

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

**BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, CALIFORNIA**

RESOLUTION AUTHORIZING THE ISSUANCE AND NEGOTIATED SALE OF BURLINGAME ELEMENTARY SCHOOL DISTRICT (SAN MATEO COUNTY, CALIFORNIA) ELECTION OF 2007 GENERAL OBLIGATION BONDS, SERIES C, IN AN AGGREGATE PRINCIPAL AMOUNT NOT-TO-EXCEED \$12,800,000.

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

**WHEREAS**, a duly called election was held in the Burlingame Elementary School District (the "District"), San Mateo County, State of California, on November 6, 2007 (the "Election"), at which the following proposition (the "Bond Measure") was submitted to the qualified electors of the District:

**"Burlingame Schools Safety and Repair Measure:** To maintain excellent local schools, fix leaky, deteriorated roofs, improve fire safety, repair and upgrade classrooms, heating/ventilation systems for energy efficiency, and update science, computer and instructional technology, shall Burlingame Elementary School District issue \$48.3 million of bonds at legal rates to renovate, acquire, construct, repair and equip local neighborhood schools, sites and facilities, with required independent financial audits, citizens' oversight and no money for administrators' salaries?"

**WHEREAS**, at such election, the Bond Measure received the affirmative vote of the requisite fifty-five percent or more of the voters of the District voting on the proposition as certified by the Registrar of Voters of the County of San Mateo (the "County") in the official canvassing of votes (the "Authorization");

**WHEREAS**, on April 17, 2008, the County issued on behalf of the District the first series of bonds under the Authorization in the aggregate principal amount of \$18,300,000;

**WHEREAS**, on May 19, 2010, the County issued on behalf of the District the second series of bonds under the Authorization in the aggregate principal amount of \$17,200,000 (the "Series B Bonds");

**WHEREAS**, pursuant to Chapter 1.5 of Part 10 of Division 1 of Title 1 of the California Education Code (the "Act"), bonds are authorized to be issued for the purposes set forth in the ballot submitted to voters;

**WHEREAS**, the San Mateo County Superintendent of Schools has jurisdiction over the Burlingame Elementary School District (the "District"), and the Board of Supervisors of the County (the "County Board") has received a resolution (the "District

Resolution”), which has been filed with the Clerk of this Board, adopted by the governing board of the District (the “District Board”), which requests the County Board to issue one or more series of such bonds under the Authorization in an aggregate principal amount of not-to-exceed \$12,800,000, at interest rates not-to-exceed that authorized at the Election, through the issuance by the County Board of general obligation bonds in the name of the District designated as “Burlingame Elementary School District (San Mateo County, California) Election of 2007 General Obligation Bonds, Series C”, or such other designation or designations as are specified in the Purchase Contract for the Bonds (defined below) (the “Bonds”);

**WHEREAS**, the District has authorized the issuance of all or a portion of the Bonds as qualified school construction tax credit bonds (“QSC Bonds”) pursuant to the American Reinvestment and Recovery Act of 2009 (“ARRA”);

**WHEREAS**, the Hiring Incentives to Restore Employment Act (the “HIRE Act”) implemented changes to certain provisions in the Code permitting the issuance of QSC Bonds in the form of taxable interest bearing bonds with respect to which the issuer thereof may receive a cash subsidy payment from the United States Treasury on or about each interest payment date for such bonds (“Direct-Payment QSC Bonds”);

**WHEREAS**, the District has authorized the issuance of all or a portion of the Bonds as Direct-Payment QSC Bonds pursuant to Section 54A of the Code and Section 6431 of the Code, as amended by the HIRE Act;

**WHEREAS**, the District has authorized the issuance of the Bonds in one or more series of bonds, as Tax-Exempt Bonds or Taxable Bonds and in any combination of Current Interest Bonds, Capital Appreciation Bonds, and Convertible Capital Appreciation Bonds, all as defined herein;

**WHEREAS**, the District Board has authorized the sale of the Bonds at a negotiated sale;

**WHEREAS**, the County Board has no independent knowledge of, but acknowledges the determination by the District that such negotiated sale provides more flexibility in the timing of the sale, an ability to implement the sale in a shorter time period, an increased ability to structure the Bonds to fit the needs of particular purchasers, and a greater opportunity for the underwriter named in the Purchase Contract (the “Underwriter”) to pre-market the Bonds to potential purchasers prior to the sale, all of which the District Board has determined will contribute to the District’s goal of achieving the lowest overall cost of funds; and

**WHEREAS**, the District Board has estimated that the costs associated with the issuance of the Bonds, including compensation to the Underwriter and any such costs which the Underwriter agrees to pay pursuant to the Purchase Contract (defined herein), will equal approximately 2.75% of the principal amount of the Bonds; and;

**WHEREAS**, The District Board has appointed Backstrom McCarley Berry & Co., LLC, San Francisco, California as Financial Advisor in connection with the issuance of

the Bonds;

**WHEREAS**, the District Board has appointed Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California as Bond Counsel and Disclosure Counsel in connection with the issuance of the Bonds; 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 has designated the tax-exempt portion of the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code; and

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

**NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED BY THE BOARD OF SUPERVISORS OF SAN MATEO COUNTY, CALIFORNIA, AS FOLLOWS:**

**SECTION 1. Purpose of Bonds.** To raise money for the purposes authorized by voters of the District at the Election, and to pay all necessary legal, financial, engineering and contingent costs in connection therewith, the County Board authorizes the issuance of the Bonds in the name of the District pursuant to the Act.

**SECTION 2. Bond Registrar.** This Board does hereby consent to and confirm the appointment of The Bank of New York Mellon Trust Company, N.A., as authenticating agent, bond registrar, transfer agent and paying agent (collectively, the "Bond Registrar") for the Bonds by the District.

**SECTION 3. Terms and Conditions of Sale.** The Treasurer, as defined below, is hereby authorized to negotiate the sale of the Bonds in consultation with the District's Superintendent (the "Superintendent") or Assistant Superintendent/Chief Business Official (the "Assistant Superintendent"). The Bonds shall be sold pursuant to the terms and conditions set forth in the form of Purchase Contract, as described below. In accordance with the Purchase Contract, the Bonds may be issued in one or more series, some or all of which may be issued in the form of Direct-Payment QSC Bonds;

provided that the aggregate principal amount of Bonds issued as Direct-Payment QSC Bonds may not exceed \$12,800,000.

**SECTION 4. Approval of Purchase Contract.** The form of a Purchase Contract (the "Purchase Contract") by and among the County, the District and the Underwriter, for the purchase and sale of the Bonds, substantially in the form on file with the Clerk of the County Board, is hereby approved and the Tax Collector-Treasurer of the County (the "Treasurer"), or any authorized designee thereof, is hereby authorized to execute and deliver the Purchase Contract, and either the Superintendent, the Assistant Superintendent, or the designated deputy thereof is hereby requested to acknowledge the execution of such Purchase Contract, with such changes therein, deletions therefrom and modifications thereto as the Treasurer may approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; provided, however, that the maximum interest rate on the Bonds shall not exceed that permitted by law and the underwriting discount thereon, excluding original issue discount and reimbursable expenses and costs of issuance paid by the Underwriter, shall not exceed 1.0% of the aggregate principal amount of Bonds issued. The Treasurer is further authorized to determine the principal amount of the Bonds to be specified in the Purchase Contract for sale by the County Board up to \$12,800,000 and to enter into and execute the Purchase Contract with the Underwriter, if the conditions set forth in this Resolution are satisfied.

**SECTION 5. Certain Definitions.** As used in this Resolution, the terms set forth below shall have the meanings ascribed to them (unless otherwise set forth in the Purchase Contract):

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

(b) **"Accreted Value"** means with respect to the Capital Appreciation Bonds and Convertible Capital Appreciation Bonds prior to the Conversion Date, as of the date of calculation, the Denominational Amount thereof, plus Accreted Interest thereon to such date of calculation, compounded semiannually on each February 1 and August 1, commencing on August 1, 2011 (unless otherwise provided in the Purchase Contract) at the stated Accretion Rate to maturity thereof, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of 12, 30-day months.

(c) **"Accretion Rate"** means, unless otherwise provided by the Purchase Contract, that rate which, when applied to the Denominational Amount of a Capital Appreciation Bond or a Convertible Capital Appreciation Bond and compounded semiannually on each February 1 and August 1, commencing on August 1, 2011, produces the Maturity Value on the maturity date (with respect to Capital Appreciation Bonds) and the Conversion Value on the Conversion Date (with respect to Convertible Capital Appreciation Bonds).

(d) **“Bond Insurer”** means any insurance company which issues a municipal bond insurance policy insuring the payment of Principal and Accreted Value and Conversion Value of and interest on the Bonds.

(e) **“Bond Payment Date”** means (unless otherwise provided by the Purchase Contract), with respect to the Current Interest Bonds, February 1 and August 1 of each year commencing February 1, 2012 with respect to interest on the Current Interest Bonds and August 1 of each year commencing August 1, 2012 with respect to the principal payments on the Current Interest Bonds, and, with respect to the Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, the stated maturity dates thereof, as applicable.

(f) **“Bond Registrar”** means The Bank of New York Mellon Trust Company, N.A., or any successor thereto acting in the capacity of paying agent, registrar, authenticating agent and transfer agent.

(g) **“Capital Appreciation Bonds”** means the Bonds the interest component of which is compounded semiannually on each February 1 and August 1 (or such other dates as shown in the Purchase Contract) of each year commencing August 1, 2011 to maturity as shown in the table of Accreted Value for such Bonds in the Official Statement.

(h) **“Continuing Disclosure Certificate”** means that certain Continuing Disclosure Certificate executed by the District and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

(i) **“Conversion Date”** means, with respect to Convertible Capital Appreciation Bonds, the date stated in the Purchase Contract as the date on which such Bonds, originally issued as Capital Appreciation Bonds, convert to Current Interest Bonds.

(j) **“Conversion Value”** means, with respect to Convertible Capital Appreciation Bonds, the Accreted Value as of the Conversion Date.

(k) **“Convertible Capital Appreciation Bonds”** means the Bonds which are originally issued as Capital Appreciation Bonds, but which convert to Current Interest Bonds on the Conversion Date.

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

(m) **“Denominational Amount”** means, with respect to the Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, the initial principal amount thereof.

(n) **“Depository”** means the securities depository acting as Depository pursuant to Section 6(c) hereof.

(o) **“Direct-Payment QSC Bonds”** means those Bonds issued as qualified school construction tax credit bonds pursuant to the American Recovery and Reinvestment Act of 2009 (“ARRA”) for which the District has elected to have subsection (f) of Section 6431 of the Code apply.

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

(q) **“Information Services”** means Financial Information, Inc.’s Financial Daily Called Bond Service; Mergent, Inc., Called Bond Department; or Standard & Poor’s J. J. Kenny Information Services Called Bond Service.

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

(s) **“Nominee”** means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 6(c) hereof.

(t) **“Owner”** means the registered owner of a Bond as set forth on the registration books maintained by the Bond Registrar pursuant to Section 8 hereof.

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

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

(w) **“Rating Agencies”** means Standard & Poor’s Rating Services and Moody’s Investor’s Services.

(x) **“Record Date”** means, with respect to Current Interest Bonds, the close of business on the fifteenth day of the month preceding each Bond Payment Date.

(y) **“Required QSC Bond Reserve Fund Balance”** means, as of any date, the aggregate amount of all Mandatory QSC Bond Reserve Fund Payments which are required to be on deposit in the QSC Bond Reserve Fund as of that date.

(z) **“Securities Depository”** means, with respect to the Bonds, The Depository Trust Company, 55 Water Street, New York, New York 10041, Tel: (212) 855-1000 or Fax: (212) 855-7320.

(aa) **“Taxable Bonds”** means any Bonds not issued as Tax-Exempt Bonds.

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

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

(dd) **“Transfer Amount”** means, (i) with respect to any Outstanding Current Interest Bond, the Principal Amount, (ii) with respect to any Outstanding Capital Appreciation Bond, the Maturity Value and, (iii) with respect to any Outstanding Convertible Capital Appreciation Bonds, the Conversion Value.

(ee) **“Treasurer”** means, the Tax Collector-Treasurer of the County of San Mateo or any authorized deputy thereof.

(ff) **“QSC Bond Reserve Fund”** means the fund by that name established and held by the Tax Collector-Treasurer of the County under Section 21.

**SECTION 6. Terms of the Bonds.** (a) Denomination, Interest, Dated Dates. The Bonds shall be issued as Bonds registered as to both principal and interest, in the following denominations: (i) with respect to the Current Interest Bonds, \$5,000 Principal Amount or any integral multiple thereof, (ii) with respect to the Capital Appreciation Bonds, \$5,000 Maturity Value, or any integral multiple thereof (except for one odd denomination), and (iii) with respect to Convertible Capital Appreciation Bonds, \$5,000 Conversion Value or any integral multiple thereof.

Each Capital Appreciation Bond shall be dated, and shall accrete interest from, its date of initial issuance unless otherwise set forth in the Purchase Contract. Capital Appreciation Bonds will not bear interest on a current basis.

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

Date. Interest on the Current Interest Bonds shall be computed on the basis of a 360-day year of 12, 30-day months.

The Bonds shall bear or accrete interest at a rate or rates such that the interest rate shall not exceed the maximum rate permitted by law. Interest shall be payable on the respective Bond Payment Dates. No Bond shall mature later than the date which is 25 years after the date of issuance of the Bonds.

The Capital Appreciation Bonds shall mature in the years, shall be issued in aggregate Principal Amounts, shall have Accretion Rates and shall have denominational amounts per each \$5,000 in Maturity Value as shown in the Accreted Value Table attached to the Official Statement. The Convertible Capital Appreciation Bonds shall mature in the years, shall be issued in the aggregate Principal Amounts, shall have Accretion Rates and shall have denominational amounts per each \$5,000 in Conversion Value as shown in such Accreted Value Table; provided, that in the event that the amount shown in such Accreted Value Table and the Accreted Value caused to be calculated by the District and approved by the Bond Insurer, if any, by application of the definition of Accreted Value set forth in Section 5 differ, the latter amount shall be the Accreted Value of such Capital Appreciation Bond or Convertible Capital Appreciation Bond, as applicable.

The Convertible Capital Appreciation Bonds shall convert to Current Interest Bonds on the Conversion Date. During the period while the Convertible Capital Appreciation Bonds are in the form of Capital Appreciation Bonds, they will not bear interest but will accrete value through the Conversion Date. From and after the Conversion Date, the Convertible Capital Appreciation Bonds will bear interest as Current Interest Bonds, and such interest will accrue based upon the Conversion Value of such Bonds at the Conversion Date. No payment will be made to the Owners of Convertible Capital Appreciation Bonds on the Conversion Date.

With respect to Bonds issued as Direct-Payment QSC Bonds, the District expects to receive, on or about each semi-annual interest payment date for the Bonds, a cash subsidy payment from the United States Treasury equal to the lesser of (a) the interest payable on such Direct-Payment QSC Bonds on such interest payment date or (b) the amount of interest that would have been payable on such interest payment date under such Direct-Payment QSC Bonds if such interest were determined under at the applicable credit rate determined under Section 54A(b)(3) of the Code (each a "Subsidy Payment". The District has directed the Bond Registrar, prior to each such interest payment date for the Bonds, to submit or cause to be submitted to the United States Department of the Treasury a subsidy reimbursement request in accordance with applicable Federal regulations. Upon receipt of such subsidy, the District shall deposit or cause to be deposited any such cash subsidy payments into the debt service fund for the Bonds maintained by the County.

To the extent that the Bonds are issued as QSC Bonds, such Bonds shall have, in addition to any applicable terms and provisions herein, such additional terms and provisions as may be set forth in the Purchase Contract.



(b) Redemption.

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

(ii) Mandatory Redemption. Any Bonds sold as Term Bonds shall be subject to mandatory redemption as provided in the Purchase Contract.

(iii) Selection of Bonds for Redemption. Whenever provision is made in this Resolution for the optional redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Bond Registrar identified below, upon written instruction from the District, shall select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Bond Registrar shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Bond Registrar shall determine; provided, however, that (A) the portion of any Current Interest Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof, (B) the portion of any Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000 Maturity Value thereof, and (C) the portion of any Convertible Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000 Conversion Value thereof, and further provided that the Purchase Contract may provide that, within a maturity, Bonds shall be selected for redemption on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures, provided further that, such redemption is made in accordance with the operational arrangements of DTC then in effect.

(iv) Notice of Redemption. When redemption is authorized or required pursuant to Section 6(b)(i) and (ii) hereof, the Bond Registrar, upon the written instruction from the District, shall give notice (a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, the date of redemption, the place or places where the redemption will be made, including the name and address of the Bond Registrar, the redemption price, the CUSIP numbers (if any) assigned to the Bonds to be redeemed, the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount, Conversion Value, or Accreted Value of such Bond to be redeemed, and the original issue date, interest rate or Accretion Rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed, the redemption price thereof, together with the interest accrued or accreted to the redemption date, and that from and after such date, interest with respect thereto shall cease to accrue or accrete.

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

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

(b) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to each of the Securities Depository.

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

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

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

(vi) Effect of Notice of Redemption. Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside in the District's Debt Service Fund, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in Section 6(b)(i) and (ii) hereof, together with interest accrued to such redemption date, shall be held by the Bond Registrar so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue or accrete and become payable. All money held by or on behalf of the Bond Registrar for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section 6 shall be cancelled upon surrender thereof and be delivered

to or upon the order of the County and the District. All or any portion of a Bond purchased by the County or the District shall be cancelled by the Bond Registrar.

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

(c) Book-Entry System.

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

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

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

(ii) Election of Book-Entry System. The Bonds shall initially be delivered in the form of a separate single fully-registered bond (which may be typewritten) for each maturity date of such Bonds in an authorized denomination (except for any odd denomination Capital Appreciation Bond). The ownership of each such Bond shall be registered in the Bond Register (as defined below) in the name of the Nominee, as nominee of the Depository and ownership of the Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 6(c)(ii)(4).

With respect to book-entry Bonds, the District and the Bond Registrar shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Bonds. Without limiting the immediately preceding sentence, the District and the Bond Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Bonds, (ii) the delivery to any Participant or any other person, other than an owner as shown in the Bond Register, of any notice with respect to book-entry Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Bonds to be prepaid in the event the District redeems the Bonds in part, or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to Accreted Value, Conversion Value, Principal, premium, if any, or interest on the book-entry Bonds. The

District and the Bond Registrar may treat and consider the person in whose name each book-entry Bond is registered in the Bond Register as the absolute owner of such book-entry Bond for the purpose of payment of Accreted Value, Conversion Value or Principal of and premium and interest on and to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Registrar shall pay all Accreted Value, Conversion Value or Principal of and premium, if any, and interest on the Bonds only to or upon the order of the respective owner, as shown in the Bond Register, or his or her respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of Accreted Value, Conversion Value or Principal of, and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the Bond Register, shall receive a certificate evidencing the obligation to make payments of Accreted Value, Conversion Value, or Principal of, and premium, if any, and interest on the Bonds. Upon delivery by the Depository to the owner and the Bond Registrar, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to the Record Date, the word Nominee in this Resolution shall refer to such nominee of the Depository.

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

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

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

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

4. Transfer of Bonds to Substitute Depository.

(A) The Bonds shall be initially issued as described in this Resolution as may be modified by the Purchase Contract. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(1) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to Section 6(c)(ii)(4)(A)(2) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

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

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

(B) In the case of any transfer pursuant to Section 6(c)(ii)(4)(A)(1) or (2), upon receipt of all outstanding Bonds by the Bond Registrar, together with a written request of the District to the Bond Registrar designating the Substitute Depository, a single new Bond, which the District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Bonds then outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written

request of the District. In the case of any transfer pursuant to Section 6(c)(ii)(4)(A)(3), upon receipt of all outstanding Bonds by the Bond Registrar, together with a written request of the District to the Bond Registrar, new Bonds, which the District shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the District, provided that the Bond Registrar shall not be required to deliver such new Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the District.

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

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

**SECTION 7. Execution of Bonds.** The Bonds shall be signed by the President of the Board of Supervisors of the County by his or her manual or facsimile signature and by the Treasurer by his or her manual signature, and countersigned by the manual or facsimile signature of the Clerk of the Board of Supervisors, all in their official capacities. No Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Bond is signed by the Bond Registrar as authenticating agent. Authentication by the Bond Registrar shall be conclusive evidence that the Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution.

**SECTION 8. Bond Registrar; Transfer and Exchange.** So long as any of the Bonds remain outstanding, the District will cause the Bond Registrar to maintain and keep at its designated office all books and records necessary for the registration, exchange and transfer of the Bonds as provided in this Section. Subject to the provisions of Section 9 below, the person in whose name a Bond is registered on the

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

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount upon presentation and surrender at the designated office of the Bond Registrar, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Bond Registrar. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the designated office of the Bond Registrar together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Bond Registrar. Upon exchange or transfer, the Bond Registrar shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date. Capital Appreciation Bonds, Convertible Capital Appreciation Bonds and Current Interest Bonds may not be exchanged for one another.

If any Bond shall become mutilated, the County, at the expense of the Owner of said Bond, shall execute, and the Bond Registrar shall thereupon authenticate and deliver, a new Bond of like series, tenor and Transfer Amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Bond Registrar of the Bond so mutilated. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Bond Registrar and, if such evidence be satisfactory to the Bond Registrar and indemnity for the Bond Registrar, the County and the District satisfactory to the Bond Registrar shall be given by the owner, the County, at the expense of the Bond owner, shall execute, and the Bond Registrar shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Bond Registrar may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Bond Registrar). The Bond Registrar may require payment of a reasonable fee for each new Bond issued under this paragraph and of the expenses which may be incurred by the County and the Bond Registrar.

If manual signatures on behalf of the County are required in connection with an exchange or transfer, the Bond Registrar shall undertake the exchange or transfer of Bonds only after the new Bonds are signed by the authorized officers of the County. In all cases of exchanged or transferred Bonds, the County shall sign and the Bond Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All fees and costs of transfer shall be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or

transfer. All Bonds issued upon any exchange or transfer shall be valid obligations of the District, evidencing the same debt, and entitled to the same security and benefit under this Resolution as the Bonds surrendered upon that exchange or transfer.

Any Bond surrendered to the Bond Registrar for payment, retirement, exchange, replacement or transfer shall be cancelled by the Bond Registrar. The District and the County may at any time deliver to the Bond Registrar for cancellation any previously authenticated and delivered Bonds that the District and the County may have acquired in any manner whatsoever, and those Bonds shall be promptly cancelled by the Bond Registrar. Written reports of the surrender and cancellation of Bonds shall be made to the District and, as requested by the County, to the County by the Bond Registrar on or before February 1 and August 1 of each year. The cancelled Bonds shall be retained for three years, then returned to the District or destroyed by the Bond Registrar as directed by the District.

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

**SECTION 9. Payment.** Payment of interest on any Current Interest Bond on any Bond Payment Date shall be made to the person appearing on the registration books of the Bond Registrar as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by wire transfer or check mailed to such Owner on the Bond Payment Date at the address as it appears on such registration books or at such other address as he may have filed with the Bond Registrar for that purpose on or before the Record Date. The Owner in an aggregate Principal Amount, Conversion Value or Maturity Value of One Million Dollars (\$1,000,000) or more may request in writing to the Bond Registrar that such Owner be paid interest by wire transfer to the bank and account number on file with the Bond Registrar as of the Record Date. The principal, and redemption premiums, if any, payable on the Current Interest Bonds, the Accreted Value and redemption premiums, if any, payable on the Capital Appreciation Bonds and the Conversion Value and redemption premiums, if any, payable on the Convertible Capital Appreciation Bonds shall be payable upon maturity or redemption upon surrender at the designated office of the Bond Registrar. The interest, Accreted Value, Conversion Value, Principal and premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The Bond Registrar is hereby authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The Bonds are general obligations of the District, payable solely from *ad valorem* taxes collected pursuant to Section 14. The Bonds shall not constitute an obligation of the County, and no part of any fund of the County is pledged or obligated to the payment of the Bonds.



**SECTION 10. Form of Bonds.** The Bonds shall be in substantially the following form, allowing those officials executing the Bonds to make the insertions and deletions necessary to conform the Bonds to this Resolution and the Purchase Contract.

[REMAINDER OF PAGE LEFT BLANK]



defined below; and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite fifty-five percent vote of the voters of the District cast at an election held on November 6, 2007 (the "Election"), upon the question of issuing bonds in the amount of \$48,300,000, the resolution of the Board of Trustees of the Burlingame Elementary School District (the "District"), adopted on February 8, 2011 (the "District Resolution") and the resolution of the County Board of Supervisors adopted on February 15, 2011 (the "Bond Resolution"). This bond and the issue of which this bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount consistent with California Education Code Sections 15250 and 15252. The bonds of this issue are general obligations of the District and do not constitute an obligation of the County except as may be provided in the Bond Resolution. No part of any fund of the County is pledged or obligated to the payment of the bonds of this issue.

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

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

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

The Current Interest Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their fixed maturity dates. The Current Interest Bonds maturing on or after August 1, 20\_\_ are subject to redemption on or after August 1, 20\_\_ at the option of the District, as a whole or in part, on any date, at a redemption price equal to

the principal amount of the Current Interest Bonds called for redemption, plus interest accrued thereon to the date fixed for redemption:

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

<u>Redemption Dates</u>	<u>Principal Amounts</u>
-------------------------	--------------------------

TOTAL

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

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

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

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

**IN WITNESS WHEREOF**, the County of San Mateo, California, has caused this BURLINGAME ELEMENTARY SCHOOL DISTRICT (SAN MATEO COUNTY, CALIFORNIA), ELECTION OF 2007 GENERAL OBLIGATION BONDS, SERIES C, CURRENT INTEREST BOND to be executed on behalf of the Burlingame Elementary School District and in their official capacities by the manual or facsimile signature of the President of the Board of Supervisors of the County and by the manual signature of the Tax Collector-Treasurer of the County, and to be countersigned by the manual or facsimile signature of the Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

**COUNTY OF SAN MATEO, CALIFORNIA**

By: \_\_\_\_\_  
President of the Board of Supervisors

By: \_\_\_\_\_  
Tax Collector-Treasurer

COUNTERSIGNED:

\_\_\_\_\_  
Clerk of the Board of Supervisors

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on \_\_\_\_\_, 2011.

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Bond Registrar

By: \_\_\_\_\_  
Authorized Signatory

**QUALIFIED TAX-EXEMPT OBLIGATION**

This Bond 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.

**ASSIGNMENT**

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

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the within bond in every particular, without alteration or any change whatever, and the signature(s) must be guaranteed by an eligible guarantor institution.

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

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



which this bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount consistent with California Education Code Sections 15250 and 15252. The bonds of this issue are general obligations of the District and do not constitute an obligation of the County except as may be provided in the Bond Resolution. No part of any fund of the County is pledged or obligated to the payment of the bonds of this issue.

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

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

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

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

**Redemption Dates**

August 1, 20\_\_

August 1, 20\_\_

August 1, 20\_\_

**Accreted Values**

Reference is made to the Bond Resolution for a more complete description of the provisions, among others, with respect to the nature and extent of the security for the Capital Appreciation Bonds of this Series, the rights, duties and obligations of the District, the County, the Bond Registrar and the Registered Owners, and the terms and



conditions upon which the bonds are issued and secured. The Registered Owner of this bond assents, by acceptance hereof, to all of the provisions of the Bond Resolution.

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

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

**IN WITNESS WHEREOF**, the County of San Mateo, California, has caused this BURLINGAME ELEMENTARY SCHOOL DISTRICT (SAN MATEO COUNTY, CALIFORNIA), ELECTION OF 2007 GENERAL OBLIGATION BONDS, SERIES C, CAPITAL APPRECIATION BOND to be executed on behalf of the Burlingame Elementary School District and in their official capacities by the manual or facsimile signature of the President of the Board of Supervisors of the County and by the manual signature of the Tax Collector-Treasurer of the County, and to be countersigned by the manual or facsimile signature of the Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

**COUNTY OF SAN MATEO, CALIFORNIA**

By: \_\_\_\_\_  
President of the Board of Supervisors

By: \_\_\_\_\_  
Tax Collector-Treasurer

COUNTERSIGNED:

\_\_\_\_\_  
Clerk of the Board of Supervisors

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on \_\_\_\_\_, 2011.

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Bond Registrar

By: \_\_\_\_\_  
Authorized Signatory

**QUALIFIED TAX-EXEMPT OBLIGATION**

This Bond 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.

## ASSIGNMENT

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

Dated: \_\_\_\_\_

Signature Guaranteed:

  
  

\_\_\_\_\_

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or by any change whatever, and the signature(s) must be guaranteed by an eligible guarantor institution.

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

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

(Attach form of Legal Opinion)

(Form of Convertible Capital Appreciation Bond)

REGISTERED  
CONVERTIBLE CAB NO.

REGISTERED  
\$

BURLINGAME ELEMENTARY SCHOOL DISTRICT  
(SAN MATEO COUNTY, CALIFORNIA)  
ELECTION OF 2007 GENERAL OBLIGATION BONDS, SERIES C

ACCRETION RATE TO CONVERSION DATE	CONVERSION DATE	INTEREST RATE AFTER THE CONVERSION DATE	MATURITY DATE	DATED AS OF:	CUSIP
_____%	August 1, 20__	_____%	August 1, 20__	_____, 2011	

REGISTERED OWNER: CEDE & CO.

DENOMINATIONAL AMOUNT:

CONVERSION VALUE :

The Burlingame Elementary School District (the "District") in San Mateo County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Conversion Value on the Maturity Date, each as stated above, such Conversion Value comprising the Denominational Amount and interest accreted thereon to the Conversion Date. Prior to the Conversion Date, this bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing August 1, 2011 at the Accretion Rate specified above to the Conversion Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the Denominational Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of 12, 30-day months. After the Conversion Date, the District promises to pay to the Registered Owner named above, interest on the Conversion Value from the Conversion Date until the Conversion Value is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing February 1, 20\_\_. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16<sup>th</sup> day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear such interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 20\_\_, in which event it will bear interest from the Conversion Date. Conversion Value and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the

"Registered Owner") on the Register maintained by the Bond Registrar, initially The Bank of New York Mellon Trust Company, N.A. Accreted Value or Conversion Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the designated corporate trust office of the Bond Registrar.

This bond is one of an authorization of \$\_\_\_\_\_ of bonds approved to raise money for the purposes authorized by voters of the District at the Election, as defined below; and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite fifty-five percent vote of the voters of the District cast at an election held on November 6, 2007 (the "Election"), upon the question of issuing bonds in the amount of \$48,300,000, the resolution of the Board of Trustees of the Burlingame Elementary School District (the "District"), adopted on February 8, 2011 (the "District Resolution") and the resolution of the County Board of Supervisors adopted on February 15, 2011 (the "Bond Resolution"). This bond and the issue of which this bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount consistent with California Education Code Sections 15250 and 15252. The bonds of this issue are general obligations of the District and do not constitute an obligation of the County except as may be provided in the Bond Resolution. No part of any fund of the County is pledged or obligated to the payment of the bonds of this issue.

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

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

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

The Convertible Capital Appreciation Bonds may be redeemed prior to their respective stated maturity dates at the option of the District, from any source of funds, on August 1, 20\_\_ or on any date thereafter, in whole or in part, at a redemption price equal to the Conversion Value of the Convertible Capital Appreciation Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

The Convertible Capital Appreciation Bonds maturing on August 1, 20\_\_ are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20\_\_, at a redemption price equal to the Conversion Value thereof, at the date fixed for redemption, without premium. The Conversion Value represented by such Bonds to be so redeemed and the dates therefor and the final payment date is as indicated in the following table:

Redemption Date (August 1)	<u>Conversion Value</u>
	\$
Total:	\$
(1) Final Maturity	

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

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

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

**IN WITNESS WHEREOF**, the County of San Mateo, California, has caused this BURLINGAME ELEMENTARY SCHOOL DISTRICT (SAN MATEO COUNTY, CALIFORNIA), ELECTION OF 2007 GENERAL OBLIGATION BONDS, SERIES C, CONVERTIBLE CAPITAL APPRECIATION BOND to be executed on behalf of the Burlingame Elementary School District and in their official capacities by the manual or facsimile signature of the President of the Board of Supervisors of the County and by the manual signature of the Tax Collector-Treasurer of the County, and to be countersigned by the manual or facsimile signature of the Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

**COUNTY OF SAN MATEO, CALIFORNIA**

By: \_\_\_\_\_  
President of the Board of Supervisors

By: \_\_\_\_\_  
Tax Collector-Treasurer

COUNTERSIGNED:

\_\_\_\_\_  
Clerk of the Board of Supervisors

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on \_\_\_\_\_, 2011.

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Bond Registrar

By: \_\_\_\_\_  
Authorized Signatory

**QUALIFIED TAX-EXEMPT OBLIGATION**

This Bond 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.

## ASSIGNMENT

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

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or by any change whatever, and the signature(s) must be guaranteed by an eligible guarantor institution.

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

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

(Attach form of Legal Opinion)





defined below; and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite fifty-five percent vote of the voters of the District cast at an election held on November 6, 2007 (the "Election"), upon the question of issuing bonds in the amount of \$48,300,000, the resolution of the Board of Trustees of the Burlingame Elementary School District (the "District"), adopted on February 8, 2011 (the "District Resolution") and the resolution of the County Board of Supervisors adopted on February 15, 2011 (the "Bond Resolution"). This bond and the issue of which this bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount consistent with California Education Code Sections 15250 and 15252. The bonds of this issue are general obligations of the District and do not constitute an obligation of the County except as may be provided in the Bond Resolution. No part of any fund of the County is pledged or obligated to the payment of the bonds of this issue.

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

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

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

The Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their fixed maturity dates. The Current Interest Bonds maturing on or after August 1, 20\_\_ are subject to redemption at the option of the District, as a whole or in part, on any date on or after August 1, 20\_\_, at a redemption price equal to 100% of the principal amount of the Bonds called for redemption, plus interest accrued thereon to the date fixed for redemption, without premium.

[The Bonds are subject to extraordinary mandatory redemption, in whole or in part, on \_\_\_\_\_, 20\_\_, in authorized denominations, at a redemption price equal to the principal amount of the Bonds called for redemption, in an amount equal to the unexpended proceeds of the sale of the Bonds held by the District, but only to the extent that the District fails to expend all of the proceeds of the Bonds for certain qualified purposes as required by Section 54F of the Internal Revenue Code within three years of issuance thereof and no extension of the period for expenditure has been granted by the Internal Revenue Service.

Upon the occurrence of an Extraordinary Event (as defined below) the Bonds shall be subject to redemption, at the option of the District, prior to their maturity date, in whole or in part, on the date designated by the District, which date shall be a date prior to \_\_\_\_\_ 1, 20\_\_, at the Make-Whole Redemption Price (defined below).

The "Make-Whole Redemption Price" means the amount equal to the greater of the following:

1. the initial offering price of the Bonds set forth in the Purchase Contract (but not less than 100% of the principal amount of the Bonds to be prepaid); or
2. the sum of the present value of the remaining scheduled payments of principal and interest with respect to the Bonds to be redeemed to the maturity date of such Bonds, not including any portion of those payments of interest accrued and unpaid as of the date on which the Bonds are to be redeemed, discounted to the date on which the Bonds are to be redeemed on a semiannual basis, assuming a 360-day year containing twelve 30-day months, at the Treasury Rate, plus \_\_\_\_ basis points, plus in each case accrued interest on the Bonds to be redeemed to the redemption date.

For the purpose of determining the Make-Whole Redemption Price, "Treasury Rate" means, with respect to any redemption date for a particular Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) (the "Statistical Release") that has become publicly available at least two Business Days prior to the redemption date (excluding inflation-indexed securities) (or, if the Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Bonds to be redeemed; provided, however that if the period from the redemption date to the maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

The term "Extraordinary Event" means (a) a final determination by the Internal Revenue Service ("IRS") (after the District has exhausted all administrative appeal remedies) determining that an Accountable Event of Loss of Qualified School Construction Bond Status has occurred and specifying the Date of Loss of Qualified School Construction Bond Status; (b) a non-appealable holding by a court of competent jurisdiction holding that an Accountable Event of Loss of Qualified School Construction Bond Status has occurred and specifying the Date of Loss of Qualified School

Construction Bond Status; (c) the occurrence of a material adverse change under Section 54F or 6431 of the Code; (d) the publication by the IRS or the United States Treasury of any guidance with respect to such sections; or (e) any other determination by the IRS or the United States Treasury, which determination is not the result of a failure of the District to satisfy certain requirements of the Resolutions, if as a result of an event as described in (c), (d), or (e) of this sentence, the Direct Subsidy payments expected to be received with respect to the Bonds are eliminated or reduced, as reasonably determined by the Superintendent of the District or his designee, which determination shall be conclusive.

Selection of maturities and the amounts of the Bonds of each maturity to be redeemed shall be determined by the Paying Agent in such equitable manner as it may determine.]

The County shall cause the tax levy imposed to pay the principal of and interest on the Bonds to be adjusted, as necessary, to reflect any reduction of Subsidy Payments.

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

Redemption Dates

Principal  
Amounts

TOTAL

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

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

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

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

**IN WITNESS WHEREOF**, the County of San Mateo, California, has caused this BURLINGAME ELEMENTARY SCHOOL DISTRICT (SAN MATEO COUNTY, CALIFORNIA), ELECTION OF 2007 GENERAL OBLIGATION BONDS, SERIES C, CURRENT INTEREST BOND to be executed on behalf of the Burlingame Elementary School District and in their official capacities by the manual or facsimile signature of the President of the Board of Supervisors of the County and by the manual signature of the Tax Collector-Treasurer of the County, and to be countersigned by the manual or facsimile signature of the Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

**COUNTY OF SAN MATEO, CALIFORNIA**

By: \_\_\_\_\_  
President of the Board of Supervisors

By: \_\_\_\_\_  
Tax Collector-Treasurer

COUNTERSIGNED:

\_\_\_\_\_  
Clerk of the Board of Supervisors

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on \_\_\_\_\_, 2011.

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., as Bond Registrar

By: \_\_\_\_\_  
Authorized Signatory

**ASSIGNMENT**

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

Dated: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the within bond in every particular, without alteration or any change whatever, and the signature(s) must be guaranteed by an eligible guarantor institution.

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

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

**SECTION 11. Delivery of Bonds.** The proper officials of the County shall cause the Bonds to be prepared and, following their sale, shall have the Bonds signed and delivered, together with a true transcript of proceedings with reference to the issuance of the Bonds, to the original purchaser upon payment of the purchase price therefor.

**SECTION 12. Deposit of Proceeds of Bonds.** The proceeds from the sale of the Bonds, to the extent of the Denominational Amount and the Principal Amount thereof, shall be paid to the County to the credit of the fund hereby created and established and to be known as the "Burlingame Elementary School District Election of 2007 General Obligation Bonds, Series C Building Fund" (the "Building Fund") of the District, shall be kept separate and distinct from all other District and County funds, and those proceeds shall be used solely for the purpose for which the Bonds are being issued and provided further that such proceeds shall be applied solely to the purposes of the Election. The County shall have no responsibility for assuring the proper use of the Bond proceeds by the District. The Building Fund may contain subaccounts if the Bonds are issued in more than one series. The accrued interest and any premium received by the County from the sale of the Bonds shall be kept separate and apart in the fund hereby created and established and to be designated as the "Burlingame Elementary School District Election of 2007 General Obligation Bonds, Series C Debt Service Fund" (the "Debt Service Fund") for the Bonds and used only for payment of Accreted Value, Conversion Value, or Principal of and interest on the Bonds. Interest earnings on monies held in the Building Fund shall be retained in the Building Fund. Interest earnings on monies held in the Debt Service Fund shall be retained in the Debt Service Fund. Any excess proceeds of the Bonds not needed for the authorized purposes set forth herein for which the Bonds are being issued upon written notice from the District shall be transferred to the Debt Service Fund and applied to the payment of Accreted Value, Conversion Value or Principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the General Fund of the District. Costs associated with the issuance of the Bonds shall be paid by the District from moneys deposited in the Building Fund or by the Underwriter, on behalf of the District, from premium paid on the Bonds and not received by the County.

Subject to federal tax restrictions, monies in the funds created hereunder shall be invested at the County Treasurer's discretion pursuant to law and the investment policy of the County. The County makes no assurances regarding the use or application of proceeds of the Bonds.

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

**SECTION 13. Rebate Fund.**

(a) The District shall create and establish a special fund designated the "Burlingame Elementary School District Election of 2007 General Obligation Bonds,



Series C Rebate Fund” (the “Rebate Fund”). All amounts at any time on deposit in the Rebate Fund shall be held in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the “Rebate Requirement”) pursuant to Section 148 of the Code, and the Treasury Regulations promulgated thereunder (the “Treasury Regulations”). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and by the Tax Certificate to be executed by the District.

(b) Within forty-five (45) days of the end of each fifth Bond Year (as such term is defined in the Tax Certificate), (1) the District shall calculate or cause to be calculated with respect to the Bonds the amount that would be considered the “rebate amount” within the meaning of Section 1.148-3 of the Treasury Regulations, using as the “computation date” for this purpose the end of such Bond Year, and (2) the District shall deposit to the Rebate Fund from amounts on deposit in the other funds established hereunder or from other District funds, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the “rebate amount” so calculated. The District shall not be required to deposit any amount to the Rebate Fund in accordance with the preceding sentence, if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the “rebate amount” calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section. The District shall not be required to calculate the “rebate amount” and shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Bonds (including amounts treated as proceeds of the Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Section 148(f)(4)(B) or Section 148(f)(4)(C) of the Code or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the District under Section 148(f)(4)(C)(vii) of the Code to pay a one and one-half percent (1½%) penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Section 148(f)(4)(A)(ii) of the Code for amounts in a “bona fide debt service fund.” In such event, and with respect to such amounts, the District shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

(c) Any funds remaining in the Rebate Fund after redemption of all the Bonds and any amounts described in paragraph (2) of subsection (d) of this Section, or provision made therefor satisfactory to the District, including accrued interest, shall be remitted to the District.

(d) Subject to the exceptions contained in subsection (b) of this Section to the requirement to calculate the “rebate amount” and make deposits to the Rebate Fund, the District shall pay to the United States, from amounts on deposit in the Rebate Fund,

(1) not later than sixty (60) days after the end of (i) the fifth (5th) Bond Year, and (ii) each fifth (5th) Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the “rebate amount”

calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and

(2) not later than sixty (60) days after the payment of all Bonds, an amount equal to one hundred percent (100%) of the "rebate amount" calculated as of the date of such payment (and any income attributable to the "rebate amount" determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

(e) In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall calculate (or have calculated) the amount of such deficiency and deposit an amount equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(f) Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201, on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, such form to be prepared or caused to be prepared by the District.

(g) In the event that immediately following the calculation required by subsection (b) of this Section, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the "rebate amount" calculated in accordance with said subsection, the District may withdraw the excess from the Rebate Fund and credit such excess to the Debt Service Fund.

(h) The District shall retain records of all determinations made hereunder until three years after the complete retirement of the Bonds.

(i) Notwithstanding anything in this Resolution to the contrary, the rebate requirement shall survive the payment in full or defeasance of the Bonds.

**SECTION 14. Security for the Bonds.** There shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem* tax annually during the period the Bonds are outstanding in an amount sufficient to pay the principal, Conversion Value and Accreted Value of and interest on the Bonds when due, which monies when collected will be placed in the Debt Service Fund of the District, which fund is irrevocably pledged for the payment of the principal, Conversion Value and Accreted Value of and interest on the Bonds when and as the same fall due. To the extent that the receipt and deposit of the Subsidy Payments with respect to the Bonds issued as Direct-Payment QSC Bonds is delayed or reduced, the County shall adjust the tax levy authorized hereby as necessary.

**SECTION 15. Arbitrage Covenant.** The County acknowledges that the District has covenanted that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary, so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code and the applicable regulations

prescribed under that Section or any predecessor Section. Calculations for determining arbitrage requirements are the sole responsibility of the District.

**SECTION 16. Conditions Precedent.** Based in part on representations of the District, this Board determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

**SECTION 17. Official Statement.** The District has authorized Stradling Yocca Carlson & Rauth, a Professional Corporation to prepare a Preliminary Official Statement and an Official Statement relating to the Bonds to be used in connection with the offering and sale of the Bonds in such time and manner as to conform with the requirements of Rule 15c2-12 of the Securities and Exchange Commission.

**SECTION 18. Insurance.** In the event the District purchases bond insurance for the Bonds, and to the extent that the Bond Insurer makes payment of the principal, interest or Accreted Value on the Bonds, it shall become the owner of such Bonds with the right to payment of principal, interest or Accreted Value on the Bonds, and shall be fully subrogated to all of the Owners' rights, including the Owners' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims that were past due interest components, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books for the Bonds maintained by the Paying Agent upon receipt of a copy of the cancelled check issued by the Bond Insurer for the payment of such interest to the Owners of the Bonds, and (ii) in the case of subrogation as to claims for past due Principal or Accreted Value, the Paying Agent shall note the Bond Insurer as subrogee on the registration books for the Bonds maintained by the Paying Agent upon surrender of the Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer.

**SECTION 19. Defeasance.** All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with the Bond Registrar or with an independent escrow agent selected by the District an amount of cash which together with amounts then on deposit in the Debt Service Fund (as hereinafter defined) is sufficient to pay all Bonds outstanding and designated for defeasance, including all principal, Conversion Value, Maturity Value and interest and premium, if any; or

(b) Government Obligations: by irrevocably depositing with the Bond Registrar or with an independent escrow agent selected by the District noncallable Government Obligations together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and moneys then on deposit in the Debt Service Fund together with the interest to accrue thereon, be fully sufficient to

pay and discharge all Bonds outstanding and designated for defeasance (including all Principal, Conversion Value, Maturity Value and interest represented thereby and prepayment premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District and the County with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the County and the Bond Registrar or an independent escrow agent selected by the District, to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of this Section, to the owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

For purposes of this Section, "Government Obligations" shall mean:

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

**SECTION 20. Other Actions.** Officers of the Board and County officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

**SECTION 21. Qualified School Construction Bonds; QSC Bond Reserve Fund.** To the extent necessary and as provided in the Purchase Contract, the County shall establish, hold and maintain a fund to be known as the Burlingame Elementary School District Election of 2010 General Obligation Bonds QSC Bond Reserve Fund (the "QSC Bond Reserve Fund"), to be maintained by the Treasurer of the County as a separate account, distinct from all other funds of the County and the District. An amount equal to the Required QSC Bond Reserve Fund Balance shall be maintained on

deposit in the QSC Bond Reserve Fund at all times. The QSC Bond Reserve Fund is hereby pledged for the payment of the principal of the QSC Bonds when due, including the principal coming due and payable if the QSC Bonds are redeemed pursuant to Section 6(b) hereof. In the event of a redemption of QSC Bonds prior to maturity, the District will provide the County with a revised schedule of Mandatory QSC Bond Reserve Fund Payments. Amounts in the QSC Bond Reserve Fund, to the extent necessary to pay the principal of the QSC Bonds when due, shall be transferred by the County to the Paying Agent as required. The QSC Bond Reserve Fund shall be funded in accordance the restrictions of that certain Tax Certificate to be executed and delivered by the District on the date of issuance of such QSC Bonds (the "QSC Bond Tax Certificate").

**SECTION 22. Limited Duties of County; Indemnification.** The County, including its Board, officers, officials, agents and employees, shall undertake only those duties of the County under this Resolution which are specifically set forth in this Resolution, and even during the continuance of an event of the District's default with respect to the repayment of the Bonds, including interest thereon, no implied covenants or obligations shall be read in this Resolution against the County, including its Board, officers, officials, agents and employees. The County acknowledges that the District has agreed to indemnify, defend, and hold harmless the County, including its Board, officers, officials, agents and employees, against the payment of any and all liabilities, losses, costs and expenses (including attorneys fees and court costs), damages and claims which the County, including its Board, officers, officials, agents and employees, may incur in the exercise and performance of its or their powers and duties hereunder which are not due to its or their negligence or bad faith.

**SECTION 23. Distribution of Resolution.** The Clerk of the Board of Supervisors shall send copies of this Resolution to the following:

- a. County Counsel
- b. County Tax Collector-Treasurer
- c. County Auditor-Controller-County Clerk
- d. Burlingame Elementary School District  
1825 Trousdale Drive  
Burlingame, CA 94010  
Attn: Assistant Superintendent/Chief Business Official
- e. Stradling Yocca Carlson & Rauth, Bond Counsel (certified copy)  
44 Montgomery Street, Suite 4200  
San Francisco, CA 94104
- f. Backstrom McCarley Berry & Co., LLC, Financial Advisor  
115 Sansome Street, Mezzanine A  
San Francisco, CA 94104

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

**SECTION 25. Unclaimed Funds.** Notwithstanding any other provisions of this Resolution, any monies held in any fund created pursuant to this Resolution, or by the Bond Registrar in trust, for the payment of the Principal, Conversion Value and Maturity Value of, redemption premium, if any, and interest on the Bonds and remaining unclaimed for one year after the Principal, Conversion Value and Maturity Value of all of the Bonds have become due and payable (whether by maturity or upon prior redemption) shall be, after payment in full of the Bonds, transferred to the general fund of the District to be applied in accordance with law; provided, however, that the Bond Registrar, before making such payment, shall cause notice to be mailed to the Owners of all Bonds that have not been paid, by first-class mail at the addresses on the Bonds Register, postage prepaid, no less than 90 days prior to the date of such payment. Thereafter, the District shall have all responsibility and liability for the payment of such Bonds.

**SECTION 26. Effective Date.** This Resolution shall take effect immediately upon its passage.