

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, CALIFORNIA

RESOLUTION AUTHORIZING THE ISSUANCE AND NEGOTIATED SALE OF BELMONT-REDWOOD SHORES SCHOOL DISTRICT BELMONT ELEMENTARY SCHOOLS FACILITIES IMPROVEMENT DISTRICT (SAN MATEO COUNTY, CALIFORNIA) ELECTION OF 2010 GENERAL OBLIGATION BONDS, IN ONE OR MORE SERIES, IN AN AGGREGATE PRINCIPAL AMOUNT NOT-TO-EXCEED \$31,000,000

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

WHEREAS, a duly called special election (the "Election") was held in the Belmont Elementary Schools Facilities Improvement District (the "Improvement District"), San Mateo County (the "County"), State of California (the "State"), on November 2, 2010, at which the following proposition, known as Measure N (the "Bond Measure"), was submitted to the qualified electors of the Improvement District:

"To continue quality education, shall Belmont-Redwood Shores Elementary School District (SFID) repair/replace leaking roofs, construct, acquire, repair classrooms/facilities/sites/equipment, meet current fire/safety codes, improve disabled access, provide science classrooms/additional classrooms to prevent overcrowding, upgrade technology, replace outdated electrical, plumbing, heating, ventilation, and security systems by issuing \$35,000,000 in bonds at legal rates, qualifying for State matching funds, with citizens' oversight, no funds for administrators, and funds benefiting local schools?"

WHEREAS, at such election, the Bond Measure received the affirmative vote of the requisite fifty-five percent or more of the voters of the Improvement 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, pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Act"), bonds are authorized to be issued for the purposes set forth in the ballot submitted to voters;

WHEREAS, the Board of Supervisors of the County (the "County Board") has received Resolution #28 (amended) (the "School District Resolution"), which has been filed with the Clerk of this Board, adopted by the Board of Trustees of the Belmont-Redwood Shores School District (the "School Board"), acting as the governing board of the Improvement District, which School District Resolution 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 \$31,000,000, at interest rates not-to-exceed that authorized by law, through the issuance by the County Board of general obligation bonds in the name of the Improvement District designated as "Belmont-Redwood

Shores School District Belmont Elementary Schools Facilities Improvement District (San Mateo County, California) Election of 2010 General Obligation Bonds, Series A” (the “Bonds”);

WHEREAS, the Belmont-Redwood Shores School District (the “School District”) has authorized the issuance of the Bonds in one or more series of bonds, and in any combination of Current Interest Bonds, Capital Appreciation Bonds, and Convertible Capital Appreciation Bonds, all as defined herein;

WHEREAS, the School 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 School 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 Stone & Youngberg LLC and Piper Jaffray & Co. (the “Underwriters”) to pre-market the Bonds to potential purchasers prior to the sale, all of which the School Board has determined will contribute to the School District’s goal of achieving the lowest overall cost of funds; and

WHEREAS, the School Board has estimated that the costs associated with the issuance of the Bonds, including compensation to the Underwriters and any such costs which the Underwriters agree to pay pursuant to the Purchase Contract (defined herein), will equal approximately 1.9% of the principal amount of the Bonds; and;

WHEREAS, the School Board has appointed California Financial Services, Santa Rosa, California as Financial Advisor in connection with the issuance of the Bonds;

WHEREAS, the School 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, the School Board has appointed Stone & Youngberg LLC and Piper Jaffray & Co., as Underwriters in connection with the issuance of the Bonds; and

WHEREAS, based on representations made by the School 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 Improvement District, and the indebtedness of the Improvement District and the School 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 Improvement District at the Election, and to pay all necessary legal, financial, engineering and contingent costs in connection therewith, the County Board authorizes the issuance and negotiated sale of the Bonds in the name of the Improvement District pursuant to the Act.

SECTION 2. Paying Agent. 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 "Paying Agent") for the Bonds by the School District.

SECTION 3. Terms and Conditions of Sale. The Treasurer – Tax Collector, as defined below, is hereby authorized to negotiate the sale of the Bonds in consultation with the School District's Superintendent (the "Superintendent") or Assistant Superintendent, Business Services (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, as any combination of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, and in a principal amount not-to-exceed \$31,000,000.

SECTION 4. Approval of Purchase Contract. The form of a Purchase Contract (the "Purchase Contract") by and among the County, the School District and the Underwriters, 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 Treasurer-Tax Collector of the County (the "Treasurer-Tax Collector"), 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 execute such Purchase Contract on behalf of the School District, with such changes therein, deletions therefrom and modifications thereto as the Treasurer-Tax Collector 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 any costs of issuance the Underwriters agree to pay pursuant to the Purchase Contract, shall not exceed 1.0% of the aggregate principal amount of Bonds issued. The Treasurer-Tax Collector 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 \$31,000,000 and to enter into and execute the Purchase Contract with the Underwriters, 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 thereof, as of the date of calculation, the initial principal 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 or conversion thereof, as applicable, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months.

(c) **“Accretion Rate”** means, unless otherwise provided by the Purchase Contract, that rate which, when applied to the initial principal 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, in the case of a Capital Appreciation Bond, and the Conversion Value on the Conversion Date, in the case of a Convertible Capital Appreciation Bond.

(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) (i) with respect to the Current Interest Bonds, February 1 and August 1 of each year, commencing August 1, 2011, with respect to the interest on the Current Interest Bonds, with respect to the principal payments on the Current Interest Bonds, the stated maturity dates thereof, (ii) with respect to the Convertible Capital Appreciation Bonds, February 1 and August 1 of each year, commencing on the first such February 1 or August 1 following the respective Conversion Dates thereof, with respect to the interest on the Convertible Capital Appreciation Bonds and the stated maturity dates thereof, with respect to the principal payments on the Convertible Capital Appreciation Bonds, and (iii) with respect to the Capital Appreciation Bonds, the stated maturity dates thereof, as applicable.

(f) **“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.

(g) **“Continuing Disclosure Certificate”** means that certain Continuing Disclosure Certificate executed by the School 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.

(h) **“Conversion Date”** means, with respect to Convertible Capital Appreciation Bonds, the date from which such Bonds bear current interest.

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

(j) **“Convertible Capital Appreciation Bonds”** means the Bonds the interest component of which is compounded semiannually to the respective Conversion Dates thereof as shown in the table of Accreted Values for such Bonds in the Official Statement, and which bear interest from such respective Conversion Dates on the Conversion Value thereof, payable semiannually on each Bond Payment Date, all as set forth in the Purchase Contract.

(k) **“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.

(l) **“Depository”** means, initially DTC, and thereafter any securities depository acting as Depository pursuant to Section 6(c) hereof.

(m) **“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 Depository for the Bonds.

(n) **“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.

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

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

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

(r) **“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.

(s) **“Paying Agent”** 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.

(t) **“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 initial principal amount thereof.

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

(v) **“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.

(w) **“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.

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

(y) **“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.

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

(aa) **“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.

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

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.

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 40 years after the date of issuance of the Bonds.

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.

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

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 School 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.

(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 Paying Agent identified below, upon written instruction from the School District, shall select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying

Agent shall determine; provided, however, that (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 Paying Agent, upon the written instruction from the School 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 Paying Agent, 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 Paying Agent 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 Paying Agent 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 Paying Agent 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 School 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 School 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 Paying Agent 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 Paying Agent 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 School District. All or any portion of a Bond purchased by the County or the School District shall be cancelled by the Paying Agent.

(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 Paying Agent, in form satisfactory to it, and sufficient moneys shall be held by the Paying Agent 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 Paying Agent for cancellation.

(c) Book-Entry System.

(i) 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)(i)(4).

With respect to book-entry Bonds, the School District and the Paying Agent 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 School District and the Paying Agent 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 School 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 School District and the Paying Agent 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 Paying Agent 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 School 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 Paying Agent, 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 School District and the Paying Agent 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 School District or the Paying Agent 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 Paying Agent shall agree to take all actions necessary at all times so that the School District will be in compliance with all representations of the School District in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the School District and the Paying Agent 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 School District determines that continuation of the book-entry system is not in the best interest of the beneficial owners of the Bonds or the School District, then the School District will discontinue the book-entry system with the Depository. If the School District determines to replace the Depository with another qualified securities depository, the School 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 School 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 School District or the Paying Agent 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 Paying Agent 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)(i)(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 School 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 School 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 School 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)(i)(4)(A)(1) or (2), upon receipt of all outstanding Bonds by the Paying Agent, together with a written request of the School District to the Paying Agent designating the Substitute Depository, a single new Bond, which the School 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 School District. In the case of any transfer pursuant to Section 6(c)(i)(4)(A)(3), upon receipt of all outstanding Bonds by the Paying Agent, together with a written request of the School District to the Paying Agent, new Bonds, which the School 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 School District, provided that the Paying Agent 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 School 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 Paying Agent, all in accordance with the Letter of Representations. The Paying Agent shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(D) The School District and the Paying Agent 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 Paying Agent or the School District; and the

School District and the Paying Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Bonds. Neither the School District nor the Paying Agent 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 Paying Agent 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-Tax Collector 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 Paying Agent as authenticating agent. Authentication by the Paying Agent 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. Paying Agent; Transfer and Exchange. So long as any of the Bonds remain outstanding, the School District will cause the Paying Agent 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 School District, the County nor the Paying Agent 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 School 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 Paying Agent, 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 Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the designated office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent 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 Paying Agent 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 Paying Agent 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 Paying Agent and, if such evidence be satisfactory to the Paying Agent and indemnity for the Paying Agent, the County and the School District satisfactory to the Paying Agent shall be given by the owner, the County, at the expense of the Bond owner, shall execute, and the Paying Agent 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 Paying Agent may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Paying Agent). The Paying Agent 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 Paying Agent.

If manual signatures on behalf of the County are required in connection with an exchange or transfer, the Paying Agent 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 Paying Agent 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 School 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 Paying Agent for payment, retirement, exchange, replacement or transfer shall be cancelled by the Paying Agent. The School District and the County may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Bonds that the School District and the County may have acquired in any manner whatsoever, and those Bonds shall be promptly cancelled by the Paying Agent. Written reports of the surrender and cancellation of Bonds shall be made to the School District and the County, upon request thereof. The cancelled Bonds shall be retained for three years, then returned to the School District or destroyed by the Paying Agent as directed by the School District.

Neither the School District, the County nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 15th day of the month next preceding any Bond Payment Date or 15th 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 Paying Agent 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 Paying Agent 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 Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent 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 Paying Agent. 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 Paying Agent 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 School 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]

This bond is one of an authorization of \$_____ of bonds approved to raise money for the purposes authorized by the voters of the Improvement 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 Improvement District cast at an election held on November 2, 2010 (the "Election"), upon the question of issuing bonds in the amount of \$35,000,000, the resolution of the Board of Trustees of the Belmont-Redwood Shores School District (the "School District"), acting as the Governing Board of the Improvement District adopted on March 17, 2011 (the "School District Resolution") and the resolution of the County Board of Supervisors adopted on April 26, 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 Improvement 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 Improvement 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 Initial Principal Amount and \$_____ represents the Maturity Value and Convertible Capital Appreciation Bonds of which \$_____ represents the Initial Principal 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 Paying Agent, by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, 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 School District, the County and the Paying Agent 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 School District, the County nor the Paying Agent shall be affected by any notice to the contrary.

Neither the School District, the County nor the Paying Agent will be required (a) to issue or transfer any bond during a period beginning with the opening of business on the 15th day of the month next preceding either any Bond Payment Date the 15th 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 School 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:

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 Improvement District in such manner as the School 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 School 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 School District, the County, the Paying Agent 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 School 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 Improvement 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 BELMONT-REDWOOD SHORES SCHOOL DISTRICT BELMONT ELEMENTARY SCHOOLS FACILITIES IMPROVEMENT DISTRICT (SAN MATEO COUNTY, CALIFORNIA), ELECTION OF 2010 GENERAL OBLIGATION BONDS, SERIES A, CURRENT INTEREST BOND to be executed on behalf of the Belmont-Redwood Shores School District Belmont Elementary Schools Facilities Improvement 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 Treasurer-Tax Collector 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: _____
Treasurer-Tax Collector

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 Paying Agent

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.

District”), acting as the Governing Board of the Improvement District adopted on March 17, 2011 (the “School District Resolution”) and the resolution of the County Board of Supervisors adopted on April 26, 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 Improvement 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 Improvement 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 Initial Principal Amount of \$_____ and the Maturity Value of \$_____ and Convertible Capital Appreciation Bonds of which \$_____ represents the Initial Principal 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 Paying Agent, by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, 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 School District, the County and the Paying Agent 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 School District, the County nor the Paying Agent shall be affected by any notice to the contrary.

Neither the School District, the County nor the Paying Agent will be required (a) to issue or transfer any bond during a period beginning with the opening of business on the 15th day of the month next preceding any Bond Payment Date or the 15th 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 School District, the County, the Paying Agent 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 Improvement 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 Improvement 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.

[REMAINDER OF PAGE LEFT BLANK]

IN WITNESS WHEREOF, the County of San Mateo, California, has caused this BELMONT-REDWOOD SHORES SCHOOL DISTRICT BELMONT ELEMENTARY SCHOOLS FACILITIES IMPROVEMENT DISTRICT (SAN MATEO COUNTY, CALIFORNIA), ELECTION OF 2010 GENERAL OBLIGATION BONDS, SERIES A, CAPITAL APPRECIATION BOND to be executed on behalf of the Belmont-Redwood Shores School District Belmont Elementary Schools Facilities Improvement 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 Treasurer-Tax Collector 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: _____
Treasurer-Tax Collector

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 Paying Agent

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 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
\$

BELMONT-REDWOOD SHORES SCHOOL DISTRICT
BELMONT ELEMENTARY SCHOOLS FACILITIES IMPROVEMENT DISTRICT
(SAN MATEO COUNTY, CALIFORNIA)
ELECTION OF 2010 GENERAL OBLIGATION BONDS, SERIES A

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 Belmont-Redwood Shores School District Belmont Elementary Schools Facilities Improvement District (the "Improvement 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 Initial Principal 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 Initial Principal 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 Improvement 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 August 1, 2011. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear such interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2011, 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 Paying Agent, 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 Paying Agent.

This bond is one of an authorization of \$_____ of bonds approved to raise money for the purposes authorized by the voters of the Improvement 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 Improvement District cast at an election held on November 2, 2010 (the "Election"), upon the question of issuing bonds in the amount of \$35,000,000, the resolution of the Board of Trustees of the Belmont-Redwood Shores School District (the "School District"), acting as the Governing Board of the Improvement District adopted on March 17, 2011 (the "School District Resolution") and the resolution of the County Board of Supervisors adopted on April 26, 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 Improvement 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 Improvement 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 Initial Principal 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 Initial Principal 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 Paying Agent, by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, 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 School District, the County and the Paying Agent 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 School District, the County nor the Paying Agent shall be affected by any notice to the contrary.

Neither the School District, the County nor the Paying Agent will be required (a) to issue or transfer any bond during a period beginning with the opening of business on the 15th day of the month next preceding any Bond Payment Date or the 15th day preceding any date of selection of bonds to be redeemed and ending with the close of

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.

[REMAINDER OF PAGE LEFT BLANK]

IN WITNESS WHEREOF, the County of San Mateo, California, has caused this BELMONT-REDWOOD SHORES SCHOOL DISTRICT BELMONT ELEMENTARY SCHOOLS FACILITIES IMPROVEMENT DISTRICT (SAN MATEO COUNTY, CALIFORNIA), ELECTION OF 2010 GENERAL OBLIGATION BONDS, SERIES A, CONVERTIBLE CAPITAL APPRECIATION BOND to be executed on behalf of the Belmont-Redwood Shores School District Belmont Elementary Schools Facilities Improvement 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 Treasurer-Tax Collector 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: _____
Treasurer-Tax Collector

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 Paying Agent

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 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)

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 purchase price received from the Underwriters pursuant to the Purchase Contract, to the extent of the Principal Amount thereof, shall be paid to the County to the credit of the fund hereby authorized to be created and established by the Controller of the County (the "Controller") and to be known as the "Belmont-Redwood Shores School District Belmont Elementary Schools Facilities Improvement District Election of 2010 General Obligation Bonds, Series A Building Fund" (the "Building Fund") of the School District, shall be kept separate and distinct from all other School 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 School District. The Building Fund may contain subaccounts if the Bonds are issued in more than one series. The purchase price received from the Underwriters pursuant to the Purchase Contract, to the extent of any accrued interest and any original issue premium, shall be kept separate and apart in the fund hereby authorized to be created and established by the Controller and to be designated as the "Belmont-Redwood Shores School District Belmont Elementary Schools Facilities Improvement District Election of 2010 General Obligation Bonds, Series A 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 School 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 School District.

The costs of issuance of the Bonds are hereby authorized to be paid either from premium withheld by the Underwriters upon the sale of the Bonds, or from proceeds of the Bonds. To the extent costs of issuance are paid from such proceeds, the County, at the direction of the School District, may cause a portion of the proceeds of the Bonds, in lieu of being deposited into the Building Fund, to be deposited in a costs of issuance account to be held by a fiscal agent of the School District appointed for such purpose.

Subject to federal tax restrictions, monies in the funds created hereunder shall be invested at the County Treasurer-Tax Collector's discretion pursuant to law and the investment policy of the County. It shall be the responsibility of the School District to monitor the interest earnings on such investments and to advise the Treasurer-Tax Collector of any applicable federal or state law restrictions on such investments. 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 School District shall create and establish a special fund designated the "Belmont-Redwood Shores School District Belmont Elementary Schools Facilities Improvement District Election of 2010 General Obligation Bonds, Series A 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 School 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 School 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 School District shall deposit to the Rebate Fund from amounts on deposit in the other funds established hereunder or from other School 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 School 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 School 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 School 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 School 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 School District, including accrued interest, shall be remitted to the School 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 School 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 School 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 School 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 School District may withdraw the excess from the Rebate Fund and credit such excess to the Debt Service Fund.

(h) The School 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 Improvement 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 School 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.

SECTION 15. Arbitrage Covenant. The County acknowledges that the School 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 School District.

SECTION 16. Conditions Precedent. Based in part on representations of the School 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 School 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 School 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. The Superintendent, the Assistant Superintendent, or a designated deputy thereof, each alone, are authorized to submit information to municipal bond insurers for bidder's option purchase, but such bond insurance would be solely at the discretion of the purchaser of the Bonds and payment of any insurance premium and any additional rating agency fees would be an expense solely of the purchaser and not the School District. In the event the bidder purchases bond insurance for the Bonds, and to the extent that the Bond Insurer makes payment of the principal, interest, Conversion Value, or Accreted Value on the Bonds, it shall become the owner of such Bonds with the right to payment of principal, interest, Conversion Value, 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, Conversion Value 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 Paying Agent or with an independent escrow agent selected by the School 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 Paying Agent or with an independent escrow agent selected by the School 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 School 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 Paying Agent or an independent escrow agent selected by the School 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. 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 School 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 School 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 22. Distribution of Resolution. The Clerk of the Board of Supervisors shall send copies of this Resolution to the following:

- a. County Counsel
- b. County Treasurer-Tax Collector
- c. County Auditor-Controller-County Clerk
- d. Belmont-Redwood Shores School District
2960 Hallmark Drive
Belmont, CA 94002
Attn: Assistant Superintendent, Business Services
- e. Stradling Yocca Carlson & Rauth, Bond Counsel (certified copy)
44 Montgomery Street, Suite 4200
San Francisco, CA 94104

SECTION 23. Continuing Disclosure. The School 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 School District to comply with its obligations under this Section.

SECTION 24. Unclaimed Funds. Notwithstanding any other provisions of this Resolution, any monies held in any fund created pursuant to this Resolution, or by the Paying Agent 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 School District to be applied in accordance with law; provided, however, that the Paying Agent, 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 School District shall have all responsibility and liability for the payment of such Bonds.

SECTION 25. Effective Date. This Resolution shall take effect immediately upon its passage.