COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
bUU WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 *FAX- (2131 626-1R12*

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

February 18, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

ISSUANCE AND SALE OF HERMOSA BEACH CITY SCHOOL DISTRICT
(COUNTY OF LOS ANGELES, CALIFORNIA)
2003 GENERAL OBLIGATION BONDS, (ELECTION 2002, SERIES 2003A)
(FOURTH DISTRICT) (3-VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution authorizing the issuance and sale of general obligation bonds of the Hermosa Beach City School District in an amount not to exceed $10,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On February 6, 2003, the Governing Board of the Hermosa Beach City School District adopted a resolution determining that the District needs to borrow funds in an aggregate principal amount not to exceed $10,000,·000 to be used for authorized purposes.

On November 5, 2002, an election was held whereby qualified voters of the District approved the proposition authorizing the District to issue $13.6 million in general obligation bonds for various purposes set forth in the ballot submitted to the voters. This will be the first issuance of bonds authorized under this bond measure.

Pursuant to Section 15266 of the Education Code, the Board of Supervisors is responsible for offering the District's bonds for sale. Such bonds shall be issued in the name and on behalf of such school district by the Board of Supervisors of the County following receipt of the district resolution requesting such borrowing.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal of Service Excellence by providing seamless, one-stop service delivery to the school district. It supports the Strategic Plan Goal of Organizational Effectiveness through collaborative actions among County departments and other governmental jurisdictions. And, it supports the Strategic Plan Goal of Fiscal Responsibility by providing investment in and development of public school infrastructure in this County.

FISCAL IMPACT/FINANCING

None to the County. All debt will be paid by the District.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Resolution provides for issuance of General Obligation Bonds not to exceed a true interest cost of 8%. The final structure will be determined at the time of pricing to achieve the lowest cost of financing within the limits of the proposition's tax levy. The term of the bonds will not exceed twenty-five years. Provisions for optional redemption of these bonds will be described in the Contract of Purchase.

The Resolution provides for the negotiated sale of the bonds, with participation by the Treasurer and Tax Collector in pricing of the bonds, to the Underwriter. The District has selected UBSPaine Webber, Inc. as Underwriter; the firm of Stradling, Yocca, Carlson & Rauth as Bond Counsel; and U.S. Bank National Association as Paying Agent.

The County will annually levy and collect ad valorem taxes for the repayment of the bonds on behalf of the District.

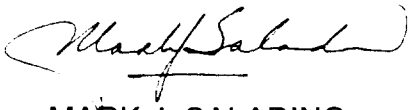
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not Applicable

CONCLUSION

Upon approval of this Resolution, the Department will need two (2) originally executed copies of the adopted Resolution.

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

MJS:DL:BY
pb:Board:Hermosa Bch CSD 2002-2003A

Attachments (2)

c: Chief Administrative Officer
Auditor-Controller
County Counsel
Hermosa Beach City School District
Los Angeles County Office Of Education
Straddling, Yocca, Carlson & Rauth
U. S. Bank National Association

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF 2003 GENERAL OBLIGATION BONDS (ELECTION OF 2002, SERIES A) ON BEHALF OF THE HERMOSA BEACH CITY SCHOOL DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED TEN MILLION DOLLARS ($10,000,000)

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF 2003 GENERAL OBLIGATION BONDS (ELECTION OF 2002, SERIES A) ON BEHALF OF THE HERMOSA BEACH CITY SCHOOL DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED TEN MILLION DOLLARS ($10,000,000)

WHEREAS, an election was duly called and regularly held in the Hermosa Beach City School District, County of Los Angeles (the "District"), on November 5, 2002, at which the following proposition ("Measure J") was submitted to the qualified electors of the District:

> "To improve the quality of education, shall the Hermosa Beach City School District be authorized to finance classroom modernization; upgrade electrical systems to provide improved access to technology; make health, safety, and security improvements; upgrade plumbing, heating, ventilation, and air conditioning systems; construct new classrooms and science labs; and qualify for State funds up to $1,700,000, by issuing $13,600,000 in bonds, within maximum legal interest rates, with annual audits, a citizens' oversight committee and no money for administrators' salaries?"

WHEREAS, at such election Measure J received the affirmative vote of more than fifty-five percent of the qualified electors of the District voting on the proposition as certified by the Registrar of Voters of the County of Los Angeles in the official canvassing of votes; and

WHEREAS, the Board of Trustees of the District has requested this Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles (the "County") to issue a portion of the approved bonds in a single series designated the Hermosa Beach City School District 2003 General Obligation Bonds Election of 2002, Series A (the "Series A Bonds") in an aggregate principal amount not to exceed Ten Million Dollars ($10,000,000); and

WHEREAS, the Series A Bonds will be issued under and pursuant to the provisions of Chapter 1.5 of Part 10 of Division 1 of Title 1 (Section 15264 *et seq.*) of the Education Code of the State of California and paragraph 3 of subdivision (b) of Section 1 of Article XIIIA of the California Constitution (the "Authorizing Law"); and

WHEREAS, this Board of Supervisors accepts the representation of the District that it is necessary and desirable that the Series A Bonds be issued and sold for the purposes for which the Series A Bonds have been authorized pursuant to the Resolution of the Board of Trustees of the District adopted on February 6, 2003 with respect to the Series A Bonds;

NOW, THEREFORE, IT IS ORDERED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA, AS FOLLOWS:

Section 1. **Purpose of the Bonds**. The Series A Bonds of the District shall be issued in the name and on behalf of the District in an aggregate Principal Amount (as defined herein) not to exceed $10,000,000 for the acquisition or improvement of real property for some or all of the purposes authorized by Measure J (collectively, the "Projects").

Section 2. **Terms and Conditions of Sale**. This Resolution is adopted pursuant to the provisions of the Authorizing Law. The Series A Bonds shall be sold at a negotiated sale pursuant to the Authorizing Law in accordance with the terms of this Resolution and the Purchase Agreement described in Section 3 below.

Section 3. **Approval of Purchase Agreement**. The form of Contract of Purchase (the "Purchase Agreement"), by and among the County, the District and UBS PaineWebber Inc. (the "Underwriter"), for the purchase and sale of the Series A Bonds, is hereby approved substantially in the form attached hereto as Exhibit B. The Treasurer and Tax Collector of the County (the "Treasurer"), or designated deputy thereof, is hereby authorized to execute and deliver the Purchase Agreement on behalf of the County, but with such changes therein, deletions therefrom and modifications thereto as the Treasurer, or designated deputy thereof, may approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; provided, however, that the Series A Bonds shall mature no later than statutorily authorized, the maximum true interest cost on the Series A Bonds shall not exceed 8.0% per annum for the issue as a whole and the Underwriter's discount shall not exceed 2.0% of the aggregate principal amount of Series A Bonds issued (excluding costs of issuance and original issue discount paid by the Underwriter). The District Superintendent, or his designee, shall determine the final principal amount of the Series A Bonds, not to exceed $10,000,000. The Treasurer, or his designee, is, following direction from authorized officers of the District, authorized and directed to negotiate with the Underwriter the interest rates on the Bonds and the purchase price of the Bonds to be paid by the Underwriter.

Section 4. **Certain Definitions**. As used in this Resolution, the terms set forth below shall have the meanings ascribed to them:

"Accreted Interest" means, with respect to the Capital Appreciation Bonds, the Accreted Value thereof minus the Principal Amount thereof as of the date of calculation.

"Accreted Value" means with respect to the Capital Appreciation Bonds, as of the date of calculation, the Principal Amount thereof, plus Accreted Interest thereon to such date of calculation, compounded from the date of issuance at the stated yield to maturity thereof on each February 1 and August 1, assuming that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months.

"Authorizing Law" means, collectively, (i) Chapter 1.5, Part 10, Division 1, of Title 1 of the Education Code of the State of California (commencing with Section 15264 et seq.), as amended, and (ii) paragraph 3 of subdivision (b) of Section 1 of Article XIIIA of the California Constitution.

"Authorized Representative of the District" means each of the Superintendent of the District, the Deputy Superintendent of the District and their designees.

"Board" means the Board of Supervisors of the County.

"Bond Insurer" means any insurance company which issues a municipal bond insurance policy insuring the payment of Principal Amount and Accreted Interest of and interest on the Series A Bonds.

"Bond Obligation" means, from time to time as of the date of calculation, with respect to any Current Interest Bond, the Principal Amount thereof and, with respect to any Capital Appreciation Bond, the Accreted Value thereof.

"Bond Payment Date" means, with respect to the Current Interest Bonds, February 1 and August 1 of each year commencing on the February 1 or August 1 specified in the Purchase Agreement with respect to the interest on the Current Interest Bonds and with respect to the Principal payments on the Current Interest Bonds, on the dates provided in the Purchase Agreement, and, with respect to the Capital Appreciation Bonds, the stated redemption dates, if any, and maturity dates thereof, as specified in the Purchase Agreement.

"Bond Register" means the listing of names and addresses of the current registered owners of the Bonds, as maintained by the Paying Agent in accordance with Section 10 hereof.

"Building Fund" means the Hermosa Beach City School District 2003 General Obligation Bond Building Fund, Election of 2002, Series A established pursuant to Section 14 of this Resolution.

"Business Day" means a day which is not a Saturday, Sunday or a day on which banking institutions in the State or the State of New York are authorized or required to be closed.

"Capital Appreciation Bonds" means the Series A Bonds the interest component of which is compounded semi-annually on each February 1 and August 1 to maturity as shown in the table of Accreted Value for such Series A Bonds in the Purchase Agreement.

"Capital Appreciation Term Bonds" means those Capital Appreciation Bonds for which mandatory sinking fund redemption dates have been established in the Purchase Agreement.

"Code" means the Internal Revenue Code of 1986, as amended.

"Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement executed by the District in connection with the delivery of the Series A Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all of the costs of issuing the Series A Bonds, including, but not limited to, all printing and document preparation expenses in connection with this Resolution, the Series A Bonds and the Official Statement pertaining to the Series A Bonds and any and all other agreements, instruments, certificates or other documents prepared in connection therewith; financial advisory fees; underwriter's fees; rating agency fees; auditor's fees; CUSIP service bureau charges; legal fees and expenses of counsel with respect to the financing; the initial fees and expenses of the Paying Agent; fees for credit enhancement relating to the Bonds; and other fees and expenses incurred in connection with the issuance of the Series A Bonds or the implementation of the financing for the Projects, to the extent such fees and expenses are approved by the District.

"Costs of Issuance Fund" means the Hermosa Beach City School District 2003 General Obligation Bond Costs of Issuance Fund, Election of 2002, Series A established pursuant to Section 14 of this Resolution.

"County" means the County of Los Angeles, California.

"Current Interest Bonds" means the Series A Bonds the interest on which is payable on each Bond Payment Date specified for each such Series A Bond in the Purchase Agreement and maturing in the years and in the amounts set forth in the Purchase Agreement.

"Current Interest Term Bonds" means those Current Interest Bonds, if any, for which mandatory sinking fund redemption dates have been established in the Purchase Agreement.

"Date of Issuance" means, with respect to the Capital Appreciation Bonds, the date on which the Series A Bonds are delivered to the Underwriter thereof.

"Debt Service Fund" means the Hermosa Beach City School District General Obligation Bond Debt Service Fund, Election of 2002, Series A, established pursuant to Section 14 of this Resolution.

"Depository" means the securities depository acting as Depository pursuant to Section 12 hereof.

"District" means Hermosa Beach City School District.

"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 Series A Bonds.

"Informational Services" means national information services that disseminate securities redemption notices; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the District may specify in a certificate to the County and the Paying Agent or as the Paying Agent may select.

"Maturity Value" means the Accreted Value of any Capital Appreciation Bond on its maturity date.

"Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 12 hereof.

"Outstanding", when used with reference to the Series A Bonds, means, as of any date, Series A Bonds theretofore issued or thereupon being issued under this resolution except:

(i) Series A Bonds canceled at or prior to such date;

(ii) Series A Bonds in lieu of or in substitution for which other Series A Bonds shall have been delivered pursuant to Section 10 hereof; or

(iii) Series A Bonds for the payment or redemption of which funds or Federal Securities in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Series A Bonds), in accordance with Section 16 or 17 of this Resolution.

"Owner" means the registered owner of a Series A Bond as set forth on the registration books maintained by the Paying Agent pursuant to Section 10 hereof.

"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.

"Paying Agent" means initially, the Treasurer and Tax Collector of the County of Los Angeles and his designated agents or his successors or assigns, acting in the capacity of paying agent, registrar, authenticating agent and transfer agent. The Treasurer is authorized to contract with any third party to perform the services of Paying Agent under this Resolution.

"Principal" or "Principal Amount" means, with respect to any Series A Bond, the principal amount thereof as specified in the Purchase Agreement.

"Projects" shall have the meaning given to that term in Section 1 of this Resolution.

"Projects Costs" means all of the expenses of and incidental to the construction and/or acquisition of the Projects, including Costs of Issuance.

"Purchase Agreement" means the Contract of Purchase by and among the County, the District and the Underwriter relating to the Series A Bonds.

"Rebate Fund" means the Hermosa Beach City School District 2003 General Obligation Bond Rebate Fund, Election of 2002, Series A, established pursuant to Section 14 of this Resolution.

"Record Date" means, with respect to the Current Interest Bonds, the close of business on the fifteenth day of the month preceding each Bond Payment Date.

"Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Facsimile transmission: (516) 227-4039, (516) 227-4190, or any successors thereto, or such additional entities as are specified, in writing, by the District to the County and the Paying Agent from time to time.

"Series A Bonds" means the Hermosa Beach City School District 2003 General Obligation Bonds, Election of 2002, Series A, issued and delivered pursuant to this Resolution.

"Supplemental Resolution" means any resolution supplemental to or amendatory of this Resolution, adopted by the County in accordance with Section 24 hereof.

"Tax Certificate" means the certificate by that name executed by the District on the date of issuance of the Series A Bonds.

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

"Treasurer" means the Treasurer and Tax Collector of the County or any authorized deputy thereof.

"Underwriter" means UBS PaineWebber Inc.

Section 5. **Designation and Terms of the Series A Bonds.**

(a) An issue of bonds entitled to the benefit, protection and security of this Resolution is hereby authorized in an aggregate Principal Amount not to exceed $10,000,000. Such Bonds shall be general obligation bonds of the District, payable as to Principal, premium, if any, and interest solely from *ad valorem* taxes to be levied upon all of the taxable property in the District. The Series A Bonds shall be designated "Hermosa Beach City School District 2003 General Obligation Bonds, Election of 2002, Series A." The Series A Bonds may be issued as Current Interest Bonds and/or Capital Appreciation Bonds as set forth in the Purchase Agreement, subject to the provisions of this Resolution.

(b) The Series A Bonds shall be issued in fully registered form, without coupons, in the denominations of, with respect to the Current Interest Bonds, $5,000 Principal Amount or any integral multiple thereof, and with respect to the Capital Appreciation Bonds, $5,000 Maturity Value, or any integral multiple thereof; provided that one Capital Appreciation Bond may be issued in an odd Maturity Value.

(c) Each Current Interest Bond shall mature in the years and be issued in the amounts as set forth in the Purchase Agreement. Each Current Interest Bond shall be dated as set forth in the Purchase Agreement 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 its dated date; provided, however, that, if at the time of registration of any Current Interest Bond interest with respect thereto is in default, interest with respect thereto shall be payable from the Bond Payment Date to which interest has previously been paid or made available for payment.

(d) Each Capital Appreciation Bond shall be dated and shall accrete Accreted Interest from its Date of Issuance. Capital Appreciation Bonds will not bear interest on a current basis. The Capital Appreciation Bonds shall mature in the years and shall be issued in the aggregate Principal Amount set forth in the Purchase Agreement and shall have an interest rate and shall have Principal Amounts per each five thousand dollars ($5,000) in Maturity Value as shown in the Accreted Value Table contained in Exhibit A to the Purchase Agreement; provided, that in the event that the amount shown in such Accreted Value Table and the Accreted Value calculated by the County or the Paying Agent by application of the definition of Accreted Value set forth in this Section 5 differ, the latter amount shall be the Accreted Value of such Capital Appreciation Bond.

Section 6. **Execution**. The Series A Bonds shall be signed by the County Chair and the Treasurer, or a deputy of the Treasurer, by their manual or facsimile signatures and countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board, or by an authorized

deputy, all in their official capacities. The County's seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced on each Series A Bond. In case any one or more of the officers who shall have signed or sealed any of the Series A Bonds shall cease to be such officer before the Series A Bonds so signed and sealed shall have been issued by the County on behalf of the District, such Series A Bonds may, nevertheless, be issued, as herein provided, as if the persons who signed or sealed such Series A Bonds had not ceased to hold such offices. No Series A 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 Series A Bond is signed by the Paying Agent as authenticating agent. Authentication by the Paying Agent shall be conclusive evidence that the Series A 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 7. Appointment of Paying Agent.

(a) The Paying Agent shall act as the authenticating agent, bond registrar, transfer agent and paying agent for the Series A Bonds. All fees and expenses incurred for services of the Paying Agent shall be the sole responsibility of the District.

(b) Unless otherwise provided, the office of the Paying Agent designated by the Paying Agent shall be the place for the payment of Principal of, premium, if any, and interest on the Series A Bonds.

(c) The Paying Agent, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent may consult with counsel, who may or may not be counsel to the District, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

(d) The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution. In no event shall the County be required to expend its own funds hereunder.

Section 8. Resignation or Removal of Paying Agent and Appointment of Successor.

(a) The Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least 60 days' written notice to the District and the County. The Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the County and signed by the Treasurer. A successor Paying Agent shall be appointed by the Treasurer, and, unless the Paying Agent is the Treasurer, shall be a bank or trust company organized under the laws of any state of the United States, a national banking association or any other financial institution, having capital stock and surplus

aggregating at least $50,000,000 and doing business in the State and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution. Such Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the County and the District a written acceptance thereof. Resignation or removal of the Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

(b) In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or, if there is no successor, to the Treasurer. In the event that for any reason there shall be a vacancy in the office of the Paying Agent, the Treasurer shall act as such Paying Agent. If the Series A Bonds are no longer held in book-entry form in accordance with Section 12 hereof, the County shall cause the Paying Agent appointed to replace any resigned or removed Paying Agent to mail notice of its appointment to all registered Owners.

Section 9. **Payment of Principal and Interest.** The principal of and interest on the Series A Bonds shall be payable in lawful money of the United States of America without deduction for the services of the Paying Agent as paying agent. Principal of the Current Interest Bonds and the Maturity Value of the Capital Appreciation Bonds shall be payable when due upon presentation and surrender of the Series A Bonds at the corporate trust office of the Paying Agent which has been designated by the Paying Agent for purposes of paying the Principal and Maturity Value of the Series A Bonds. Interest on Current Interest Bonds shall be paid on each Bond Payment Date by check mailed by first class mail to the person in whose name the Series A Bond was registered, and to that person's address appearing on the Bond Register (as described in Section 10 below) at the close of business on the Record Date. The Owner of an aggregate Principal Amount of Current Interest Bonds of $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 any Record Date.

Payments of Principal and redemption premiums, if any, with respect to the Current Interest Bonds, and the payments of the Maturity Value and Accreted Value and redemption premiums, if any, with respect to Capital Appreciation Bonds, shall be payable at maturity or redemption upon surrender at the principal corporate trust office of the Paying Agent. The Paying Agent is hereby authorized to pay the Series A Bonds when duly presented for payment at maturity or redemption, and to cancel all Series A Bonds upon payment thereof.

The Series A Bonds are the general obligation bonds of the District payable solely from *ad valorem* taxes levied on behalf of the District as described herein and do not constitute an obligation of the County. No part of any fund or moneys of the County is pledged or obligated to the payment of the Series A Bonds.

Section 10. **Bond Registration and Transfer**. So long as any of the Series A Bonds remain outstanding, the District will cause the Paying Agent to maintain and keep at its principal office all books and records necessary for the registration, exchange and transfer of the Series A Bonds as provided in this Section.

Subject to the provisions of Section 12 below, the person in whose name a Series 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 of and interest on any Series A Bond shall be made only to or upon the order of that person; neither the 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 District's liability upon the Series A Bonds, including interest, to the extent of the amount or amounts so paid.

Any Series A Bond may be exchanged for Series A Bonds of like tenor, maturity and Transfer Amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Series A Bond may be transferred only on the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series A Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Series A Bond or Series A Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Series A Bond surrendered and bearing or accreting interest at the same rate and maturing on the same date. Capital Appreciation Bonds and Current Interest Bonds may not be exchanged for one another.

If manual signatures on behalf of the County are required, the Paying Agent shall undertake the exchange or transfer of Series A Bonds only after the new Series A Bonds are signed by the authorized officers of the County. In all cases of exchanged or transferred Series A Bonds, the County shall sign and the Paying Agent shall authenticate and deliver Series A Bonds in accordance with the provisions of this Resolution. All fees and costs of transfer shall be paid by the transferor. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Series A 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 Series A Bonds surrendered upon that exchange or transfer.

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

Neither the District, the County nor the Paying Agent will be required (a) to issue or transfer any Series A Bonds during a period beginning with the opening of business on the 16th day of the month next preceding any Bond Payment Date or any date of selection of Series A 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 Series A Bonds which have been selected or called for redemption in whole or in part.

In case any Series A Bond secured hereby shall become mutilated or destroyed, stolen or lost, the Paying Agent shall cause to be executed and authenticated a new Series A Bond of like date and

tenor in exchange and substitution for and upon the cancellation of such mutilated Series A Bond or in lieu of and in substitution for such Series A Bond mutilated, destroyed, stolen or lost, upon the Owner's paying the reasonable expenses and charges in connection therewith, and, in the case of a Series A Bond destroyed, stolen or lost, such Owner's filing with the Paying Agent and the County of evidence satisfactory to them that such Series A Bond was destroyed, stolen or lost, and/or such Owner's ownership thereof and furnishing the Paying Agent, the County and the District with indemnity satisfactory to each of them.

Any new Series A Bonds issued pursuant to this Section 10 in substitution for Series A Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the District, whether or not the Series A Bonds so alleged to be destroyed, stolen or lost are at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Series A Bonds issued under this Resolution in any moneys or securities held by the Paying Agent for the benefit of the Owners of the Series A Bonds.

Section 11. Redemption.

(a) Terms of Redemption. The Series A Bonds shall be subject to redemption prior to maturity as provided in the Purchase Agreement.

(b) Selection of Bonds for Redemption. Whenever provision is made in this Resolution for the redemption of Series A Bonds and less than all Outstanding Series A Bonds are to be redeemed, the Paying Agent, upon written instruction, shall select Series A Bonds for redemption in the order of maturity specified in the Purchase Agreement. Within a maturity, the Paying Agent shall select Series A Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Current Interest Bond to be redeemed in part shall be in the Principal Amount of $5,000 or any integral multiple thereof and the portion of any Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per $5,000 Maturity Value of such Capital Appreciation Bond.

(c) Notice of Redemption. When redemption is authorized or required pursuant to this Resolution, the Paying Agent shall give notice (a "Redemption Notice") of the redemption of the Series A Bonds by first class mail, postage prepaid to each Owner of the Series A Bonds at the addresses appearing on the Bond registration books at least 30 but not more than 60 days prior to the redemption date; provided, however, that the Paying Agent shall give a notice of optional redemption only if it has first received a written notice from the District at least 60 days prior to the Bond Payment Date, or such later date as is acceptable to the Paying Agent, instructing the Paying Agent to mail such a notice. Such Redemption Notice shall specify: (a) the Series A Bonds or designated portions thereof (in the case of redemption of the Series A Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Series A Bonds to be redeemed, (f) the numbers of the Series A Bonds to be redeemed in whole or in part and, in the case of any Series A Bond to be redeemed in part only, the Principal Amount or Accreted Value, as applicable, of such Series A Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Series A 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 Series A Bond or portion thereof being redeemed the Principal Amount thereof and applicable premium, if any, together with the interest accreted to the redemption date, and that from and after such date, interest with respect thereto shall cease to accrue or accrete in value.

In case of the redemption as permitted herein of all the outstanding Series A Bonds of any one maturity, then outstanding, notice of redemption shall be given by mailing as herein provided, except that the Redemption Notice need not specify the serial numbers of the Series A Bonds of such maturity.

Neither the failure of an Owner to receive a Redemption Notice mailed nor any defect in any Redemption Notice given shall affect the sufficiency of the proceedings for the redemption of the Series A Bonds.

(d) Additional Notice. In addition to the Redemption Notice given pursuant to Section 11(c), further notice shall be given by the Paying Agent as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(i) Each Redemption Notice shall be sent at least thirty (30) days before the redemption date by registered or certified mail or overnight delivery service to each of the Securities Depositories which are then in the business of holding substantial amounts of obligations of types comprising the Series A Bonds and to one or more of the Informational Services that disseminate notice of redemption of obligations similar to the Series A Bonds or, in accordance with the then-current guidelines of the Securities and Exchange Commission, such other securities depositories and services providing information on called bonds, or such securities depositories and services, as the District may designate in a certificate delivered to the Paying Agent.

(ii) In the event that the Series A Bonds are no longer held in book-entry form, each Redemption Notice shall be mailed to each registered Owner at least thirty (30) days prior to the date fixed for redemption.

(e) Upon the payment of the redemption price of Series A Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Series A Bonds being redeemed with the proceeds of such check or other transfer.

(f) Payment of Redeemed Series A Bonds. When notice of redemption has been given substantially as provided for herein, and, when the amount necessary for the redemption of the Series A Bonds called for redemption, including the Principal Amount, Accreted Value, interest and premium, if any, is set aside for that purpose in the Debt Service Fund, as provided herein, the Series A Bonds designated for redemption shall become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Series A Bonds at the place specified in the notice of redemption with the form of

assignment endorsed thereon executed in blank, said Series A Bonds shall be redeemed and paid at the redemption price out of the Debt Service Fund.

All unpaid interest payable at or prior to the redemption date shall continue to be payable to the respective Owners, but without interest thereon.

(g) Partial Redemption of Series A Bonds. Upon the surrender of any Series A Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Series A Bond or Bonds of like tenor and maturity and of authorized denominations equal in Transfer Amount to the unredeemed portion of the Series A 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.

(h) Effect of Notice of Redemption. If on such redemption date, money for the redemption of the Series A Bonds to be redeemed as provided in this Section 11 hereof, together with interest 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 Series A Bonds to be redeemed shall cease to accrue and become payable.

(i) Series A Bonds No Longer Outstanding. When any Series A 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 Series A 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 Series A Bonds shall no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation.

Section 12. Book-Entry System.

(a) Except as provided below, the owner of all of the Series A Bonds shall be The Depository Trust Company, New York, New York ("DTC"), and the Series A Bonds shall be registered in the name of Cede & Co., as nominee for DTC. The Series A Bonds shall be initially executed and delivered in the form of a single, fully registered Series A Bond for each maturity (which may be typewritten). Upon initial execution and delivery, as provided for herein, the ownership of such Series A Bond shall be registered in the Bond Register in the name of the Nominee identified below as nominee of The Depository Trust Company, New York, New York, and its successors and assigns. Except as hereinafter provided, all of the outstanding Series A Bonds shall be registered in the Bond Register in the name of the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to this Section (the "Nominee"). Each Series A Bond certificate shall bear a legend substantially to the following effect: "UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF

TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

With respect to the Series A Bonds registered in the Bond Register in the name of the Nominee, neither the County, the District nor the Paying Agent shall have any responsibility or obligation to any broker-dealers, banks and other financial institutions from time to time for which the Depository holds Series A Bonds as securities depository (the "Participant") or to any person on behalf of which such a Participant holds an interest in the Series A Bonds. Without limiting the immediately preceding sentence, neither the County, the District nor the Paying Agent shall have any responsibility or obligation (unless the District is at such time the Depository) with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Series A Bonds, (ii) the delivery to any Participant or any other person, other than an Owner of a Series A Bond as shown in the Bond Register, of any notice with respect to the Series A Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Series A Bonds to be redeemed in the event the District redeems the Series A Bonds in part, or (iv) the payment to any Participant or any other person, other than an Owner of a Series A Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Series A Bonds. The County, the District and the Paying Agent may treat and consider the person in whose name each Series A Bond is registered in the Bond Register as the holder and absolute Owner of such Series A Bond for the purpose of payment of principal and interest with respect to such Series A Bond, for the purpose of giving notices of redemption, if applicable, and other matters with respect to such Series A Bond, for the purpose of registering transfers with respect to such Series A Bond, and for all other purposes whatsoever.

The Paying Agent shall pay all principal of and interest on the Series A Bonds only to or upon the order of the respective Owner of the Series A Bond, as shown in the Bond Register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of and interest on the Series A Bonds to the extent of the sum or sums so paid. No person other than an Owner of a Series A Bond, as shown in the Bond Register, shall receive a Series A Bond evidencing the obligation of the District to make payments of principal and interest. Upon delivery by the Depository to the Owners of the Series A Bonds, and the District 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 Record Dates, the word Nominee in this Resolution shall refer to such nominee of the Depository.

(b) In order to qualify the Series A Bonds for the Depository's book-entry system, the District is executing and delivering to the Depository a Representation Letter. The execution and delivery of the Representation Letter shall not in any way limit the provisions of this Section or in any other way impose upon the District any obligation whatsoever with respect to persons having interests in the Series A Bonds other than the owners of the Series A Bonds, as shown on the Bond Register. In addition, to the execution

and delivery of the Representation Letter, the District shall take such other actions, not inconsistent with this Resolution, as are reasonably necessary to qualify the Series A Bonds for the Depository's book-entry program.

(c) If at any time the Depository notifies the County and the District that it is unwilling or unable to continue as Depository with respect to the Series A Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the Treasurer within 90 days after the County and the District receive notice or become aware of such condition, as the case may be, subsection (a) hereof shall no longer be applicable and the Treasurer shall issue bonds representing the Series A Bonds as provided below. In addition, the County and the District may determine at any time that the Series A Bonds shall no longer be represented by book-entry securities and that the provisions of subsection (a) hereof shall no longer apply to the Series A Bonds. In any such event, the Treasurer shall execute and deliver certificates representing the Series A Bonds as provided below. Series A Bonds issued in exchange for book-entry securities pursuant to this subsection (c) shall be registered in such names and delivered in such denominations as the Depository shall instruct the County and the District. The Treasurer shall deliver such bonds representing the Series A Bonds to the persons in whose names such Bonds are so registered.

If the County and the District determine to replace the Depository with another qualified securities depository, the County and the District shall prepare or cause to be prepared new fully-registered book-entry securities for each of the maturities of the Series A Bonds, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the County, the District and such securities depository and not inconsistent with the terms of this Resolution.

(d) Notwithstanding any other provisions of this Resolution to the contrary, so long as any Series A Bond is registered in the name of the Nominee, all payments with respect to principal of, and interest on such Series A Bond and all notices with respect to such Series A Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository and acceptable to the District.

(e) The initial Depository under this Section shall be DTC. The initial Nominee shall be Cede &Co., as Nominee of DTC.

Section 13. **Forms of Bonds**. The Series A Bonds shall be in substantially the forms as shown in Exhibit C hereto; provided, however, that those officials executing the Series A Bonds are hereby authorized to make the insertions and deletions necessary to conform the Series A Bonds to this Resolution, the Purchase Agreement and the Official Statement and to correct any defect or inconsistent provision therein or to cure any ambiguity or omission therein.

Section 14. **Deposit of Proceeds of Series A Bonds; Creation of Funds**.

(a) The proceeds from the sale of the Series A Bonds, to the extent of 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 "Hermosa Beach City School District 2003 General Obligation Bond Building Fund, Election of 2002, Series A" (the "Building Fund") of the

District, which shall be accounted for separately and distinctly from all other District and County funds. Such proceeds shall be used by the District solely for the purpose for which the Series A Bonds are being issued and shall be applied by the District solely to authorized purposes which relate to the Projects. The County is not responsible for the District's use of the proceeds of the Bonds. Any amounts that remain in the Building Fund at the completion of the Projects, at the written direction of the District, shall be transferred to the Debt Service Fund to be used to pay the Principal of, premium, if any, and interest on the Bonds, subject to any conditions set forth in the Tax Certificate.

(b) Any premium received by the County from the sale of the Series A Bonds, if any after all or a portion of Underwriter's discount and Costs of Issuance are paid, and the accrued interest on the Series A Bonds shall be accounted for separately and distinctly in the fund hereby created and established and to be designated as the "Hermosa Beach City School District 2003 General Obligation Bond Debt Service Fund, Election of 2002, Series A" (the "Debt Service Fund") for the Series A Bonds. Amounts in the Debt Service Fund shall be used only for payments of Principal, premium, if any, and interest on the Series A Bonds. All *ad valorem* taxes levied for the purposes described in Section 15 hereof shall be deposited upon collection by the County into the Debt Service Fund and used for the payment of the Principal of, premium, if any, and interest on the Series A Bonds. On the Business Day immediately preceding each Bond Payment Date, if the Paying Agent is not the Treasurer, and on the Bond Payment Date if the Paying Agent is the Treasurer, the District shall transfer or cause to be transferred from the Debt Service Fund to the Paying Agent, an amount, in immediately available funds, sufficient to pay all the Principal of, premium, if any, and interest on the Series A Bonds (collectively, the "Debt Service") on such Bond Payment Date. Debt Service on the Series A Bonds shall be paid by the Paying Agent in the manner provided by law for the payment of Debt Service. If, after payment in full of the Series A Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

(c) There is hereby created and established a "Hermosa Beach City School District General Obligation Bond Rebate Fund, Election of 2002, Series A" (the "Rebate Fund"). The County shall from time to time receive funds from the District for deposit into the Rebate Fund as required to enable the District to comply with the requirements of Section 148(f) of the Code. The District shall instruct the County, in writing, as to the method of investing and disbursing funds held in the Rebate Fund to the United States Treasury. The County agrees to comply with such instructions of the District. Any money remaining in the Rebate Fund after the payment in full of the Series A Bonds, either at maturity or earlier redemption, and the payment to the United States Treasury of any amounts required pursuant to Section 148(f) of the Code, and any regulations thereunder, shall be transferred to the Building Fund, or if the Building Fund is not then in the existence, shall be transferred to the general fund of the District. The County shall have no liability or obligation with respect to the required deposits to or disbursements from the Rebate Fund, which shall remain the sole responsibility of the District.

(d) Interest earned on the investment of monies held in the Debt Service Fund shall be retained in the Debt Service Fund, interest earned on the investment of monies held in the Building Fund shall be retained in the Building Fund, and interest earned on the investments in the Rebate Fund shall be retained in the Rebate Fund.

(e) There shall hereby be created and established the "Hermosa Beach City School District 2003 General Obligation Bond Costs of Issuance Fund, Election of 2002, Series A" (the "Costs of Issuance Fund") which shall be accounted for separately and distinctly from all other District and County funds and accounts. Upon direction from an Authorized Representative of the District, the Treasurer shall transfer from the Building Fund and deposit in the Costs of Issuance Fund an amount not to exceed two percent (2%) of the initial Principal Amount of the Series A Bonds. Monies held in the Costs of Issuance Fund shall be applied, upon direction from an Authorized Representative of the District, solely to pay Costs of Issuance. Upon direction from an Authorized Representative of the District amounts held in the Costs of Issuance Fund shall be transferred from the Costs of Issuance Fund and deposited in the Building Fund.

(f) If at any time it is deemed necessary or desirable by the District, upon the written direction of the District, the County may establish additional funds under this Resolution and/or accounts within any of the funds or accounts established hereunder.

Section 15. **Security for the Series A Bonds; Tax Levy**. The Board shall levy annually on all the taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem* tax during the period the Series A Bonds are Outstanding in an amount sufficient, together with moneys on deposit in the Debt Service Fund and available for such purpose, to pay the Principal of, premium, if any, and interest on the Series A Bonds when due. The taxes collected for the Series A Bonds will be placed in the Debt Service Fund of the District, which taxes, together with the amounts on deposit in the Debt Service Fund, are irrevocably pledged for the payment of the Principal of, premium, if any, and interest on the Series A Bonds when and as due. The Series A Bonds are the general obligation bonds of the District payable solely from *ad valorem* taxes levied on behalf of the District as described herein and do not constitute an obligation of the County except as provided in this Resolution. No part of any fund or account of the County is pledged or obligated to the payment of the Series A Bonds or the interest thereon.

Section 16. **Defeasance**. The Series A Bonds may be defeased, in whole, prior to maturity in the following ways:

(a) by well and truly paying or causing to be paid the Principal, Accreted Value and interest on all Series A Bonds Outstanding, as and when the same become due and payable;

(b) by irrevocably depositing with a bank or trust company in escrow an amount of cash which together with amounts then on deposit in the Debt Service Fund, is sufficient to pay all Series A Bonds Outstanding, including all Principal, premium, if any, Accreted Value and interest thereon; or

(c) by irrevocably depositing with a bank or trust company selected by the District and approved by the County in escrow noncallable United States Obligations (defined below), together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant selected by the District and approved by the County, 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 the Series A Bonds Outstanding, including all Principal, premium, if any, Accreted Value and

interest due with respect thereto at or before their maturity date or applicable redemption date;

then, notwithstanding that any Series A Bonds shall not have been surrendered for payment, all obligations of the District, the County and the Paying Agent with respect to all Outstanding Series A Bonds shall cease and terminate, except only the obligation of the County and the Paying Agent to pay or cause to be paid from funds deposited pursuant to paragraphs (a), (b) or (c) of this Section, to the owners of the Series A Bonds not so surrendered and paid all sums due with respect thereto and the obligations of the County with respect to the Rebate Fund in accordance with Section 14 hereof.

For purposes of this Section and Section 17, United States Obligations shall mean:

Direct and general obligations of the United States of America (including State and Local Government Series), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidence of direct ownership or proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States Obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States Obligations; and (c) the underlying United States Obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claims 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 "AAA" by Standard & Poor's if the Series A Bonds are then rated by S&P and "Aaa" by Moody's Investors Service if the Series A Bonds are then rated by Moody's Investors Service.

Section 17. **Partial Defeasance.** A portion of the then-outstanding maturities of the Series A Bonds may be defeased prior to maturity in the following ways:

(a) by irrevocably depositing with the County, or a bank or trust company appointed by the County, in escrow, an amount of cash which, together with amounts then on deposit in the Debt Service Fund, is sufficient to pay the designated outstanding maturities of Series A Bonds, including all Principal, premium, if any, Accreted Value and interest; or

(b) by irrevocably depositing with the County, or a bank or trust company selected by the District, in escrow, noncallable United States Obligations, together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant selected by the District, together with interest to accrue thereon, be fully sufficient to pay and discharge the designated maturities of Series A Bonds (including all Principal, premium, if any, Accreted Value and interest due with respect thereto at or before their maturity date or redemption date);

then, notwithstanding that any of such designated maturities of Series A Bonds shall not have been surrendered for payment, all obligations of the District and the County with respect to such outstanding maturities of Series A Bonds shall cease and terminate, except only the obligation of the County and the Paying Agent to pay or cause to be paid from funds deposited pursuant to paragraphs

(a) or (b) of this Section, to the Owners of the Bonds of such maturities designated for redemption or payment at maturity not so surrendered and paid all sums due with respect thereto.

For purposes of this Section, United States Obligations shall have the same meaning as set forth in Section 16 hereof.

Section 18. **Continuing Disclosure.** The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Any Series A 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 the Continuing Disclosure Agreement.

Section 19. **Tax Covenants of the District.** The District has covenanted for and on behalf of the Owners that it shall not take any action, or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Series A Bonds under Section 103 of the Code.

Section 20. **Arbitrage Covenant**. The District has covenanted for and on behalf of the Owners that it will restrict the use of the proceeds of the Series A Bonds in such manner and to such extent, if any, as may be necessary, so that the Series A 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. The County hereby covenants that it will follow such written directions as are given to it by the District to restrict the use of the proceeds of the Series A Bonds in such manner and to such extent, if any, as may be necessary, so that the Series A Bonds will not constitute arbitrage bonds under Section 148 of the Code and the applicable regulations prescribed under that section or any predecessor section.

Section 21. **Conditions Precedent**. In reliance on Resolution No. 12:02/03 of the Board of Trustees of the District and the certification of election results of the Registrar of Voters, 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 Series A Bonds in order to make them legal, valid and binding general obligation bonds of the District have been performed and have been met, or will at the time of delivery of the Series A Bonds have been performed and have been met, in regular and due form as required by law.

Section 22. **Preliminary Official Statement.** The District has agreed to cause a Preliminary Official Statement and a final Official Statement meeting the requirements of Securities and Exchange Commission Rule 15c2-12 to be prepared.

Section 23. **Approval of Actions**. The County Chair, Executive Officer-Clerk of the Board, Treasurer, and their respective designees, and other officers of the County 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 Series A 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 24. Supplemental Resolutions.

(a) This Resolution, and the rights and obligations of the County, the District and of the Owners of the Series A Bonds issued hereunder, may be modified or amended at any time by a supplemental resolution adopted by the County, upon the written direction of the District, with the written consent of Owners owning at least 60% in aggregate Bond Obligation of the Outstanding Series A Bonds, exclusive of Series A Bonds, if any, owned by the County or the District; provided, however, that no such modification or amendment shall, without the express consent of the Owner of each Series A Bond affected, reduce the Principal Amount of any Series A Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification. No such Supplemental Resolution shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto. Notwithstanding anything herein to the contrary, no such consent shall be required if the Owners are not directly and adversely affected by such amendment or modification.

(b) This Resolution, and the rights and obligations of the County, the District and of the Owners of the Series A Bonds issued hereunder, may be modified or amended at any time by a supplemental resolution adopted by the County, following the written direction of the District, without the written consent of the Owners;

(i) To add to the covenants and agreements of the County in this Resolution, other covenants and agreements to be observed by the County which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(ii) To add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the County which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(iii) To confirm as further assurance any pledge under, and the subjection to any lien or pledge created or to be created by, this Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;

(iv) To cure any ambiguity, supply any omission, or cure to correct any defect or inconsistent provision in this Resolution; or

(v) To amend or supplement this Resolution in any other respect, provided such Supplemental Resolution does not adversely affect the interests of the Owners.

(c) Any act done pursuant to a modification or amendment so consented to shall be binding upon the Owners of all the Series A Bonds and shall not be deemed an infringement of any of the provisions of this Resolution, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after consent relating to such specified matters has been given,

no Owner shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the County or the District or any officer or agent of either from taking any action pursuant thereto.

Section 25. **Insurance**. In the event the District purchases bond insurance for the Series A Bonds, and to the extent that the Bond Insurer makes payment of the Principal, Accreted Value or interest on the Series A Bonds, it shall become the owner of such Series A Bonds with the right to payment of Principal, Accreted Value or interest on the Series A 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, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books for the Series A Bonds maintained by the Paying Agent upon receipt of a copy of the cancelled check issued by the Bond Insurer or other evidence satisfactory to the Payment Agent of the payment of such interest to the Owners of the Series A Bonds, and (ii) in the case of subrogation as to claims for past due Principal, Accreted Value or interest, the Paying Agent shall note the Bond Insurer as subrogee on the registration books for the Series A Bonds maintained by the Paying Agent upon surrender of the Series A Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer. The Paying Agent shall request payment pursuant to the terms of any bond insurance policy to the extent required to pay the Principal of and interest on the Bonds when due if amounts on deposit in the Debt Service Fund are not adequate for that purpose.

Section 26. **Resolution to Constitute Contract**. In consideration of the purchase and acceptance of any and all of the Series A Bonds authorized to be issued hereunder by those who shall own the same from time to time, this Resolution shall be deemed to be and shall constitute a contract among the County, the District and the Owners from time to time of the Series A Bonds; and the pledge made in this Resolution shall be for the equal benefit, protection and security of the Owners of any and all of the Series A Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Series A Bonds over any other thereof.

Section 27. **Notices.** All notices or communications herein required or permitted to be given to any party shall be given to each of the following parties and shall be given in writing and shall be deemed to have been sufficiently given or served for all purposes by being delivered or sent by telecopier or by being deposited, postage prepaid, in a post office letter box, to the addresses set forth below, or to such other address as may be provided to the other parties hereinafter listed in writing from time to time, namely:

If to the County:	County of Los Angeles, California Treasurer and Tax Collector's Office 500 West Temple Street, Room 437 Los Angeles, California 90012 Attention: Treasurer and Tax Collector
If to the District:	Hermosa Beach City School District 1645 Valley Drive Hermosa Beach, California 90254 Attention: Superintendent

Section 28. **Unclaimed Moneys.** Anything in this Resolution to the contrary notwithstanding, any moneys held by the Paying Agent in trust for the payment and discharge of any of the Series A Bonds which remain unclaimed for one (1) year after the date when such Series A Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Paying Agent at such date, or for one (1) year after the date of deposit of such moneys if deposited with the Paying Agent after said date when such Series A Bonds become due and payable, shall be repaid by the Paying Agent to the District, as its absolute property and free from trust, and the Paying Agent shall thereupon be released and discharged with respect thereto and the Series A Bond Owners shall look only to the District for the payment of such Series A Bonds; provided, however, that before being required to make such payment to the District, the Paying Agent shall, at the expense of District, cause to be mailed to the Owners of all such Series A Bonds, at their respective addresses appearing on the registration books, a notice that said moneys remain unclaimed and that, after a date in said notice, which date shall not be less than thirty (30) days after the date of mailing such notice, the balance of such moneys then unclaimed will be returned to the District.

Section 29. **Permitted Investments; Valuation.**

(a) All amounts held in the funds and accounts established hereunder shall be invested by the Treasurer in any instrument which is a lawful investment for funds of the District as set forth in Government Code Section 53601 or any successor thereto, and the California State Treasury Local Agency Investment Fund. Unless otherwise instructed by the District in writing, amounts held in the funds and accounts established hereunder shall be invested in the Treasurer's Investment Pool. If invested in other than the Treasurer's Investment Pool, amounts in the Debt Service Fund shall be invested in investments maturing not later than the date on which such amounts will be needed to pay the Principal of and interest on the Series A Bonds. Nothing in this Resolution shall prevent any investment securities acquired as investments of funds held hereunder from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

(b) Obligations purchased as an investment of moneys in any fund or account shall be deemed at all times to be a part of such fund or account. Profits or losses attributable to any fund or account shall be credited or charged to such fund or account. In computing the amount in any fund or account created under the provisions of this Resolution for any purpose provided in this Resolution, obligations purchased as an investment of moneys therein shall be valued at cost, plus, where applicable, accrued interest.

Section 30. **Effective Date.** This Resolution shall take effect immediately upon its passage.

The foregoing resolution was on the _____ day of March, 2003, adopted by the Board of Supervisors of the County of Los Angeles and *ex-officio* the governing body of all special assessment and taxing districts, agencies and authorities for which said Board so acts.

VIOLET VARONA-LUKENS
Executive Officer-Clerk of the Board of Supervisors
of the County of Los Angeles

By: _____
Deputy

APPROVED AS TO FORM:
SHEILAH CURTIS
County Counsel

By: Sheilah Curtis
Deputy County Counsel

EXHIBIT A

[FORM OF DISTRICT RESOLUTION]

EXHIBIT B

$_____
HERMOSA BEACH CITY SCHOOL DISTRICT
LOS ANGELES COUNTY, CALIFORNIA
2003 GENERAL OBLIGATION BONDS, ELECTION OF 2002, SERIES A

CONTRACT OF PURCHASE

_____, 2003

County of Los Angeles
Treasurer and Tax Collector
Hall of Administration
500 West Temple Street, Room 432
Los Angeles, California 90012

Hermosa Beach City School District
Board of Trustees
1645 Valley Drive
Hermosa, California 90254

Ladies and Gentlemen:

The undersigned (the "Underwriter") offers to enter into this Contract of Purchase (the "Purchase Contract") with the County of Los Angeles, California (the "County"), and the Hermosa Beach City School District (the "District"), which, upon your acceptance hereof, will be binding upon the District, the County and the Underwriter. This offer is made subject to the written acceptance of this Purchase Contract by the County and the District and delivery of such acceptance to us at our office specified in Section 13 below prior to 11:59 p.m., California Time, on the date hereof.

Section 31. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the County for reoffering to the public, and the County hereby agrees to sell in the name and on behalf of the District to the Underwriter for such purpose, all (but not less than all) of $_____ in aggregate initial amount of the District's 2003 General Obligation Bonds, Election of 2002, Series A (the "Bonds"). The Bonds shall bear interest or accrete at the rates, and shall mature in the principal amounts and in the years shown on Exhibit A hereto, which is incorporated herein by this reference.

Section 32. The Bonds. The Bonds shall be issued in the form of Current Interest Bonds and Capital Appreciation Bonds, as identified on Exhibit A hereto, shall be dated their date of delivery and are subject to redemption as set forth in Appendix A hereto. In all other respects the Bonds shall be as described in, and shall be issued and secured pursuant to the provisions of the resolution of the District adopted on February 6, 2003 (the "District Resolution") and the Resolution

of the Board of Supervisors of the County adopted on _____, 2003 (the "County Resolution" and collectively with the District Resolution, the "Resolutions") and Section 15264 *et seq.*, of the California Education Code (the "Act"). All capitalized terms used herein without definition shall have the meanings given to them in the County Resolution.

The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Contract and the Resolutions. The Bonds shall be in book-entry form, shall bear CUSIP numbers, shall be in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York; the Bonds shall initially be in authorized denominations of $5,000 maturity value each or any integral multiple thereof.

Section 33. Use of Documents. The District and the County hereby authorize the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Contract and an Official Statement (defined below), the Resolutions and all information contained herein and therein and all of the documents, certificates or statements furnished by the District or the County to the Underwriter in connection with the transactions contemplated by this Purchase Contract.

Section 34. Public Offering of the Bonds. The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering price or yield to be set forth on the cover page of the Official Statement. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering price or yield as it deems necessary in connection with the marketing of the Bonds.

Section 35. Review of Official Statement. The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated _____, 2003 (the "Preliminary Official Statement"). The District represents that it has deemed the Preliminary Official Statement to be final, except for either revisions or additions relating to the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule").

The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received. The Underwriter agrees that, within 10 days after the Closing (as defined below), it will file a copy of the Official Statement with the Municipal Securities Rulemaking Board.

Section 36. Closing. At 8:30 a.m., California Time, on _____, 2003, or at such other time or on such other date as shall have been mutually agreed upon by you and us (the "Closing"), you will deliver to us, at the offices of The Depository Trust Company ("DTC") in New York, New York, or at such other place as we may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, in Newport Beach, California, the other documents hereinafter mentioned; and we will accept such delivery and pay the purchase price thereof, of $_____ (being equal to the aggregate initial amount of the Bonds, less an underwriter's discount of $_____, less the bond insurance

premium of $_____, less the costs of issuance of $_____ to be paid by the Underwriter, plus original issue premium of $_____), in immediately available funds by check, draft or wire transfer to the County.

Section 37. Representations, Warranties and Agreements of the District. The District hereby represents, warrants and agrees with the Underwriter that:

(a) Due Organization. The District is a public instrumentality duly organized and validly existing under the laws of the State of California, with the power to issue the Bonds pursuant to the Act.

(b) Due Authorization. (i) at or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Purchase Contract, to adopt the District Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract and the District Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the District Resolution, the County Resolution and this Purchase Contract have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Purchase Contract constitutes a valid and legally binding obligation of the District; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Contract.

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request.

(d) No Conflicts. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Contract, the District Resolution and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(e) Litigation. Except as described in the Preliminary Official Statement, as of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending in which service of process has been completed against the District, or to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or of the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of the tax revenues pledged or to be pledged or available to pay the

principal of and interest on the Bonds, or the pledge thereof, or the levy of any taxes contemplated by the Resolutions or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract or the Resolutions or contesting the powers of the District or the County under the Resolutions or this Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Purchase Contract or the Resolutions, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

(f) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District directly, nor the County on behalf of the District at the District's request, will have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(g) Arbitrage Certificate. The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon.

(h) Certificates. Any certificates signed by any officer of the District and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter, but not by the person signing the same, as to the statements made therein.

(i) Continuing Disclosure. At or prior to the Closing, the District shall have duly authorized, executed and delivered the Continuing Disclosure Agreement. The Continuing Disclosure Agreement shall comply with the provisions of Rule 15c2-12(b)(5) and be substantially in the form attached to the Official Statement in Appendix D.

(j) Official Statement. As of the date hereof, the Preliminary Official Statement does not, and as of the Closing the Official Statement will not, contain any untrue statement of a material fact or omit to state a material fact which is necessary to make the statements therein in light of the circumstances under which they were made not misleading.

Section 38. Representations, Warranties and Agreements of the County. The County hereby represents, warrants and agrees with the Underwriter that:

(a) Due Organization. The County is a political subdivision duly organized and validly existing under the laws of the State of California, with the power to issue the Bonds pursuant to the Act.

(b) Due Authorization. (i) at or prior to the Closing, the County will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the County has full legal right, power and authority to enter into this Purchase Contract, to adopt the County Resolution, to issue and deliver the Bonds to the Underwriter on behalf of the District and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract and the Resolutions; (iii) the execution and delivery or adoption of, and the performance by the

County of its obligations contained in the Bonds, the District Resolution, the County Resolution and this Purchase Contract have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Purchase Contract constitutes a valid and legally binding obligation of the County; and (v) the County has duly authorized the consummation by it of its transactions contemplated by this Purchase Contract.

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, or which have not been taken or obtained; except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, provided, however, that the County shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(d) No Conflicts. To the best knowledge of the County, the issuance of the Bonds, the execution, delivery and performance of this Purchase Contract, the County Resolution and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the County a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a material violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party or by which it is bound or to which it is subject.

(e) Litigation. Based on the advice of County Counsel, except as described in the Preliminary Official Statement, as of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending in which service of process has been completed against the County, or to the best knowledge of the County, threatened against the County: (i) in any way affecting the existence of the County or in any way challenging the respective powers of the several offices or of the titles of the officials of the County to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of the tax revenues pledged or to be pledged or available to pay the principal of and interest on the Bonds, or the pledge thereof, or the levy of any taxes contemplated by the Resolutions, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract or the Resolutions or contesting the powers of the County or its authority with respect to the Bonds, the Resolutions or this Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the consummation of the transactions contemplated by this Purchase Contract or the Resolutions (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

(f) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, the County will not have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowing as may be described in or contemplated by the Official Statement.

(g) Arbitrage Certificate. The County has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the County is a bond issuer whose arbitrage certificates may not be relied upon.

(h) Certificates. Any certificates signed by any officer of the County and delivered to the Underwriter shall be deemed a representation and warranty by the County to the Underwriter, but not by the person signing the same, as to the statements made therein.

Section 39. Covenants of the County and the District. The County and the District respectively covenant and agree with the Underwriter that:

(a) Securities Laws. The County and the District will furnish such information, execute such instruments, and take such other action in cooperation with, and at the expense of, the Underwriter if and as the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, provided, however, that the County and the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

(b) Application of Proceeds. The District will apply the proceeds from the sale of the Bonds for the purposes specified in the District Resolution;

(c) Official Statement. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date this Purchase Contract is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being called the "Official Statement") in such reasonable quantities as may be requested by the Underwriter not later than five (5) business days following the date this Purchase Contract is signed, in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the Municipal Securities Rulemaking Board. The District hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Bonds;

(d) Subsequent Events. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the District until the date which is twenty-five (25) days following the Closing;

(e) Amendments to Official Statement. For a period of twenty-five (25) days after the Closing or until such time (if earlier) as the Underwriter shall no longer hold any of the Bonds for sale, the District will amend or supplement the Official Statement in any manner necessary to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser, and (at the expense of the District) shall deliver a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance reasonably satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements

therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

Section 40. Conditions to Closing. The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties of the County and the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Purchase Contract are and shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

(a) Representations True. The representations and warranties of the County and the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and the County and the District shall be in compliance with each of the agreements made by it in this Purchase Contract;

(b) Obligations Performed. At the time of the Closing, (i) the Official Statement, this Purchase Contract, the District Resolution and the County Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by us; (ii) all actions under the Act which, in the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, bond counsel ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the County and the District shall perform or have performed all of their obligations required under or specified in the District Resolution, the County Resolution, this Purchase Agreement or the Official Statement to be performed at or prior to the Closing;

(c) Adverse Rulings. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Contract (and not reversed on appeal or otherwise set aside), or to the best knowledge of the County or the District, be threatened which has any of the effects described in Section 7(e) or 8(e) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(d) Marketability. Between the date hereof and the Closing, the market price or marketability or the ability of the Underwriter to enforce contracts for the sale of the Bonds, at the initial offering prices set forth in the Official Statement, shall not have been materially adversely affected in the reasonable judgment of the Underwriter (evidenced by a written notice to the County and the District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds) by reason of any of the following:

(i) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(A) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing

inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds; or

(B) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(ii) the declaration of war or engagement in major military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government or the financial community in the United States;

(iii) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(iv) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(v) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(vi) the withdrawal or downgrading of any rating of the District's outstanding indebtedness by a national rating agency; or

(vii) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(e) Delivery of Documents. At or prior to the date of the Closing, the Underwriter shall receive three copies of the following documents in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(i) Bond Opinion. An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing, addressed

to the County and the District substantially in the form attached as Appendix A to the Preliminary Official Statement;

(ii) Reliance Letter. A reliance letter from Bond Counsel to the effect that the Underwriter can rely upon the approving opinion described in (e)(1) above;

(iii) Certificate of the County. A certificate signed by an appropriate official of the County to the effect that (i) such official is authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the County herein are true and correct in all material respects as of the date of Closing, (iii) the County has complied with all the terms of the County Resolution and this Purchase Contract to be complied with by the County prior to or concurrently with the Closing, and (iv) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Contract substantially conform to the descriptions thereof contained in the County Resolution;

(iv) Certificate of the District. A certificate signed by an appropriate official of the District to the effect that (i) such official is authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the District Resolution, the Continuing Disclosure Agreement and this Purchase Contract to be complied with by the District prior to or concurrently with the Closing, (iv) such District official has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Contract substantially conform to the descriptions thereof contained in the District Resolution;

(v) Arbitrage. A nonarbitrage certificate of the District in form satisfactory to Bond Counsel;

(vi) District Resolution. A certificate, together with fully executed copies of the District Resolution, of the Clerk of the District Board of Trustees to the effect that:

(A) such copies are true and correct copies of the District Resolution; and

(B) the District Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing.

(vii) District Counsel Opinion. An opinion of Counsel to the District substantially in the form attached as Appendix B;

(viii) County Resolution. A certificate, together with fully executed copies of the County Resolution, of the County Executive Officer-Clerk of the Board of Supervisors to the effect that:

(A) such copies are true correct copies of the County Resolution; and

(B) the County Resolution was duly adopted;

(ix) County Counsel Opinion. An opinion of counsel to the County substantially in the form attached hereto as Appendix C;

(x) Official Statement. Certificates of the appropriate officials of the District evidencing their determinations respecting the Preliminary Official Statement in accordance with the Rule;

(xi) Rating. Evidence satisfactory to the Underwriter that the Bonds shall have been rated "___" by Moody's Investors Service, and "___" by Standard & Poor's Ratings Services (or such other equivalent ratings as such rating agencies may give) and that any such rating has not been revoked or downgraded;

(xii) Policy of Insurance. A policy of insurance (the "Policy") from _____ (the "Insurer"), insuring the payment of principal of, accreted value and interest on the Bonds;

(xiii) Opinion of Counsel to Insurer. An opinion of counsel to the Insurer, dated as of the date of Closing, addressed to the Underwriter and the District and the County in form and substance acceptable to counsel to the Underwriter, substantially to the effect that: (i) the Insurer has been duly incorporated, under the laws of its state of incorporation and is validly existing and in good standing under the laws of the State of California; (ii) the Policy constitutes the legal, valid and binding obligation of the Insurer enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization, rehabilitation and other similar laws of general applicability relating to or affecting creditors' and/or claimants' rights against insurance companies and to general equity principles; and (iii) the information contained in the Official Statement under the caption "BOND INSURANCE" does not contain any untrue statement of a material fact or, insofar as it relates to the Policy, intentionally omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(xiv) Continuing Disclosure Agreement. An executed copy of the Continuing Disclosure Agreement, substantially in the form presented in the Official Statement as Appendix D thereto.

(xv) Form 8038-G. Evidence that the federal tax information Form 8038-G has been prepared for filing;

(xvi) Notice of Final Sale. A copy of the Notice of Final Sale required to be delivered to the California Debt and Investment Advisory Commission pursuant to Section 8855 of the California Government Code;

(xvii) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence compliance (i) by the County and the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the County and the District herein contained, (iii) the truth and accuracy, as of the time of Closing, of the Official Statement and (iv) the due performance or satisfaction by the County and the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the County to the Underwriter prior to the close of business, California Time, on _____, 2003, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Section 12 hereof.

If the County and/or the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be canceled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the County and the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the County and the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

Section 41. Conditions to Obligations of the County and the District. The performance by the County and the District of their obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the District and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the County and the District.

Section 42. Expenses.

(a) Except for that portion of the following expenses which are paid by the Underwriter from the $_____ of premium from the sale of the Bonds retained by the Underwriter, the District shall pay any expenses incident to the performance of its obligations hereunder from the proceeds of the Bonds (or from any other source of available funds of the District) which shall not be paid by the Underwriter, which expenses include: (i) the cost of the preparation and reproduction of the Resolution; (ii) the fees and disbursements of Bond Counsel; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the cost of the preparation, printing and delivery of the Preliminary Official Statement, the Official Statement, and any amendment or supplement thereto in the quantity requested by the Underwriter in accordance herewith; (v) the fees, if any, for Bond ratings, including all necessary travel expenses; (vi) fees of the Financial Advisor for the Bonds, (vii) the premium

for the policy of municipal bond insurance to be issued by the Bond Insurer, and (viii) all other fees and expenses, including, but not limited to, all fees and expenses of the County, incident to the issuance and sale of the Bonds.

(b) The District shall be under no obligation to pay, and the Underwriter shall pay the first $_____ of the expenses listed in paragraph (a) above and, any fees of the California Debt and Investment Advisory Commission; expenses to qualify the Bonds for sale under any "blue sky" or other state securities laws; and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Bonds (except those specifically enumerated in paragraph (a) of this section which exceed $_____), including the fees and disbursements of its counsel and any advertising expenses.

Section 43. Notices. Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the County, to the Treasurer and Tax Collector of the County of Los Angeles, 500 West Temple Street, Room 432, Los Angeles, California 90012, if to the District, to the Superintendent, Hermosa Beach City School District, 1645 Valley Drive, Hermosa Beach, California 90254, or if to the Underwriter, to UBS PaineWebber Inc., 777 South Figueroa Street, 50th Floor, Los Angeles, California 90017.

Section 44. Parties in Interest; Survival of Representations and Warranties. This Purchase Contract when accepted by the District in writing as heretofore specified shall constitute the entire agreement among the County, the District and the Underwriter. This Purchase Contract is made solely for the benefit of the County, the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All representations, warranties and agreements of the County and the District in this Purchase Contract shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Bonds hereunder, and (c) any termination of this Purchase Contract.

Section 45. Effective. This Purchase Contract shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the County and the District and shall be valid and enforceable as of the time of such acceptance.

Section 46. No Prior Agreements. This Purchase Contract supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of the Bonds.

Section 47. Execution in Counterparts. This Purchase Contract may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

Section 48. Applicable Law. This Purchase Contract shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

UBS PAINEWEBBER INC.

By: _____
Authorized Representative

[Signatures Continue on the Next Page]

The foregoing is hereby agreed to and accepted as of the date first above written:

COUNTY OF LOS ANGELES

By: _____
Treasurer and Tax Collector

APPROVED AS TO FORM:

LLOYD W. PELLMAN,
County Counsel

By: _____
Deputy County Counsel

[Signatures Continue on the Next Page]

HERMOSA BEACH CITY SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

I. CURRENT INTEREST BONDS

Maturity Schedule

$_____
Current Interest Serial Bonds

Maturity Date (August 1)	*Principal Amount*	*Rate*	*Yield*	*Price*

Redemption

Interest Payment Date

Interest payable with respect to the Current Interest Bonds shall be payable February 1 and August 1, commencing August 1, 200__.

II. CAPITAL APPRECIATION BONDS

Maturity Schedule

$_____
Capital Appreciation Serial Bonds

Maturity Date (August 1)	*Original Principal Amount*	*Rate*	*Yield to Maturity*	*Maturity Value*	*Approximate Price*

Redemption

The Capital Appreciation Bonds are not subject to redemption prior to maturity.

Accretion Dates

Interest on the Capital Appreciation Bonds accretes at the rates set forth above compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2003. Accreted interest is payable at maturity.

TABLE OF ACCRETED VALUES

APPENDIX B

DISTRICT COUNSEL OPINION

$_____
HERMOSA BEACH CITY SCHOOL DISTRICT
LOS ANGELES COUNTY, CALIFORNIA
2003 GENERAL OBLIGATION BONDS, ELECTION OF 2002, SERIES A

(Introduction)

1. The District is a school district duly organized and validly existing pursuant to the Constitution and the laws of the State.

2. The Constitution and the laws of the State authorize the District to approve and authorize the execution and delivery of the Purchase Contract, and to perform its obligations thereunder.

Very truly yours,

APPENDIX C

OPINION OF COUNTY COUNSEL

[CLOSING DATE]

Hermosa Beach City School District
Hermosa Beach, California

UBS PaineWebber Inc.
Los Angeles, California

Re: *$_____ Hermosa Beach City School District, Los Angeles County, California, 2003 General Obligation Bonds, Election of 2002, Series A*

Ladies and Gentlemen:

This opinion is rendered as counsel to the County of Los Angeles (the "County") in connection with the issuance by the Hermosa Beach City School District (the "District") of its 2003 General Obligation Bonds, Election of 2002, Series A in the aggregate principal amount of $_____ (the "Bonds").

In rendering this opinion, we have examined the County Resolution and such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

Based upon the foregoing, and solely with respect to the laws of the State of California (the "State"), we are of the opinion, as of the date hereof, that:

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

2. The County Resolution approving and authorizing the execution and delivery of the Purchase Contract and the issuance of the Bonds was duly adopted at a meeting of the governing body of the County which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption.

3. To the best of our knowledge, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against the County (a) affecting the existence of the County or the titles of its officers who have acted with respect to the proceedings for issuance and sale of the Bonds to their respective officers; (b) seeking to prohibit, restrain or enjoin the execution of the Purchase Contract or the issuance of the Bonds or in any way contesting or affecting the validity or enforceability of the Bonds, the Purchase Contract or the County Resolution; (c) contesting the powers of the County or its authority to enter into, adopt or perform its obligations under the County Resolution or the Purchase Contract; or (d) seeking to restrain or enjoin the levy or collection of tax revenues pledged for payment of the Bonds.

4. The Purchase Contract has been duly authorized, executed and delivered by the County and the Bonds have been duly authorized by the County, executed by the County on behalf of the District and delivered by the County, and, assuming due authorization, execution and delivery by the other parties thereto, the Purchase Contract constitutes the legal, valid and binding agreement of the County enforceable against the County in accordance with its terms.

With respect to the opinions we have expressed, enforcement of the rights and obligations under the County Resolution, the Purchase Contract and the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles if equitable remedies are sought, and by limitations on legal remedies imposed in actions against public entities in the State. We express no opinion as to the availability of equitable remedies in connection with enforcement of the County Resolution, the Purchase Contract or the Bonds.

Very truly yours,

LLOYD W. PELLMAN
County Counsel

By: _____
Deputy County Counsel

EXHIBIT C

(FORMS OF BONDS)

FORM OF CURRENT INTEREST BOND

R-___ $_____

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

HERMOSA BEACH CITY SCHOOL DISTRICT
2003 GENERAL OBLIGATION BOND, ELECTION OF 2002,
SERIES A

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP NO.
____%	August 1, ____	_____, 2003	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

The Hermosa Beach City School District (the "District") in Los Angeles County, California, for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year, commencing August 1, 2003 (each, a "Bond Payment Date"). This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2003, in which event it shall bear interest from its Dated Date; provided, however, that, if at the time of registration of this Bond interest with

respect hereto is in default, interest with respect hereto shall be payable from the Bond Payment Date to which interest has previously been paid or made available for payment. Principal and interest are payable in lawful money of the United States of America, without deduction for the Paying Agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the register maintained by the Paying Agent, initially the Treasurer. Principal is payable when due upon presentation and surrender of this Bond at the principal office of the Paying Agent. Interest is payable by check mailed by the Paying Agent on each Bond Payment Date to the Registered Owner as shown and at the address appearing on said register at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date (the "Record Date"); provided that a Registered Owner of Bonds in the aggregate principal amount of $1,000,000 or more may request in writing to the Paying Agent that the Registered 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 Bonds have been issued for the purpose of raising money for the construction and modernization of classrooms and other school facilities 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 electors of the District cast at an election held on November 5, 2002, upon the question of issuing bonds in the amount of $13,600,000 and the resolution of the Board of Trustees of the District adopted on February 6, 2003 (the "District Resolution") and the resolution of the Board of Supervisors of the County of Los Angeles (the "County") adopted on _____, 2003 (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, under the laws now in force, unlimited as to rate or amount. THE BONDS OF THIS ISSUE ARE GENERAL OBLIGATION BONDS OF THE DISTRICT AND DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY. NO PART OF ANY FUND OR MONEYS OF THE COUNTY IS PLEDGED OR OBLIGATED TO THE PAYMENT OF THE BONDS OF THIS ISSUE.

This Bond is exchangeable and transferable for Bonds of other authorized denominations at the principal office of the Paying Agent, by the Registered Owner or by a person legally empowered to do so, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed 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 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 District, the County nor the Paying Agent shall be affected by any notice to the contrary.

Neither the 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 16th day of the month next preceding any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given or (b) to transfer any Bond which has been selected or called for redemption in whole or in part.

The Bonds maturing on or before August 1,____, are not subject to redemption. Any Bonds maturing on or after August 1, ____ may be redeemed before maturity at the option of the District, on August 1, ____, or on any Bond Payment Date thereafter as a whole, or in part in the order of maturity selected by the District and by lot within a maturity. For the purposes of such selection, Bonds will be deemed to consist of $5,000 portions, and any such portion may be separately redeemed. Any Bonds called prior to maturity will be redeemed at the following redemption prices, expressed as a percentage of par value, together with accrued interest to the date of redemption:

Redemption Date	Redemption Price
August 1, ____ and February 1, ____	%
August 1, ____ and February 1, ____	
February 1, ____ and thereafter	

The Bonds maturing on August 1, ____ are subject to mandatory sinking fund redemption on the following dates and in the following amounts at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the redemption date, without premium:

Year (August 1)	Principal Amount To Be Redeemed

The Bonds maturing on August 1, ____ are subject to mandatory sinking fund redemption on the following dates and in the following amounts at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the redemption date, without premium:

Year (August 1)	Principal Amount To Be Redeemed

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 at the direction of the District by the Paying Agent in such manner as the Paying Agent 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 and that, in selecting Bonds for redemption, the Paying

Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such bond by $5,000.

The rights and obligations of the County and of the Registered Owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the County in certain cases with the written consent of Registered Owners of at least 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the County and the District and in certain cases without the consent of the Registered Owners as further specified in the Resolution.

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 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 of the County by the 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 described herein in order to make them legal, valid and binding general obligation bonds of the District, have been performed and have been met in regular and due form as required by law; that payment in full for the Bonds has been received; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the Bonds; and that due provision has been made for levying and collecting ad valorem property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due, and for levying and collecting such taxes the full faith and credit of the District are hereby pledged.

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

WITNESS WHEREOF, the County of Los Angeles has caused this Bond to be executed on behalf of the District and in their official capacities, by the manual or facsimile signatures of the Chair and the Treasurer and Tax Collector of the County, and to be countersigned by the facsimile signature of the Executive Officer-Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

[SEAL]

_____
Chair of the Board of Supervisors

COUNTERSIGNED:

_____	_____
Executive Officer-Clerk of the Board of Supervisors	Treasurer and Tax Collector of the County of Los Angeles

(FORM OF CERTIFICATE OF AUTHENTICATION)

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

TREASURER AND TAX COLLECTOR OF THE COUNTY OF LOS ANGELES, as Paying Agent

By: U.S. BANK NATIONAL ASSOCIATION, as Agent

By: _____
Authorized Officer

(FORM OF LEGAL OPINION)

(FORM OF STATEMENT OF INSURANCE)

(FORM OF ASSIGNMENT)

For value received the undersigned hereby sells, assigns and transfers unto

_____

_____

_____

(Name, Address, and Tax Identification or Social Security Number of Assignee)

the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s)

attorney,

to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

_____

Note: The signature(s) on this Assignment must correspond with the names as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

FORM OF CAPITAL APPRECIATION BOND

REGISTERED NO. ___ $

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF LOS ANGELES

HERMOSA BEACH CITY SCHOOL DISTRICT
2003 GENERAL OBLIGATION BOND, ELECTION OF 2002,
SERIES A

INTEREST RATE	YIELD TO MATURITY	MATURITY DATE	DATE OF ISSUANCE	CUSIP NO.
			_____, 2003	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

MATURITY VALUE:

The Hermosa Beach City School District (the "District") in Los Angeles County, California, for value received, promises to pay to the Registered Owner named above, or registered assigns, the Maturity Value on the Maturity Date, each as stated above, and interest thereon due and payable on the Maturity Date and compounded from the Date of Issuance at the Yield to Maturity specified above on the Maturity Date, assuming that the sum of such compounded interest and the Principal Amount hereof increases in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months (interest, together with the Principal Amount hereof, being herein called the "Accreted Value"). Accreted Value is 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 Treasurer and Tax Collector of the County. Accreted Value is payable upon presentation and surrender of this Bond at the principal office of the Paying Agent.

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

The Bonds have been issued for the purpose of the construction and modernization of classrooms and other school facilities 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 electors of the District cast at an election held on November 5, 2002, upon the question of issuing bonds in the amount of $13,600,000 and the resolution of the Board of Trustees of the District adopted on February 6, 2003 (the "District Resolution") and the resolution of the Board of Supervisors of the County of Los Angeles (the "County") adopted on _____, 2003 (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, under the laws now in force, are unlimited as to rate or amount. THE BONDS OF THIS ISSUE ARE GENERAL OBLIGATION BONDS OF THE DISTRICT AND DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY. NO PART OF ANY FUND OR MONEYS OF THE COUNTY IS PLEDGED OR OBLIGATED TO THE PAYMENT OF THE BONDS OF THIS ISSUE.

This Bond is exchangeable and transferable for Capital Appreciation Bonds of like tenor, maturity and Transfer Amount (as defined in the Bond Resolution) and in authorized denominations at the principal office of the Paying Agent, by the Registered Owner or by a person legally empowered to do so, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed 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 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 District, the County nor the Paying Agent shall be affected by any notice to the contrary.

Neither the District, the County nor the Paying Agent will be required (a) to issue or transfer this Bond during a period beginning with the opening of business on the 16th day of the month next preceding the Maturity Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Maturity 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.

Capital Appreciation Bonds maturing in 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 February 1 and August 1, on and after February 1, 20_, in the Accreted Values as set forth in the following table:

Redemption Dates	Accreted Values
	$

The Capital Appreciation Bonds are not subject to optional redemption prior to maturity.

The rights and obligations of the County and of the Owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the County in certain cases with the written consent of Owners of at least 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the County and in certain cases without the consent of the Owners as further specified in the Resolution.

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 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 obligation bonds of the District, have been performed and have been met in regular and due form as required by law; that payment in full for the Bonds has been received; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the Bonds; and that due provision has been made for levying and collecting ad valorem property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due, and for levying and collecting such taxes the full faith and credit of the District are hereby pledged.

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

IN WITNESS WHEREOF, the County of Los Angeles has caused this Bond to be executed on behalf of the District and in their official capacities, by the manual or facsimile signatures of the Chair and the Treasurer and Tax Collector of the County, and to be countersigned by the facsimile signature of the Executive Officer-Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

[SEAL]

_____
Chair of the Board of Supervisors

COUNTERSIGNED:

_____
Executive Officer-Clerk of the Board of Supervisors

_____
Treasurer and Tax Collector of the County of Los Angeles

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 _____.

TREASURER AND TAX COLLECTOR OF THE COUNTY OF LOS ANGELES, as Paying Agent

By: U.S. BANK NATIONAL ASSOCIATION, as Agent

By:_____
Authorized Officer

(FORM OF LEGAL OPINION)

(FORM OF STATEMENT OF INSURANCE)

(FORM OF ASSIGNMENT)

For value received the undersigned hereby sells, assigns and transfers unto

_____

_____

_____

(Name, Address, and Tax Identification or Social Security Number of Assignee)

the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s)

attorney,

to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

_____

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

_____

Note: The signature(s) on this Assignment must correspond with the names as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

Table of Contents

		Page
Section 1.	Purpose of the Bonds	2
Section 2.	Terms and Conditions of Sale	2
Section 3.	Approval of Purchase Agreement	2
Section 4.	Certain Definitions	2
Section 5.	Designation and Terms of the Series A Bonds	6
Section 6.	Execution	6
Section 7.	Appointment of Paying Agent	7
Section 8.	Resignation or Removal of Paying Agent and Appointment of Successor	7
Section 9.	Payment of Principal and Interest	8
Section 10.	Bond Registration and Transfer	8
Section 11.	Redemption.	10
Section 12.	Book-Entry System.	12
Section 13.	Forms of Bonds	14
Section 14.	Deposit of Proceeds of Series A Bonds; Creation of Funds	14
Section 15.	Security for the Series A Bonds; Tax Levy	16
Section 16.	Defeasance	16
Section 17.	Partial Defeasance	17
Section 18.	Continuing Disclosure	18
Section 19.	Tax Covenants of the District	18
Section 20.	Arbitrage Covenant	18
Section 21.	Conditions Precedent	18
Section 22.	Preliminary Official Statement	18
Section 23.	Approval of Actions	18
Section 24.	Supplemental Resolutions.	19
Section 25.	Insurance	20
Section 26.	Resolution to Constitute Contract	20
Section 27.	Notices	20
Section 28.	Unclaimed Moneys	21
Section 29.	Permitted Investments; Valuation.	21
Section 30.	Effective Date	21

EXHIBIT A	Form of District Resolution	A-1
EXHIBIT B	Form of Contract of Purchase	B-1
EXHIBIT C	Forms of Bonds	C-1

RESOLUTION #12:02/03

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE HERMOSA BEACH CITY SCHOOL DISTRICT REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO SELL GENERAL OBLIGATION BONDS OF THE DISTRICT IN A PRINCIPAL AMOUNT NOT TO EXCEED $10,000,000 AND APPROVING CERTAIN OTHER MATTERS RELATED THERETO

WHEREAS, a duly called election was held in the Hermosa Beach City School District (the "District") on November 5, 2002 pursuant to provisions of paragraph (3) of subdivision (b) of Section 1 of Article XIIA of the California Constitution and subdivision (b) of Section 18 of Article XVI of the California Constitution, at which the following proposition ("Measure J") was submitted to the qualified electors of the District:

> "To improve the quality of education, shall the Hermosa Beach City School District be authorized to finance classroom modernization; upgrade electrical systems to improve access to technology; make health, safety, and security improvements; upgrade plumbing, heating, ventilation, and air conditioning systems; construct classrooms and science labs; acquire property, and qualify for State funds up to $1,700,000, by issuing $13,600,000 in bonds, within maximum legal interest rates, with annual audits, and a citizens' oversight committee and NO money for administrators' salaries?"

WHEREAS, at such election Measure J received the affirmative vote of more than fifty-five percent of the qualified electors of the District voting on the proposition as certified by the Registrar of Voters of the County of Los Angeles in the official canvassing of votes; and

WHEREAS, at this time the Board of Trustees of the District has determined that it is necessary and desirable to request the Board of Supervisors to issue a first series of general obligation bonds in an aggregate principal amount not to exceed $10,000,000 to be designated as the "Hermosa Beach City School District, 2003 General Obligation Bonds, Election of 2002" (the "Series 2003A Bonds") pursuant to the provisions of paragraph 3 of subdivision (b) of Section 1 of Article XIIIA of the California Constitution and Chapter 1.5, Part 10, Division 1, Title 1 of the Education Code of the State of California (commencing with Section 15264); and

WHEREAS, Education Code Section 15140 provides that the Board of Supervisors shall issue bonds on behalf of the District following adoption of a resolution of the Board of Trustees; and

WHEREAS, there has been presented to this Board of Trustees at this meeting the forms of a Preliminary Official Statement (the "Preliminary Official Statement") pursuant to which the Series 2003A Bonds will be offered for sale, a Purchase Contract (the "Purchase Contract") to be entered into by and among the District, the County of Los Angeles and UBS PaineWebber Inc. (the "Underwriter"), and a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") between the District and U.S. Bank, N.A., as Dissemination Agent.; and

WHEREAS, 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 the proposed issue of Series 2003A Bonds, is within all limits prescribed by law;

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED BY THE BOARD OF TRUSTEES OF THE HERMOSA BEACH CITY SCHOOL DISTRICT AS FOLLOWS:

Section 1. Each of the above recitals is true and correct.

Section 2. In order to raise money for the purposes described in Measure J and to pay all necessary legal, financial, engineering and contingent costs in connection therewith, in accordance with the provisions of Education Code Section 15140, the Board of Trustees hereby petitions the Board of Supervisors of the County of Los Angeles to authorize the issuance of the Series 2003A Bonds and to order such Series 2003A Bonds sold as soon as possible following its receipt of this Resolution. The Series 2003A Bonds shall be sold at a negotiated sale to the Underwriter and shall bear or accrete interest at the rates set forth in the Purchase Contract, which, for the issue as a whole, shall not exceed a true interest cost of 8.0%. The principal of the Series 2003A Bonds shall mature on the dates and in the amounts set forth in the Purchase Contract, not to exceed 25 years from the date of the Series 2003A Bonds.

The Series 2003A Bonds may be issued as current interest bonds or capital appreciation bonds as set forth in the Purchase Contract, subject to the provisions of a resolution of the Board of Supervisors of the County relating to the Bonds (the "County Resolution").

The Board of Supervisors is hereby authorized to set the terms of the optional and mandatory redemption of the Series 2003A Bonds in the Purchase Contract and to provide in the County Resolution the method of giving notice of redemption to holders of Series 2003A Bonds to be redeemed.

Section 3. The Board of Trustees does hereby authorize the appointment of an authenticating agent, bond registrar, transfer agent and paying agent (collectively, the "Paying Agent") for the Series 2003A Bonds by the Board of Supervisors of the County on behalf of the District.

Section 4. The District hereby covenants with the owners of the Series 2003A Bonds that it will restrict the use of the proceeds of the Series 2003A Bonds in such manner and to such extent, if any, as may be necessary, so that the Series 2003A Bonds will not constitute arbitrage bonds under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations prescribed under that section or any predecessor section and will take no action that would cause interest on the Series 2003A Bonds to be included in gross income for federal income tax purposes. In furtherance of this covenant, the District agrees to comply with the covenants contained in the Tax Certificate (the "Tax Certificate") to be executed by the District on the date of delivery of the Series 2003A Bonds. The District hereby agrees to deliver instructions to the Paying Agent in order to comply with the Tax Certificate.

Section 5. The Clerk of the Board of Trustees is hereby directed to file a certified copy of this Resolution with the Board of Supervisors and the Treasurer and Tax Collector of the County (the "Treasurer").

Section 6. The Board of Trustees determines that all acts and conditions necessary to be performed by the Board of Trustees or to have been met precedent to and in the issuing of the Series 2003A 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 Series 2003A 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 Series 2003A Bonds.

Section 7. The District hereby covenants to spend all Series 2002A Bond proceeds in accordance with applicable law, including, but not limited to, Chapter 1.5, Part 10, Division 1, Title 1 of the Education Code of the State or California (commencing with Section 15264), as amended, and Article XIIIA of the California Constitution.

Section 8. The forms of the Purchase Contract and the Continuing Disclosure Agreement presented at this meeting are hereby approved. Each of the President of the Board of Trustees, the Superintendent of the District, the Business Manager of the District and the Clerk of the Board of Trustees and each of their designees is hereby authorized and directed for and in the name of the District to execute the Continuing Disclosure Agreement and the Purchase Contract in substantially the forms hereby approved, with such additions thereto and changes therein as are recommended or approved by Stradling Yocca Carlson & Rauth, as Bond Counsel to the District, or County Counsel and approved by the officer or officers executing such agreements; provided, however, that the Purchase Contract shall be executed only if the aggregate principal amount of the Series 2003A Bonds is equal to or less than $10,000,000 and the discount paid to the Underwriter (exclusive of original issue discount and any costs of issuance paid by the Underwriter from proceeds of the Series 2003A Bonds) does not exceed 2.0% of the principal amount of the Series 2003A Bonds. Each of the Superintendent, the Business Manager, and the designee of either of such officials, is hereby authorized to arrange for the purchase of a municipal bond insurance policy for the Series 2003A Bonds if it is determined by the Superintendent or the Business Manager or the designee of either of such officials, that such insurance will result in interest cost savings for the District.

Section 9. The Preliminary Official Statement presented at this meeting is hereby approved in the form presented and upon receipt of the certificate described below from the Superintendent, or his designee, or the Business Manager, the Underwriter is authorized to distribute the Preliminary Official Statement to prospective purchasers in the form hereby approved, together with such additions thereto and changes therein as are determined necessary by the Superintendent, or his designee, or the Business Manager to make such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission. Each of the Superintendent and the Business Manager is authorized to deliver to the Underwriter a certificate deeming the Preliminary Official Statement final for purposes of Rule 15c2-12. Each of the President of the Board of Trustees, the Superintendent and the Business Manager is hereby authorized to execute a final Official Statement in the form of the Preliminary Official Statement, together with such changes as are determined necessary by the Superintendent or the Business Manager to make such Official Statement complete and accurate as of its date. The Underwriter is further authorized to distribute the final Official Statement for the Series 2003A Bonds to the purchasers thereof upon its execution by an officer of the District as described above.

Section 10. The Superintendent or the Business Manager shall provide written notice to the Board of Supervisors of the County of the intent and belief of the Board of Trustees that the Series 2003A Bonds shall be issued prior to the next tax levy.

Section 11. The President of the Board of Trustees, the Superintendent, the Clerk of the Board of Trustees and the Business Manager 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 and advisable in order to consummate the sale and delivery of the Series 2003A Bonds and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed. In the event the President or Clerk of the Board of Trustees is unavailable or

unable to execute and deliver any of the documents to be executed in accordance with this Resolution, any other member of the Board of Trustees may validly execute and deliver such document.

Section 12. This Resolution shall take effect immediately upon its passage.

ADOPTED, SIGNED AND APPROVED this 6th day of February, 2003.

President of the Board of Trustees

ATTEST:

Clerk of the Board of Trustees
Hermosa Beach City School District

CLERK'S CERTIFICATE

The undersigned Clerk of the Board of Trustees of the Hermosa Beach City School District, hereby certifies as follows:

The foregoing is a full, true and correct copy of a Resolution duly adopted at a regular meeting of the Board of Trustees of said District duly and regularly and legally held at the regular meeting place thereof on February 6, 2003, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

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

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

Dated: February 06, 2003

Clerk of the Board of Trustees of the Hermosa Beach City School District

[Seal]