, claims or damages, including but not limited to attorneys' fees, caused by or arising from the investment of the funds in such an instrument, or, alternatively, the written agreement of the District to pay for any costs, liabilities, claims or damages, including but not limited to attorneys' fees, to the Treasurer and the County, its officers, employees and servants, caused by or arising from the investment of the funds in such an instrument; and (ii) the Local Agency Investment Fund ("LAIF") administered by the State of California.

Section 13. Recitals. All the recitals in this Resolution above regarding actions taken by the County are true and correct and this County Board so finds, determines and represents.

Section 14. Designation as Qualified Tax-Exempt Obligation. As provided in the District Resolution, the District has designated the Notes as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Section 15. Action re Qualified Tax-Exempt Obligation. Appropriate officials of the County and the Treasurer are hereby authorized and directed to take such other actions as may be necessary to assist the District in designating such Notes as "qualified tax-exempt obligations,"



including, if either deemed necessary or appropriate, placing a legend to such effect on the form of Notes in such form as either deemed necessary or appropriate.

EXHIBIT A

REGISTERED  
No. 1

REGISTERED  
\$ \_\_\_\_\_

HILLSBOROUGH CITY SCHOOL DISTRICT  
COUNTY OF SAN MATEO  
STATE OF CALIFORNIA  
2004 TAX AND REVENUE ANTICIPATION NOTE

RATE OF INTEREST:      MATURITY DATE:      NOTE DATE:      CUSIP:  
\_\_\_\_\_ %      \_\_\_\_\_, 2005      \_\_\_\_\_, 2004

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

FOR VALUE RECEIVED, the Hillsborough City School District (the "District"), County of San Mateo, State of California, acknowledges itself indebted to and promises to pay the Registered Owner identified above, or registered assignee, at the office of the Tax Collector-Treasurer of the County of San Mateo, the Principal Amount specified above in lawful money of the United States of America, on the Maturity Date set forth above, together with interest thereon at the Rate of Interest per annum set forth above, in like lawful money of the United States of America from the date hereof until payment in full of said principal sum. Both the principal of and interest on this Note shall be payable only upon surrender of this Note as the same shall fall due; provided, however, no interest shall be payable for any period after maturity during which the Registered Owner fails to properly present this Note for payment.

It is hereby certified, recited and declared that this Note is one of an authorized issue of Notes in the aggregate principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_,000,000) all of like date, tenor and effect, made, executed and given pursuant to and by authority of a resolution of the Board of Supervisors of the County of San Mateo duly passed and adopted on \_\_\_\_\_, 2004 and a Resolution of the Board of Trustees of the District duly passed and adopted on March 10, 2004 under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5, California Government Code, and that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys that are received by the District

during fiscal year 2004-2005. As security for the payment of the principal of and interest on the Notes the District has pledged an amount equal to fifty percent (50%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending February 28, 2005; and an amount equal to fifty percent (50%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending May 31, 2005; plus an amount sufficient to pay interest on the Notes from the unrestricted revenues of the District to be received in the month ending May 31, 2005 (such pledged amounts being hereinafter called the "Pledged Revenues"); and the principal of the Notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the District lawfully available therefor.

This Note is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the office of the Paying Agent but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Note. Upon such transfer a new Note or Notes of authorized denominations and for the same aggregate principal amount will be issued to the transferees in exchange herefor.

The County, the District and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary.

#### QUALIFIED TAX-EXEMPT OBLIGATION

This Note has been determined to be a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, by resolution of the District.

IN WITNESS WHEREOF, the County of San Mateo has caused this Note to be executed by the President of its Board of Supervisors and by the Clerk of its Board of Supervisors and countersigned by the Tax Collector-Treasurer by manual signature and has caused a facsimile of its official seal to be printed hereon this \_\_\_\_ day of \_\_\_\_\_, 2004.

COUNTY OF SAN MATEO

By: [Signature]  
President of the  
Board of Supervisors

By: [Signature]  
Clerk of the Board of Supervisors

(SEAL)  
Countersigned

By: [Signature]  
Tax Collector-Treasurer

## RESOLUTION NO. 2004-04

RESOLUTION OF THE BOARD OF TRUSTEES OF HILLSBOROUGH CITY SCHOOL DISTRICT AUTHORIZING THE ISSUANCE OF 2004 TAX AND REVENUE ANTICIPATION NOTES FOR SAID DISTRICT AND REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN MATEO TO ISSUE SAID NOTES

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WHEREAS, pursuant to section 53850 et seq. of the Government Code of the State of California (the "Act") contained in Article 7.6 thereof, entitled "Temporary Borrowing," on or after the first day of any fiscal year (being July 1), the Hillsborough City School District (the "District") may borrow money by issuing notes for any purpose for which the District is authorized to use and expend moneys, including but not limited to current expenses, capital expenditures, investment and reinvestment and the discharge of any obligation or indebtedness of the District; and

WHEREAS, Section 53853 of the Act provides that such notes must be issued in the name of a school district by the board of supervisors of a county, the county superintendent of which has jurisdiction over such district, as soon as possible following the receipt of a resolution of the governing board of said district requesting the borrowing; and

WHEREAS, the County Superintendent of the County of San Mateo (the "County") has jurisdiction over the District, and this Board of Trustees (the "District Board"), being the governing board of the District, hereby requests the borrowing of not to exceed Seven Million Dollars (\$7,000,000) at an interest rate not to exceed three percent (3%) per annum through the issuance by the Board of Supervisors of the County (the "County Board") of 2004 Tax and Revenue Anticipation Notes (the "Notes") in the name of the District; and

WHEREAS, the Notes are payable within twelve months after their date of delivery which is during the fiscal year succeeding the fiscal year 2004-2005 in which such Notes were issued, but as required by Section 53854 of the Act, such date is not later than fifteen months after the date of issue, and such Notes shall be payable only from revenue received or accrued during the fiscal year 2004-2005 in which issued; and

WHEREAS, pursuant to Section 53856 of the Act, the District may pledge any taxes, income, revenue, cash receipts or other moneys, including moneys deposited in inactive or term deposits (but excepting certain moneys encumbered for a special purpose); and this Resolution specifies that certain unrestricted revenues which will be received by the District for the General Fund of the District during or allocable to fiscal year 2004-2005 are pledged for the payment of the Notes; and

WHEREAS, the Notes shall be a general obligation of the District, and to the extent not paid from the taxes, income, revenue, cash receipts and other moneys of the District

pledged for the payment thereof shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as required by Section 53857 of the Act; and

WHEREAS, the Notes may be in a minimum denomination of \$100,000 and in increments thereafter of \$5,000 or integral multiples thereof, or in denominations of \$5,000 or integral multiples thereof, as permitted by Section 53854 of the Act, shall be issued on a date to be designated in the Contract of Purchase (hereinafter referred to) and shall be in the form and executed in the manner prescribed in this Resolution, all as permitted and required by Section 53853 of the Act; and

WHEREAS, the District Board has found and determined that said \$7,000,000 maximum principal amount of Notes to be issued in the name of the District by the County Board in fiscal year 2004-2005, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including but not limited to revenue from state and federal governments), cash receipts and other moneys of the District which will be available for the payment of the Notes and interest thereon, as required by Section 53858 of the Act; and

WHEREAS, the Notes will not be outstanding after a period ending twelve months after the date on which such Notes are issued and will not be issued in an amount greater than the maximum anticipated cumulative cash flow deficit to be financed by the anticipated tax or other revenue sources for the period for which such taxes or other revenues are anticipated and during which such Notes are outstanding, all as provided in applicable Income Tax Regulations of the United States Treasury; and

WHEREAS, pursuant to Section 265 of the Internal Revenue Code of 1986, as amended (the "Code"), under certain circumstances, certain obligations the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code may be designated by the issuer thereof as "qualified tax-exempt obligations," thereby allowing certain financial institutions that are holders of such qualified tax-exempt obligations to deduct for federal income tax purposes a portion of such institution's interest expense that is allocable to such qualified tax-exempt obligations, all as determined in accordance with Sections 265 and 291 of the Code, and

WHEREAS, the District Board represents that:

- (1) the Notes authorized by this resolution are not private activity bonds within the meaning of Section 141 of the Code;
- (2) the District together with all of its subordinate entities, has not issued obligations (other than those obligations described in paragraph 4 below) in calendar year 2004 the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code;
- (3) the District reasonably anticipates that it, together with its subordinate entities, will issue during the remainder of calendar year 2004 obligations (other than those obligations

described in paragraph 4 below) the interest on which is excluded from gross income for federal income tax purposes under to Section 103 of the Code which, when aggregated with all obligations described in paragraph 2 above, will not exceed an aggregate principal amount of \$10,000,000; and

(4) notwithstanding paragraphs (2) and (3) above, the District and its subordinate entities may have issued in calendar year 2004 and may continue to issue during the remainder of calendar year 2004 private activity bonds other than qualified 501(c)(3) bonds as defined in Section 145 of the Code.

WHEREAS, the District Board wishes to designate the Notes as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code;

NOW, THEREFORE, the Board of Trustees of Hillsborough City School District hereby resolves as follows:

Section 1. Authorization of Issuance of Notes; Terms Thereof; Paying Agent. The District Board hereby requests the County Board to issue in the name of the District an amount not to exceed \$7,000,000 principal amount of Notes under Section 53850 et seq. of the Act, designated "Hillsborough City School District, County of San Mateo, State of California, 2004 Tax and Revenue Anticipation Notes" (the "Notes"); to be numbered 1 (and consecutively upward in order of issuance if more than one Note is registered); to be in the denominations of \$5,000, or integral multiples thereof, as determined by the financial advisor to the District; to be dated the date of delivery thereof; to mature (without option of prior redemption) 364 days from said date of delivery (or 359 days computed on a 30-day month/360-day year basis), or if such date is not a day on which banks in New York or California are open for business, on the last day prior to such date; and to bear interest, payable at maturity and computed on a 30-day month/360-day year basis, at the rate or rates determined at the time of sale thereof, but not in excess of three percent (3 %) per annum. To the extent the Notes are sold in a private placement or limited offering for which an exemption from continuing disclosure is available, the Notes shall be in a minimum denomination of \$100,000 and \$5,000 increments thereafter. Both the principal of and interest on the Notes shall be payable, only upon surrender thereof, in lawful money of the United States of America at the office of the Tax Collector-Treasurer of the County, which is hereby designated to be the paying agent on the Notes (in such capacity, the "Paying Agent"), or such other paying agent as the County may designate. This Board hereby approves the payment of the reasonable fees and expenses of the Paying Agent as they shall become due and payable.

Section 2. Form of Notes. The Notes shall be issued in registered form and shall be substantially in the form and substance set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures. The Notes may be initially registered in the name of "Cede & Co." as nominee of The Depository Trust Company, and in that event shall be evidenced by one note in the full principal amount of the Notes. In that event, the Depository Trust Company, New York, New York is hereby appointed depository for the Notes. Registered ownership may not thereafter

be transferred except as set forth in Sections 3 and 4 hereof. There shall be printed on the reverse of each Note, the legal opinion of Hanson, Bridgett, Marcus, Vlahos & Rudy, LLP respecting the validity of said Notes and, immediately following such legal opinion, a certificate executed with the facsimile signature of the President of the County Board (the "Bo ard President"), said certificate to be in substantially the following form:

I HEREBY CERTIFY that the foregoing is a true and correct copy of the legal opinion regarding the Notes therein described that was manually signed by Hanson, Bridgett, Marcus, Vlahos & Rudy, LLP, and was dated as of the date of delivery of and payment for said Notes.

[FACSIMILE SIGNATURE]  
PRESIDENT OF THE BOARD OF SUPERVISORS

Section 3. Deposit of Note Proceeds: No Arbitrage. The moneys so borrowed shall be deposited in the General Fund of the District. The District hereby covenants that it will make no use of the proceeds of the Notes that would cause the Notes to be "arbitrage bonds" under Section 148 of the Code; and, to that end, so long as any of the Notes are outstanding, the District, and all of its officers having custody or control of such proceeds, shall comply with all requirements of said section, including restrictions on the use and investment of proceeds of the Notes and the rebate of a portion of investment earnings on certain amounts, including proceeds of the Notes, if required, to the Federal government, and of the Income Tax Regulations of the United States Treasury promulgated thereunder or under any predecessor provisions, to the extent that such regulations are, at the time, applicable and in effect, so that the Notes will not be "arbitrage bonds."

Section 4. Payment of Notes.

(A) Source of Payment. The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the District during fiscal year 2004-2005 and which are available therefor. The Notes shall be a general obligation of the District, and to the extent the Notes are not paid from the Pledged Revenues defined below, the Notes shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as provided herein and by law.

(B) Pledged Revenues. Except as otherwise provided by the County Resolution, if required, as security for the payment of the principal of and interest on the Notes, the District hereby pledges an amount equal to fifty percent (50%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending February 28, 2005; an amount equal to fifty percent (50%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending May 31, 2005; plus an amount sufficient to pay interest on the Notes and any deficiency in the amount required to be deposited during any prior month, from unrestricted revenues received by the District in the month ending May 31, 2005 (such pledged amounts being hereinafter called the "Pledged Revenues"). The term "unrestricted revenues" shall mean taxes, income, revenue, cash



receipts, and other money of the District as provided in Section 53856 of the Act, which are intended as receipts for the general fund of the District and which are generally available for the payment of current expenses and other obligations of the District.

The principal of the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys received by the District from such Pledged Revenues, as provided by law.

In the event that there are insufficient unrestricted revenues received by the District to permit the deposit into the Repayment Fund, as hereinafter defined, of the full amount of Pledged Revenues to be deposited from unrestricted revenues in a month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the repayment of the Notes and the interest thereon.

(C) Covenant Regarding Additional Short-term Borrowing. The District hereby covenants and warrants that it will not request the County Tax Collector-Treasurer (the "Treasurer") to make temporary transfers of funds in the custody of the Treasurer to meet any obligations of the District during the 2004-2005 fiscal year pursuant to the authority of Article XVI, Section 6 of the Constitution of the State of California or any other legal authority.

(D) Deposit of Pledged Revenues in Repayment Fund. The Pledged Revenues shall be held by the Treasurer in the County investment pool and shall be accounted for by the Superintendent of Schools in a special fund designated as the "Hillsborough City School District, County of San Mateo, State of California, 2004 Tax and Revenue Anticipation Notes Repayment Fund" (the "Repayment Fund") and applied as directed in this Resolution. Any moneys credited to the Repayment Fund shall be for the benefit of the holders of the Notes, and until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at maturity with interest to maturity, the moneys in the Repayment Fund shall be applied only for the purposes for which the Repayment Fund is created.

(E) Disbursement and Investment of Moneys in Repayment Fund. From the date this Resolution takes effect, all Pledged Revenues shall, when received, be deposited in the Repayment Fund. After such date as the amount of Pledged Revenues deposited in the Repayment Fund shall be sufficient to pay in full the principal of and interest on the Notes, when due, any moneys in excess of such amount remaining in or accruing to the Repayment Fund shall be transferred to the general fund of the District upon the request of the District. On the maturity date of the Notes, the moneys in the Repayment Fund shall be used, to the extent necessary, to pay the principal of and interest on the Notes.

Moneys credited to the Repayment Fund, to the greatest extent possible, shall be invested at the according to the County's Investment Policy.

Section 5. Execution of Notes. The District hereby requests the President of the County Board, or a designated deputy thereof, to sign the Notes manually or by facsimile signature, the Clerk of the County Board (the "Clerk") to sign the Notes manually or by facsimile signature, and the Treasurer to countersign the Notes manually or by facsimile

signature (provided that at least one of the foregoing shall sign manually); the Clerk to affix the seal of the County thereto by facsimile impression thereof; and said officers to cause the blank spaces thereof to be filled in as may be appropriate.

Section 6. Sale of the Notes. The Notes shall be sold at a negotiated sale or competitive sale at the time and place and on the terms provided in the County Resolution in the form and substance set forth in Exhibit B attached hereto; provided that the aggregate principal amount of the Notes shall not exceed Seven Million Dollars (\$7,000,000) and the maximum interest rate on the Notes shall not exceed three percent (3%) per annum. The Notes may be sold as a limited offering or as a rated public offering.

Section 7. Authorization of Preliminary Official Statement, and Official Statement, or Limited Offering Memorandum or Private Placement Memorandum. Cooperman Associates is hereby appointed as financial advisor to the District and Hanson, Bridgett, Marcus, Vlahos & Rudy, LLP is designated as bond counsel for the District in connection with the issuance of the Notes. Either the financial advisor or bond counsel is hereby authorized to prepare a Preliminary Official Statement and an Official Statement or a Limited Offering Memorandum or Private Placement Memorandum relating to the Notes, to be used in connection with the offering and sale of the Notes. The Superintendent or his designee is hereby authorized and requested to execute and deliver the Official Statement, or a Limited Offering Memorandum or Private Placement Memorandum.

Section 8. Delivery of Notes. The proper officers of the County Board are hereby requested to deliver the Notes to the Purchaser in accordance with the Notice of Sale or Limited Offering Memorandum or Private Placement Memorandum (as defined in the County Resolution). All actions heretofore taken by the officers and agents of the District Board with respect to the Notes are hereby approved, confirmed and ratified, and the officers of the District Board are hereby authorized and directed to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with this Resolution and resolutions hereafter adopted by the County Board.

Section 9. Further Actions Authorized. It is hereby covenanted that the District Board, and its appropriate officials, have duly taken all proceedings necessary to be taken by them, and will take additional proceedings necessary to be taken by them, for the levy, collection and enforcement of the secured property taxes pledged under this Resolution in accordance with the law and for carrying out the provisions of this Resolution.

Section 10. Recitals. All the recitals in this Resolution above are true and correct and this District Board so finds, determines and represents.

Section 11. Designation as Qualified Tax-Exempt Obligation. The District Board hereby designates the Notes as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

Section 12. Action Re: Qualified Tax-Exempt Obligation. Appropriate officials of the District are hereby authorized and directed to take such other actions as may be necessary to designate such Notes as "qualified tax-exempt obligations," including, if either deemed necessary or appropriate, placing a legend to such effect on the form of Note in such form as either deemed necessary or appropriate.

Section 13. Authorization of Paying Agent to Invest Proceeds in LAIF. Notwithstanding anything to the contrary contained herein, the proceeds of the Notes shall be deposited with the Treasurer as the Paying Agent for the Notes and shall be pledged to the payment of the Notes to the extent sufficient Pledged Revenues of the District and other legally available revenues are not deposited into the Repayment Fund. For this purpose the Paying Agent shall be deemed to be a "fiscal agent" within the meaning of Section 53601 of the Government Code of the State of California. Pursuant to Section 53601(d) of the Government Code of the State of California, the Paying Agent is authorized but is not required to invest the proceeds of the Notes in the Local Agency Investment Fund ("LAIF") administered by the State of California.

Section 14. Continuing Disclosure. The District Board hereby covenants and agrees that it will comply with and carry out, and authorizes and directs the District Superintendent, the District Director of Fiscal Services or the respective designees of each such person, to comply and carry out, all of the provisions of that certain Continuing Disclosure Certificate dated the date of issuance and delivery of the Notes, as originally executed and as it may be amended from time to time in accordance with the terms thereof (the "Continuing Disclosure Certificate"). Notwithstanding any other provision of this Resolution, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an event of default under the Resolution; however, any Noteholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. The preparation of a Continuing Disclosure Certificate is hereby approved. The District Superintendent, the Director of Fiscal Services, or their respective designees are hereby authorized and directed to execute and deliver to the purchaser of the Notes the Continuing Disclosure Certificate, with such changes therein as any such official may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The provisions of this Section shall apply only to the extent an exemption from Continuing Disclosure is not available with respect to the Notes.

Section 15. Transmittal of Resolution. The Clerk of this Board is hereby directed to send a certified copy of this Resolution to the County Board of Supervisors, the Treasurer and the County Superintendent of Schools.

PASSED AND ADOPTED by the Board of Trustees of Hillsborough City School District this 10th day of March, 2004, by the following vote:

AYES: S. Boutin, D. Furniss, L. May, A. Nomellini, D. Sargent

NOES:

ABSENT:

By: *Angel Nomellini*  
President of the Board of Trustees,  
Hillsborough City School District.

Attest:

By: *Marilyn Lorcher Miller*  
Clerk of the Board of Trustees,  
Hillsborough City School District

EXHIBIT C

FORM OF CONTRACT OF PURCHASE  
COUNTY OF SAN MATEO, CALIFORNIA

\$ \_\_\_\_\_

2004 Tax and Revenue Anticipation Notes  
Hillsborough City School District

CONTRACT OF PURCHASE

\_\_\_\_\_, 2004

Lee Buffington  
Tax-Collector - Treasurer  
County of San Mateo  
555 County Center, 1<sup>st</sup> Floor  
Redwood City, CA 94063

Dear Mr. Buffington:

The undersigned (the "Purchaser") offers to enter into this agreement with the County of San Mateo, California (the "County") which, upon the County's acceptance hereof, will be binding upon the County and upon the Purchaser. This offer is made subject to the written acceptance of this Contract of Purchase by the County and the delivery of such acceptance to the Purchaser at or prior to 5:00 o'clock P.M. California time, on the date hereof.

1. Upon the terms and conditions and upon the basis of the representations and warranties hereinafter set forth, the Purchaser hereby purchases from the County for reoffering to the public, and the County hereby sells to the Purchaser for such purpose, all (but not less than all) of \$ \_\_\_\_\_ (or such lesser amount as shall actually be issued in accordance with the provisions of the resolution as hereinafter defined) Hillsborough City School District (the "District"), County of San Mateo, State of California 2003 Tax and Revenue Anticipation Notes dated \_\_\_\_\_, 2004 and due \_\_\_\_\_, 2005 (the "Notes") bearing interest at the rate of \_\_\_\_\_ percent (\_\_\_\_%) per annum, at a purchase price of \$ \_\_\_\_\_.

2. The Notes shall be as described in the Resolution adopted by the Board of Supervisors of the County on \_\_\_\_\_, 2004, authorizing the issuance of the Notes (collectively, the "Resolution"), and shall be issued under the provisions of the Constitution and laws of the State of California (the "State").

3. At the time of or before the County's acceptance hereof, the District shall deliver to the Purchaser an Official Statement or Limited Offering Memorandum or Private Placement Memorandum, as the case may be, dated \_\_\_\_\_, 2004 relating to the Notes in a form satisfactory to the Purchaser.

4. At 8:00 o'clock A.M., California time, on \_\_\_\_\_, 2004 or at such other time or on such later business day as shall have been mutually agreed upon by the County and the Purchaser (the "Closing"), the County will deliver to the Purchaser at the offices of The Depository Trust Company, New York, New York, or at such other place as the District and the Purchaser may mutually agree upon, the Notes in definitive form duly executed, together with the other documents hereinafter mentioned; and the Purchaser will accept such delivery and pay the purchase price as set forth in paragraph 1 hereof by check or wire in "Federal Reserve Funds" (same day funds) to the order of the District. The Notes shall be delivered to The Depository Trust Company for the account of the Purchaser and the District in New York, New York (or at such other place as the Purchaser and the County mutually agree upon) in typewritten form, bearing CUSIP numbers such duly executed by the County and authenticated by the Paying Agent. The Notes will be made available in New York, New York for checking and packaging at least one business day prior to the Closing.

5. The County represents and warrants to the Purchaser that:

- (A) The County is validly existing under the laws of the State, including the State Constitution, with right and power to sell the Notes as of the date hereof and to hereafter issue the Notes and to execute, deliver and perform its obligations under this Contract of Purchase and the Resolution.
- (B) (i) At or prior to the Closing the County will have taken all action required to be taken by it to authorize the issuance and delivery of the Notes and the performance of its obligations under the Resolution; (ii) the County has, and at the date of the Closing will continue to have, full legal right, power and authority to enter into this Contract of Purchase and, at the date of the Closing will have full legal right, power and authority to issue and deliver the Notes to the Purchaser and to perform its obligations as provided in the Resolution and this Contract of Purchase; at or prior to the Closing the execution and delivery of, and the performance by the County of its obligations contained in this Contract of Purchase shall have been duly authorized; (iii) this Contract of Purchase has been duly executed and delivered and constitutes a valid and legally binding obligation of the County; and (iv) the County has duly authorized the consummation by it of all transactions contemplated by this Contract of Purchase.
- (C) The Notes shall be secured as to the payment of principal and interest from the revenues and in the manner as described in the Resolution and the Official Statement or Limited Offering Memorandum or Private Placement Memorandum, as the case may be. All of the Notes shall be general obligations of the District, and, to the extent not paid from the revenues pledged thereto, they shall be paid from any other moneys of the District lawfully available therefor, and are not payable from County moneys.
- (D) The County agrees that it will not issue or request the District to issue any additional notes for the District secured by a pledge of the revenues pledged to pay the Notes without the consent of the Purchaser.

- (E) There are no present conditions or determinations of which the County is aware which will prevent the receipt of and application by the County or the District of the revenues pledged to pay the Notes.
- (F) The issuance of the Notes, the execution, delivery and performance of this Contract of Purchase, the performance of the County's obligations under the Resolution and compliance with the provisions hereof and thereof by the County, do not and will not conflict with or constitute on the part of the County a breach of, or a default under, any existing law, ordinance, regulation, decree, order or resolution, or (to the best knowledge of the County, after due investigation) any agreement, indenture, mortgage, lease or other instrument, to which the County is subject or by which it is bound.
- (G) All authorizations, consents or approvals of, or filings or registrations, if any, with any Governmental Authority or court necessary for the valid issuance by the County of, and performance by the District of its obligations under, the Notes will have been duly obtained or made prior to the issuance of the Notes (and disclosed to the Purchaser). As used herein, the term "Governmental Authority" refers to any legislative body or governmental official, department, commission, board, bureau, agency, instrumentality, body or public benefit corporation.
- (H) As of the time of acceptance hereof and as of the Closing no action, suit, proceeding or investigation is pending or (to the best knowledge of the County) threatened against the County or (to the best knowledge of the County, no independent investigation having been made) any other person in any court or before any Governmental Authority seeking to restrain or enjoin the issuance or delivery of any of the Notes or in any way contesting or affecting the validity of the Resolution, the Notes, this Contract of Purchase, or the receipt or application of the revenues pledged to pay the Notes or the payment of principal of and interest on the Notes, or contesting the powers of the County to issue the Notes.
- (I) Any certificate signed by any official or other representative of the County and delivered to the Purchaser pursuant to this Contract of Purchase shall be deemed a representation and warranty by the County to the Purchaser as to the statements therein made.
- (J) A copy of the Resolution has been delivered to the Purchaser and such Resolution will not be amended without the consent of the Purchaser which consent will not be unreasonably withheld.

6. The Purchaser has entered into this Contract of Purchase in reliance upon the representations and warranties of the County contained herein, the Resolution, and the performance by the County of its obligations hereunder, as of the date hereof and as of the date of the Closing. The Purchaser's obligations under this Contract of Purchase are and shall be subject to the following further conditions as of the Closing:

- (A) The representations and warranties of the County contained herein shall not be materially inaccurate at the date hereof and at and as of the Closing as if made at and as of the Closing and the statements made in all certificates and other documents delivered to the Purchaser at the Closing pursuant hereto shall not be materially inaccurate at the Closing; and the County shall be in compliance with each of the agreements made by it in this Contract of Purchase (unless such agreements are waived by the Purchaser).
- (B) At the time of the Closing this Contract of Purchase shall be in full force and effect; the Resolution and this Contract of Purchase shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Purchaser; all actions which, in the opinion of Holland & Knight, LLP, San Francisco, California, Bond Counsel to the District (the "Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby shall have been duly taken and shall be in full force and effect; and the County shall perform or have performed all of its obligations required under or specified in the Resolution or this Contract of Purchase to be performed at or prior to the Closing.
- (C) The provisions of law governing the payment of the revenues pledged to pay the Notes shall be in full force and effect and shall not have been amended in any respect that would materially adversely affect the prospects that such revenues will be received in the amounts and by the respective dates indicated in the Resolution and the Official Statement or Limited Offering Memorandum or Private Placement Memorandum, as the case may be.
- (D) Except as disclosed in the Official Statement or Limited Offering Memorandum or Private Placement Memorandum, as the case may be, no decision, ruling or finding shall have been entered by any court or Governmental Authority since the date of this Contract of Purchase (and not reversed on appeal or otherwise set aside) (i) which has any of the effects described in Section 5(H), or (ii) which declares this Contract of Purchase to be invalid or unenforceable in whole or in material part.
- (E) At or prior to the Closing, the Purchaser shall receive the following documents each dated on and as of the date of the Closing:
- (1) Unqualified approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Notes.
  - (2) A certificate of the County, executed on its behalf by its Tax Collector-Treasurer substantially in the form attached hereto as Exhibit A.
  - (3) An opinion of County Counsel, substantially in the form attached hereto as Exhibit B.
  - (4) A certificate of the District, substantially in the form attached hereto as Exhibit C.



- (5) An arbitrage and use of proceeds certificate, satisfactory in form and substance to Bond Counsel.
- (6) Customary Signature and No Litigation Certificates executed by applicable officers of the District.
- (7) Evidence that any rating on the Notes heretofore obtained has not been changed or withdrawn.
- (8) The Letter of Representation with DTC, duly executed by the applicable officer of the District.
- (9) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Purchaser or Bond Counsel may reasonably request to evidence compliance by County and the District with legal requirements, the accuracy, as of the time of Closing of the County's representations herein contained and the due performance or satisfaction by the County and the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the County and the District.

If the County shall be unable to satisfy the conditions to the Purchaser's obligations contained in this Contract of Purchase or if the Purchaser's obligations shall be terminated for any reason permitted by this Contract of Purchase, this Contract of Purchase shall terminate and neither the County nor the Purchaser shall have any further obligation hereunder, except that the obligations of the Purchaser and the District, to pay certain expenses as provided in Section 9 herein shall continue in full force and effect.

7. The performance by the County of its obligations is conditioned upon (i) the performance by the Purchaser of its obligations hereunder; and (ii) receipt by the County and the Purchaser of opinions and certificates required to be delivered at the Closing.

8. (a) Whether or not the Notes are issued as contemplated by this Contract of Purchase, neither the County nor the Purchaser shall be under any obligation to pay, and the District shall pay, all expenses incident to the performance of the District's and District's obligations, including but not limited to (i) the fees and disbursements of the accountants, financial advisers and any other experts, consultants or advisers to the District and retained on such basis by the District; (ii) the fees and disbursements of Bond Counsel; (iii) any other expenses and costs of the District and the District incident to the performance of their obligations in connection with the authorization, issuance and sale of the Notes to the Purchaser.

(b) Upon issuance of the Notice to the Purchaser, the Purchaser shall pay all fees of the California Debt and Investment Advisory Commission, the Paying Agent, and of any rating agency rating the Notes.

9. Any notice or other communication to be given to the County under this Contract of Purchase may be given by delivering the same in writing to the Tax Collector – Treasurer, or

to such other person as they may designate in writing, and any notice or other communication to be given to the Purchaser under this Contract of Purchase (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing to

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10. This Contract of Purchase when accepted by the County in writing as heretofore specified shall constitute the entire agreement between the County and the Purchaser and is made solely for the benefit of the County and the Purchaser (including the successors or assigns of the Purchaser). No other person shall acquire or have any right hereunder or by virtue hereof.

11. This Contract of Purchase may be executed simultaneously in several counterparts each of which shall be an original and all of which constitute but one and the same instrument.

**2003 Tax and Revenue Anticipation Notes  
Hillsborough City School District**

**CONTRACT OF PURCHASE**

12. This Contract shall be construed and enforceable in accordance with the laws of the State of California.

Very truly yours,

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Accepted:

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Tax Collector-Treasurer  
County of San Matco

Acknowledged:

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Superintendent  
Hillsborough City School District

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, 2004

EXHIBIT A  
to the  
Contract of Purchase

CERTIFICATE OF THE TAX COLLECTOR-TREASURER  
OF THE COUNTY OF SAN MATEO

LEE M. BUFFINGTON, Tax Collector-Treasurer of the County of San Mateo, California (the "County"), hereby certifies on behalf of the County as follows:

1. I am the official of the County that acts as the County's banker and investment manager for the County and the school districts in the County.
2. The representations and warranties of the County in the Contract of Purchase between the County and \_\_\_\_\_, the Purchaser, for \$ \_\_\_\_\_ 2004 Tax and Revenue Anticipation Notes (the "Notes") of Hillsborough City School District, dated \_\_\_\_\_, 2004 (the "Contract of Purchase"), are true and correct on and as of the date hereof as if made on and as of the date hereof, and the County has complied with and performed all of its covenants and agreements contained in the Contract of Purchase.
3. Each of the conditions in Section 6 of the Contract of Purchase to be satisfied by the County has been satisfied by the County as of the date hereof and the County is not aware of any other condition of the Contract of Purchase that has not been satisfied as of the date hereof.
4. The Notes being delivered on the date hereof to the Purchaser under the Contract of Purchase and the sources of payment thereof conform to the descriptions thereof contained in the County's Resolution, as defined in the Contract of Purchase.
5. There has been no material adverse change in the financial condition or results of operations of the County from the date of the Contract of Purchase to the date hereof

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

COUNTY OF SAN MATEO

By \_\_\_\_\_  
Lee M. Buffington  
Tax Collector-Treasurer

EXHIBIT B  
to the  
Contract of Purchase

(Letterhead of County Counsel)

\_\_\_\_\_, 2004

Honorable Members of the Board of Supervisors  
County of San Mateo  
400 County Center  
Redwood City, California 94063-1662

Ladies and Gentlemen:

Reference is made to a Contract of Purchase dated \_\_\_\_\_, 2004 ("Contract of Purchase"), between the County of San Mateo, California (the "County") and \_\_\_\_\_, for the \$ \_\_\_\_\_ 2004 Tax and Revenue Anticipation Notes (the "Notes") of Hillsborough City School District (the "District") in connection with which you have requested my opinion as to the matters set forth below. All terms used herein have the definitions set forth in the Contract of Purchase.

As legal counsel to the County, I have reviewed the Official Statement, the County's Resolution adopted on \_\_\_\_\_, 2004, entitled "RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN MATEO PROVIDING FOR THE ISSUANCE OF HILLSBOROUGH CITY SCHOOL DISTRICT, COUNTY OF SAN MATEO, STATE OF CALIFORNIA, 2004 TAX AND REVENUE ANTICIPATION NOTES" (the "Resolution") and the District's Resolution adopted on March 10, 2004, entitled "RESOLUTION OF THE BOARD OF TRUSTEES OF THE HILLSBOROUGH CITY SCHOOL DISTRICT AUTHORIZING THE ISSUANCE OF 2004 TAX AND REVENUE ANTICIPATION NOTES FOR SAID DISTRICT AND REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN MATEO TO ISSUE SAID NOTES" (the "District Resolution"). I have also examined such portions of the Constitution of the United States of America, the Constitution and the Statutes of the State of California (the "State") and such applicable court decisions as I deemed necessary or relevant for purposes of the opinions set forth below, and made such further inquiries and investigations as I deemed necessary or appropriate for purposes of such opinion. Based on the foregoing, I advise you that in my opinion:

1. The County is a political subdivision duly organized and validly existing under the laws of the State of California.

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

3. There is no litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Contract of Purchase, the Notes or any of the proceedings taken with respect to the issuance and sale of the Notes, the application of moneys to the payment of the Notes or in any manner questioning the proceedings and authority under which the Notes were authorized or affecting the validity of the Notes, the existence or boundaries of the County or the title of officials of the County who have acted with respect to the proceedings for the issuance and sale of the Notes to their respective offices, and no authority or proceedings for the issuance and sale of the Notes have been repealed, revoked or rescinded.

4. The issuance of the Notes and the execution, delivery and performance of the Contract of Purchase do not and will not conflict with or constitute on the part of the County a breach of, or a default under any agreement, indenture, mortgage, lease or other instrument, to which the County is subject or by which it is bound.

Very truly yours,

By: \_\_\_\_\_  
County Counsel

EXHIBIT C  
to the  
Contract of Purchase

CERTIFICATE OF THE SUPERINTENDENT  
OF THE HILLSBOROUGH CITY SCHOOL DISTRICT,  
IN THE COUNTY OF SAN MATEO

\_\_\_\_\_, Superintendent of Hillsborough City School District, County of San Mateo, California (the "District"), hereby certifies on behalf of the district as follows:

1. I am the official of the District having overall responsibility for the financial operations of the District.
2. The Notes being delivered on the date hereof to the Purchaser under the Contract of Purchase and the sources of payment thereof conform to the descriptions thereof contained in the District's Official Statement delivered to such Purchaser.
3. There has been no material adverse change in the financial condition or results of operations of the District from the date of the Official Statement to the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

HILLSBOROUGH CITY SCHOOL DISTRICT

By: \_\_\_\_\_  
Superintendent