County of Los Angeles
CHIEF EXECUTIVE OFFICE
713 KENNETH HAHN HALL OF ADMINISTRATION
LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
http://ceo.lacounty.gov

DAVID E. JANSSEN
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

July 31, 2007

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:

DEPARTMENT OF TREASURER AND TAX COLLECTOR: ISSUANCE AND SALE OF PARAMOUNT UNIFIED SCHOOL DISTRICT (COUNTY OF LOS ANGELES, CALIFORNIA) GENERAL OBLIGATION BONDS 2006 ELECTION, SERIES 2007 (FOURTH DISTRICT) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution authorizing the issuance and sale of general obligation bonds of the Paramount Unified School District (the "District") in an aggregate principal amount of not to exceed $35,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The governing board of the District adopted a resolution on June 26, 2007, and determined that the District needs to borrow funds in an aggregate principal amount of not to exceed $35,000,000 to be used for authorized purposes.

On November 7, 2006, an election was held whereby voters residing in the District approved a ballot measure authorizing the District to issue $100,000,000 in general obligation bonds for various capital improvements. This will be the first issuance of bonds authorized under this bond measure.

Pursuant to Section 15100 *et seq.* of the California Education Code, the Board of Supervisors is responsible for offering the District's bonds for sale. Such bonds are to 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 one-stop service delivery to the District. It supports the Strategic Plan Goal of Organizational Effectiveness through collaborative actions among County departments and other governmental jurisdictions. 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

There will be no fiscal impact to the County.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Resolution provides for issuance of bonds at a true interest cost not to exceed six percent (6.00%). 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 final maturity of the bonds will not exceed twenty-five (25) years. Provisions for optional redemption of the bonds will be described in the Purchase Contract.

The Resolution provides for the negotiated sale of the bonds to the Underwriter, with participation by the Treasurer and Tax Collector in pricing the bonds. The District has selected UBS Securities LLC and George K. Baum & Company, collectively as Underwriter, and the firm of Orrick, Herrington & Sutcliffe LLP as Bond Counsel. U.S. Bank National Association will be appointed as the Paying Agent.

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

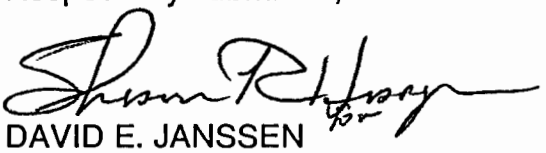
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not Applicable.

CONCLUSION

Upon approval of this Resolution, the Treasurer and Tax Collector will need two (2) originally executed copies of the adopted Resolution.

Respectfully submitted,



DAVID E. JANSSEN
Chief Executive Officer

DEJ:DL
JSE:JT:zu

Attachments (3)

c: Treasurer and Tax Collector
Auditor-Controller
County Counsel
Paramount Unified School District
Los Angeles County Office of Education
Orrick, Herrington & Sutcliffe LLP
U. S. Bank National Association

$_____

PARAMOUNT UNIFIED SCHOOL DISTRICT
LOS ANGELES COUNTY, CALIFORNIA
ELECTION OF 2006 GENERAL OBLIGATION BONDS, SERIES 2007

PURCHASE CONTRACT

_____, 2007

County of Los Angeles
Treasurer and Tax Collector
500 West Temple Street
437 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Paramount Unified School District
Board of Education
15110 S. California Avenue
Paramount, California 90723

Ladies and Gentlemen:

The undersigned, as representative of itself and George K. Baum & Company, (collectively, the "Underwriter") offers to enter into this Purchase Contract (the "Purchase Contract") with Los Angeles County, California (the "County"), and the Paramount Unified School District (the "District"), which, upon your acceptance hereof, will be binding upon the County, the District 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 or prior to 11:59 P.M., Pacific Standard Time, on the date hereof.

1. **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 principal amount of the District's Election of 2006 General Obligation Bonds, Series 2007 (the "Bonds"). The Bonds shall bear or accrete interest at the rates, shall mature in the years and shall be subject to redemption as shown on Appendix A hereto, which is incorporated herein by this reference. The Current Interest Bonds (as defined in the County Resolution described below) shall be dated the date of delivery thereof and shall bear interest from such date payable as to interest on each March 1 and September 1, commencing September 1, 2007. The Capital Appreciation Bonds (as defined in the County Resolution described below) shall accrete interest at the rates and shall mature on the dates shown on Appendix A hereto. The Capital Appreciation Bonds shall be dated their date of delivery and shall accrete interest from the date of delivery thereof, compounded semiannually on March 1 and September 1, commencing September 1, 2007, and shall be paid at maturity as shown in Appendix A hereto. The Underwriter shall purchase

the Bonds at a price of $_____ (consisting of the principal amount of the Bonds of $_____, less underwriter's discount of $_____, plus original issue premium of $_____, less $_____ to be retained by the Underwriter to pay costs of issuance, as in Section 12 hereof).

2. **The Bonds.** The Current Interest Bonds and the Capital Appreciation Bonds shall be dated their date of delivery. The Bonds shall mature on the dates shown on Appendix A hereto, and shall otherwise be as described in, and shall be issued and secured pursuant to the provisions of the Resolution of the District adopted on _____, 2007 (the "District Resolution") and the Resolution of the Board of Supervisors of the County adopted _____, 2007 (the "County Resolution" and, collectively with the District Resolution, the "Resolutions") and Section 15100 of the California Education Code (the "Act").

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 principal or maturity value each or any integral multiple thereof.

3. **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.

4. **Public Offering of the Bonds**. The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields 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 prices or yields as it deems necessary in connection with the marketing of the Bonds. On or prior to the Closing, the Underwriter shall certify to the District in writing, in form and substance satisfactory to the District and to Orrick Herrington & Sutcliffe LLP, bond counsel with respect to the Bonds ("Bond Counsel"): (i) that as of the date of sale, all of the Bonds purchased were reasonably expected to be reoffered in a bona fide public offering; (ii) that as of the date of the certification, all of the Bonds purchased had actually been offered to the general public; (iii) the maximum initial bona fide offering prices at which a substantial amount (at least 10%) of each maturity of the Bonds purchased was sold or was reasonably expected to be sold to the general public.

5. **Review of Official Statement**. The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated _____, 2007 (the "Preliminary Official Statement"). The District represents that it deems the Preliminary Official Statement to be final, except for either revision or addition of 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.

6. **Closing.** At 8:00 A.M., Pacific Standard Time, on _____, 2007 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 Bond Counsel, in Los Angeles, California, the other documents hereinafter mentioned; and we will accept such delivery and pay the purchase price thereof in immediately available funds by check, draft or wire transfer to the account of the County.

7. **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 unified school district 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 and the Continuing Disclosure Certificate, 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 Continuing Disclosure Certificate, 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 and the Continuing Disclosure Certificate constitute valid and legally binding obligations 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, the execution and delivery of this Purchase Contract and the Continuing Disclosure Certificate, the adoption of the District Resolution, 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, or which have not been taken or obtained; provided, however, that the District 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) Internal Revenue Code. The District has complied with the Internal Revenue Code of 1986, as amended, with respect to the Bonds.

(e) 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 Continuing Disclosure Certificate, 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.

(f) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending 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 revenues or assets of the District pledged or to be pledged or available to pay the principal or accreted value 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 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 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.

(g) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District, nor the County, nor any other person on behalf of the District, 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 borrowings as may be described in or contemplated by the Official Statement.

(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 a continuing disclosure certificate (the "Continuing Disclosure Certificate") on behalf of each obligated person for which financial and/or operating data is presented in the Official Statement. The Continuing Disclosure Certificate shall comply with the provisions of Rule 15c 2-12(b)(5) and be substantially in the form attached to the Official Statement in Appendix C.

(j) Official Statement Accurate and Complete. The Preliminary Official Statement, at the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the date hereof and on the Closing Date, the Final Official Statement did not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The District makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the Final Official Statement in reliance upon and in conformity with information furnished in writing to the District by or on behalf of the Underwriter through a representative of the Underwriter specifically for inclusion therein.

(k) Levy of Tax. The District hereby agrees to take any and all actions as may be required by the County or otherwise necessary in order to arrange for the levy and collection of taxes, payment of the Bonds, and the deposit and investment of Bond proceeds. In particular, the District hereby agrees to provide to the County Auditor and the County Treasurer and Tax Collector a copy of the District Resolution, a copy of Appendix A hereto, and the full debt service schedule for the Bonds, in accordance with Education Code Section 15140(c) and policies and procedures of the County.

8. **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 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) assuming due authorization, execution and delivery by the other parties hereto, 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 all 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, 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, or which have not been taken or obtained;

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 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. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is (1) pending, in which service of process has been completed on the County, or (2) 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, 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 operations of the County 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.

(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 borrowings as may be described in or contemplated by the Official Statement.

(g) Certificates. Any certificates signed by an authorized 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.

(h) Official Statement Accurate and Complete. The section of the Preliminary Official Statement entitled "Los Angeles County Investment Pool," at the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. At the date hereof and on the Closing Date, the section of the Final Official Statement entitled "Los Angeles County Investment Pool" did not and will not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

9. **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 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 or 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 (and the County agrees to cooperate with the District in connection with such delivery) 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, the County 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 herein called the "Official Statement") in such 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 County or the District, respectively, until the date which is ninety (90) days following the Closing;

(e) References. References herein to the Preliminary Official Statement and the final Official Statement include the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto; and

(f) Amendments to Official Statement. For a period of ninety (90) 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 adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing or which shall be disapproved by the Underwriter; and if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance 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.

10. **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 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 Contract or the Official Statement to be performed at or prior to the Closing;

(c) Adverse Rulings. To the best knowledge of the County or the District, 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 pending or threatened which has any of the effects describe in Section 7(f) 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, of the Bonds shall not have been materially adversely affected in the 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:

(1) 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:

(i) 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

(ii) 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;

(2) any outbreak or escalation or hostilities affecting the United States, the declaration by the United States of a national emergency or 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;

(3) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading by the New York Stock Exchange, any national securities exchange, or any governmental authority securities exchange;

(4) 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;

(5) 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 having jurisdiction over the subject matter thereof, 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;

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

(7) 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.

(8) the suspension by the SEC of trading in the outstanding securities of the District or the County.

(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:

(1) 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;

(2) 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;

(3) Supplemental Opinion of Bond Counsel. A supplemental opinion of Bond Counsel in form and substance satisfactory to the Underwriter, dated the Closing Date and addressed to the District and the Underwriter, to the effect that:

(i) the description of the Bonds and the security for the Bonds and statements in the Official Statement on the cover page thereof and under the captions "INTRODUCTION" (excluding any and all information contained under the subheadings " -Bond Insurance"), "THE BONDS", "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS," "LEGAL MATTERS," and "TAX MATTERS," to the extent they purport to summarize certain provisions of the Resolution, the Continuing Disclosure Certificate and California law or federal law, fairly and accurately summarize the matters purported to be summarized therein; provided that Bond Counsel need not express any opinion with respect to any financial or statistical data, information concerning the Depository Trust Company or related to its book-entry only system, or any information concerning the Insurer or the Policy (as such terms are defined in the Official Statement) contained therein;

(ii) assuming due authorization, execution and delivery by all the parties thereto, the Continuing Disclosure Certificate and this Purchase Contract have each been duly authorized, executed and delivered by the respective parties thereto and constitute legal, valid and binding agreements of the District and are enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except as their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought; and

(iii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

(4) Certificates. A certificate signed by appropriate officials of the County and the District to the effect that (i) such officials are authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the County and the District herein are true and correct in all material respects as of the date of Closing, (iii) the County and the District have complied with all the terms of

the Bond Resolution, the County Resolution and this Purchase Contract to be complied with by the County and the District prior to or concurrently with the Closing and, as to the District, such documents are in full force and effect, (iv) such District officials have reviewed the Official Statement and on such basis certify that the Official Statement does not contain any untrue statement of 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 County Resolution, and (vi) no event concerning the County or the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement thereto, but should be disclosed in order to make the statements in the Official Statement in light of the circumstances in which they were made not misleading; provided that the certificate provided by the County may exclude statements to the effect of (iii), (iv) and (v) above;

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

(6) Rating. Evidence satisfactory to the Underwriters that (i) the Bonds shall have been rated "Aaa" by Moody's Investors Service ("Moody's") and "AAA" by Standard & Poor's, a Division of the McGraw-Hill Companies ("S&P") (or such other equivalent ratings as such rating agencies may give), based upon the issuance of a municipal bond insurance policy with respect to the Bonds, (ii) that the Bonds have received underlying ratings of "___" and "___" from Moody's and S&P, respectively, and (iii) that any such ratings have not been revoked or downgraded;

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

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

(ii) that 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.

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

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

(ii) that the County Resolution was duly adopted;

(9) County Counsel Opinion. An opinion of Counsel to the County in substantially the form attached hereto as Appendix B;

(10) Official Statement. A certificate of the appropriate official of the District evidencing his or her determinations respecting the Preliminary Official Statement in accordance with the Rule;

(11) Policy of Insurance. A policy of insurance from an insurance provider satisfactory to the Underwriter, insuring the payment of principal of and interest on the Bonds;

(12) Continuing Disclosure Certificate. An executed copy of the Continuing Disclosure Certificate, substantially in the form presented in the Official Statement as Appendix C thereto;

(13) Certificate of the Insurer. A certificate of the appropriate agent of the Insurer evidencing the Insurer's determination that the information contained in the Official Statement regarding the Insurer and its policy with respect to the Bonds is accurate; and

(14) Underwriter's Counsel Opinion. A letter from Stradling Yocca Carlson & Rauth, a Professional Corporation, as counsel to the Underwriter, dated the Closing Date, and addressed to the Underwriter, to the effect that:

(i) without passing upon or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement and making no representation that they have independently verified the accuracy, completeness or fairness of any such statements, based upon the information made available to them in the course of their participation in the preparation of the Official Statement, nothing has come to such counsel's attention which would lead them to believe that the Official Statement (but excluding therefrom financial statements and statistical data, information regarding The Depository Trust Company and its book entry system, and information regarding the Insurer and its Policy (as defined therein), and Appendices B, C, D, and E, as to which no opinion need be expressed) contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(ii) (ii) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended;

(15) 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 and of the Official Statement, and (iii) 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 District to the Underwriter prior to the close of business, Pacific Standard Time, on _____, 2007 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 14 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 cancelled 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.

11. **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.

12. **Expenses**. (a) From the amount retained by the Underwriter pursuant to Section 1 hereof, and only from such amount, the Underwriter shall pay the following expenses up to the amount of $_____: (i) the cost of the preparation and reproduction of the Resolutions; (ii) the fees and disbursements of the District's Bond Counsel; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees, if any, for Bond ratings; (v) the cost of the printing and distribution of the Official Statement; (vi) the initial fees of the Paying Agent; (vii) the initial fees of the fiscal agent, if any, (viii) the bond insurance premium; (ix) expenses for travel, lodging, and subsistence related to rating agency visits and other meetings connected to the authorization, sale, issuance and distribution of the Bonds; and (x) all other fees and expenses incident to the issuance and sale of the Bonds. The balance of any costs of issuance not paid by the Underwriter shall be paid by the District. In the event that following payment of (1) the expenses set forth above and (2) the Underwriter's discount as shown in Section 1 hereof, there is any portion of the amount retained by the Underwriter to pay costs of issuance remaining with the Underwriter, the Underwriter shall remit such remaining amount to the District and the District shall deposit such amount into the Interest and Sinking Fund. At the time that all costs of issuance are paid, the Underwriter shall provide the District with a complete accounting of the payments made by the Underwriter and any amounts remaining after all payments have been made.

(b) In addition to the above expenses, the Underwriter shall pay all out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, travel and other expenses (except as provided above) without limitation.

(c) Notwithstanding Section 10(f) hereof, the District hereby agrees, in the event the purchase and sale of the Bonds does not occur as contemplated hereunder, to reimburse the Underwriter for any costs described in Subsection 12(a)(ix) above that are attributable to District personnel

13. **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, County of Los Angeles, 500 West Temple Street, 437 Kenneth Hahn Hall Administration, Los Angeles, California 90012, if to the District, to the Superintendent, Paramount Unified School District, 15110 S. California Street, Paramount, California 90723, or if to the Underwriter, to UBS Securities LLC, 777 South Figueroa Street, 50th Floor, Los Angeles, California, 90017, with a copy to George K. Baum & Company, 660 J Street, Suite 460, Sacramento, California 95814.

14. **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 your 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.

15. **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.

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

Very truly yours,

UBS SECURITIES LLC, as representative

By: _____
Authorized Representative

By: _____
Authorized Representative

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

LOS ANGELES COUNTY

Accepted:

_____
Treasurer and Tax Collector
County of Los Angeles

Approved as to Form:

RAYMOND G. FORTNER, JR.,
COUNTY COUNSEL

By: _____
Principal Deputy County Counsel

PARAMOUNT UNIFIED SCHOOL DISTRICT

By: _____
Assistant Superintendent
Administrative Services

APPENDIX A

$_____ Current Interest Serial Bonds

Maturity Date (September 1)	Principal Amount	Interest Rate	Yield

$_____ _____% Current Interest Term Bond due September 1, 20__ – Yield _____%

$_____ Capital Appreciation Serial Bonds

Maturity Date	Denominational Amount	3. Accretion Rate	Reoffering Yield	Maturity Value

Redemption

Optional Redemption. The Current Interest Bonds maturing on or before September 1, 20__ are not subject to redemption. The Current Interest Bonds maturing on September 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole, or in part, on any date, commencing September 1, 20__, at a redemption price equal to the principal amount of the Current Interest Bonds called for redemption, without premium, together with interest accrued thereon to the date fixed for redemption.

The Capital Appreciation Bonds are not subject to optional redemption.

Mandatory Sinking Fund Redemption. The $_____ Term Bonds maturing on September 1, 20__, are subject to redemption prior to maturity from mandatory sinking fund payments on September 1 of each year, on and after September 1, 20__, at a redemption price equal

to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Bonds to be so redeemed and the dates therefor and the final principal payment date is as indicated in the following table:

Redemption Date (September 1)	Principal Amount
Total	

(1) Maturity.

APPENDIX B

OPINION OF COUNTY COUNSEL

$_____
PARAMOUNT UNIFIED SCHOOL DISTRICT
LOS ANGELES COUNTY, CALIFORNIA
ELECTION OF 2006 GENERAL OBLIGATION BONDS, SERIES 2007

Ladies and Gentlemen

This opinion is rendered as counsel to the County of Los Angeles (the "County") in connection with the issuance by the Paramount Unified School District (the "District") of its Election of 2006 General Obligation Bonds, Series 2007 in the aggregate principal amount of $_____ ("Bonds"). The Bonds are being issued pursuant to a resolution of the Board of Supervisors of the County adopted on _____, 2007 (the "County Resolution"), at the request of the District made pursuant to a resolution adopted by the Board of Education of the District on _____, 2007 (the "District Resolution").

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 existing pursuant to 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, has not been modified, amended, rescinded or revoked and is in full force and effect on the date hereof.

3. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending, in which service of process has been completed on the County, or, to the best knowledge of the County, 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 offices; (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 will constitute 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,

RAYMOND G. FORTNER, JR.,
COUNTY COUNSEL

By:_____
Deputy County Counsel

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF BONDS ON BEHALF OF THE PARAMOUNT UNIFIED SCHOOL DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $35,000,000 BY A NEGOTIATED SALE PURSUANT TO A BOND PURCHASE CONTRACT, PRESCRIBING THE TERMS OF SALE OF THE BONDS, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE BOND PURCHASE CONTRACT, AND AUTHORIZING THE EXECUTION OF NECESSARY CERTIFICATES RELATING TO THE BONDS.

WHEREAS, an election was duly called and held in the Paramount Unified School District, County of Los Angeles, California (the "District"), on November 7, 2006, at which the following proposition (as abbreviated pursuant to Section 13247 of the California Elections Code) was submitted to the electors of the District:

> *"To build and renovate classrooms, including pre-schools, upgrade middle and high school science labs, build new classrooms for fine and performing arts education, replace fire alarm and safety communications systems, improve computer technology, expand school libraries, repair and upgrade outdated gymnasiums and athletic fields, shall Paramount Unified School District issue $100 million in bonds, at legal interest rates, with independent citizen oversight, all funds benefiting local schools and no funds going to administrator salaries?"*

WHEREAS, at least 55% of the votes cast on said proposition were in favor of issuing said bonds;

WHEREAS, none of the bonds have heretofore been issued and sold;

WHEREAS, pursuant to California Education Code Section 15140 *et seq.*, the Board of Education of the District (the "Board of Education") has requested the Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles (the "County") to issue a portion of the bonds in a single series designated the "Paramount Unified School District General Obligation Bonds, Election of 2006, Series 2007" (the "Series 2007 Bonds") in an aggregate principal amount not exceeding $35,000,000, and to authorize the sale of the bonds by a negotiated sale to UBS Securities LLC (the "Underwriter") pursuant to a Contract of Purchase (the "Bond Purchase Contract"), a form of which has been submitted to and is on file with the Executive Officer-Clerk of this Board of Supervisors, all according to the terms and in the manner set forth in a resolution (the "District Resolution") duly adopted by the Board of Education of the District on June 26, 2007, a certified copy of which has been filed with the Executive Officer-Clerk of this Board of Supervisors;

WHEREAS, this Board of Supervisors accepts the representations of the Board of Education in the District Resolution that it is desirable for the Board of Supervisors to issue the Series 2007 Bonds on behalf of the District and to sell the Series 2007 Bonds by a negotiated

sale for the purposes for which the Series 2007 Bonds have been authorized on the terms and conditions set forth in the District Resolution and the Bond Purchase Contract; and

WHEREAS, the Series 2007 Bonds will be issued by this Board of Supervisors on behalf of the District, payable from ad valorem taxes to be levied on all taxable property in the District, as herein provided;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, AS FOLLOWS:

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

Section 2. Definitions. Unless the context clearly otherwise requires, the terms defined in this Section shall, for all purposes of this Resolution, have the meanings specified herein, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

"Board of Education" means the Board of Education of the District.

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

"Bond Purchase Contract" means the Contract of Purchase relating to the sale of the Series 2007 Bonds by and among the County, the District and the Underwriter.

"Capital Appreciation Bonds" means those Series 2007 Bonds accreting interest semiannually to the maturity date thereof payable in accordance with Section 6(e) hereof.

"Cede & Co." means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2007 Bonds.

"Code" means the Internal Revenue Code of 1986.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate executed and delivered by the District relating to the Series 2007 Bonds.

"County" means the County of Los Angeles.

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

"Current Interest Bonds" means those Series 2007 Bonds bearing interest payable semiannually on a current basis in accordance with Section 6(d) hereof.

"District" means the Paramount Unified School District.

"District Resolution" means the Resolution of the District adopted on June 26, 2007.

"DTC" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for

the Series 2007 Bonds, including any such successor thereto appointed pursuant to Section 10 hereof.

"Interest Date" means (unless otherwise specified in the Bond Purchase Contract) February 1 and August 1 of each year, commencing on February 1, 2008 with respect to the Current Interest Bonds and, for purposes of compounding interest on the Capital Appreciation Bonds, commencing on February 1, 2008, or such other dates as may be set forth in the Bond Purchase Contract.

"Official Statement" means the Official Statement of the District relating to the Series 2007 Bonds.

"Owner" means, with respect to any Series 2007 Bond, the person whose name appears on the Registration Books as the registered Owner thereof.

"Paying Agent" means the Treasurer or any bank, trust company, national banking association or other financial institution appointed as Paying Agent to act as authenticating agent, bond registrar, transfer agent and paying agent for the Series 2007 Bonds in accordance with Section 9 hereof.

"Record Date" means, with respect to any Interest Date for the Series 2007 Bonds, the 15th day of the calendar month immediately preceding such Interest Date, whether or not such day is a business day.

"Registration Books" means the books for the registration and transfer of the Series 2007 Bonds maintained by the Paying Agent in accordance with Section 9(d) hereof.

"Securities Depositories" means: The Depository Trust Company, 55 Water Street, New York, New York 10041; or, in accordance with then current guidelines of the Securities Exchange Commission, to such other addresses and/or such other securities depositories as the District may designate.

"Series 2007 Bonds" means the "Paramount Unified School District General Obligation Bonds, Election of 2006, Series 2007" issued pursuant hereto.

"State" means the State of California.

"Tax Certificate" means the Tax Certificate, executed by the District, dated the date of issuance of the Series 2007 Bonds.

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

"Underwriter" means UBS Securities LLC.

Section 3. <u>District Resolution Incorporated</u>. The District Resolution is incorporated herein by reference and all of the provisions thereof are made a part hereof and shall be

applicable to the Series 2007 Bonds herein provided for, except as herein otherwise expressly provided.

Section 4. Authorization and Designation of Bonds. This Board of Supervisors hereby authorizes, on behalf of the District, the issuance and sale of not to exceed $35,000,000 aggregate principal amount of Series 2007 Bonds. The Series 2007 Bonds shall be designated "Paramount Unified School District General Obligation Bonds, Election of 2006, Series 2007". The Series 2007 Bonds shall be issued as Current Interest Bonds and Capital Appreciation Bonds, as provided in Section 6 hereof.

Section 5. Form of Bonds; Execution. (a) *Form of Series 2007 Bonds.* The Series 2007 Bonds shall be issued in fully registered form without coupons. The Current Interest Bonds, the Capital Appreciation Bonds, and the certificate of authentication and registration and the form of assignment to appear on each of them, shall be in substantially the form attached hereto as Exhibit A and Exhibit B, respectively, with necessary or appropriate variations, omissions and insertions as permitted or required by this County Resolution.

(b) *Execution of Bonds.* The Series 2007 Bonds shall be signed by the manual or facsimile signatures of the Chair of the Board of Supervisors and of the Treasurer or the Treasurer's designee, and countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors. The Series 2007 Bonds shall be authenticated by a manual signature of a duly authorized signatory of the Paying Agent.

(c) *Valid Authentication.* Only such of the Series 2007 Bonds as shall bear thereon a certificate of authentication and registration as described in subsection (a), executed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this County Resolution, and such certificate of authentication and registration shall be conclusive evidence that the Series 2007 Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this County Resolution.

(d) *Identifying Number.* The Paying Agent shall assign each Series 2007 Bond authenticated and registered by it a distinctive letter, or number, or letter and number, and shall maintain a record thereof at its principal office, which record shall be available to the District and the County for inspection.

Section 6. Terms of Bonds. (a) *Date of Series 2007 Bonds.* The Current Interest Bonds shall be dated the date of their delivery, or such other date as shall be set forth in the Bond Purchase Contract. The Capital Appreciation Bonds shall be dated the date of their delivery, or such other date as shall be set forth in the Bond Purchase Contract.

(b) *Denominations.* The Current Interest Bonds shall be issued in denominations of $5,000 principal amount or any integral multiple thereof. The Capital Appreciation Bonds shall be issued in denominations of $5,000 accreted value at maturity ("maturity value") or any integral multiple thereof, except that the first numbered Capital Appreciation Bond may be issued in a denomination such that the maturity value of such Capital Appreciation Bond shall not be an integral multiple of $5,000.

(c) *Maturity*. The Current Interest Bonds shall mature on the date or dates, in each of the years, in the principal amounts and in the aggregate principal amount as shall be set forth in the Bond Purchase Contract. No Current Interest Bond shall mature later than the date which is 25 years from the date of the Current Interest Bonds. No Current Interest Bond shall have principal maturing on more than one principal maturity date. The Bond Purchase Contract may provide that no Current Interest Bonds shall be issued.

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

(d) *Interest; Current Interest Bonds*. The Current Interest Bonds shall bear interest at an interest rate not to exceed 6.00% per annum, payable on the Interest Dates in each year computed on the basis of a 360-day year of 12 30-day months. Each Current Interest Bond shall bear interest from the Interest Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on a Record Date and on or prior to the succeeding Interest Date, in which event it shall bear interest from such Interest Date, or unless it is authenticated on or before the Record Date preceding the first Interest Date, in which event it shall bear interest from its dated date; provided, however, that if, at the time of authentication of any Current Interest Bond, interest is in default on any outstanding Current Interest Bonds, such Current Interest Bond shall bear interest from the Interest Date to which interest has previously been paid or made available for payment on the outstanding Current Interest Bonds.

(e) *Interest; Capital Appreciation Bonds*. The Capital Appreciation Bonds shall not bear current interest; each Capital Appreciation Bond shall accrete in value daily over the term to its maturity (on the basis of a 360-day year consisting of 12 30-day months), from its initial principal (denominational) amount on the date of issuance thereof to its stated maturity value at maturity thereof, on the basis of a constant interest rate compounded semiannually on each Interest Date (with straight-line interpolations between Interest Dates). The accreted value per $5,000 maturity value of the Capital Appreciation Bonds on each Interest Date shall be given for reference in a table of accreted values to appear in the Capital Appreciation Bonds; provided, however, that the accreted value determined in accordance with this Section shall prevail over any different accreted value given in such table. Interest on the Capital Appreciation Bonds shall be payable only upon maturity or prior redemption thereof.

Section 7. <u>Payment of Bonds</u>. (a) *Sources of Payment for the Bonds*. The money for the payment of principal, redemption premium, if any, and interest with respect to the Series 2007 Bonds shall be raised by taxation upon all taxable property in the District and provision shall be made for the levy and collection of such taxes in the manner provided by law and for such payment out of the interest and sinking fund of the District, and the Board of Supervisors hereby covenants to annually levy *ad valorem* taxes for the payment of the Series 2007 Bonds on all property in the District subject to taxation by the District without limitation as to rate or amount (except certain personal property which is taxable at limited rates).

(b) *Principal.* The principal of the Current Interest Bonds and the accreted value of the Capital Appreciation Bonds shall be payable in lawful money of the United States of America to the Owner thereof, upon the surrender thereof at the principal corporate trust office of the Paying Agent.

(c) *Interest; Record Date.* The interest on the Current Interest Bonds shall be payable on each Interest Date in lawful money of the United States of America to the Owner thereof as of the Record Date preceding such Interest Date, such interest to be paid by check or draft mailed on such Interest Date (if a business day, or on the next business day if the Interest Date does not fall on a business day) to such Owner at such Owner's address as it appears on the Registration Books or at such address as the Owner may have filed with the Paying Agent for that purpose except that the payment shall be made in immediately available funds to any Owner of at least $1,000,000 of outstanding Current Interest Bonds who shall have requested in writing such method of payment of interest prior to the close of business on the Record Date immediately preceding any Interest Date.

(d) *Interest and Sinking Fund.* Principal and interest due on the Series 2007 Bonds shall be paid from the interest and sinking fund of the District as provided in Section 15146 of the Education Code.

(e) *Obligation of the District.* No part of any fund or account of the County is pledged or obligated to the payment of the Series 2007 Bonds. The obligation for repayment of the Series 2007 Bonds is the sole obligation of the District.

(f) *Insurance.* The payment of principal and interest on the Series 2007 Bonds may be secured by an insurance policy as shall be described in the Bond Purchase Contract. The Bond Purchase Contract may provide that no insurance policy shall be obtained.

Section 8. Redemption Provisions. (a) *Optional Redemption.* The Series 2007 Bonds may be subject to redemption, at the option of the District, on the dates and terms as shall be designated in the Bond Purchase Contract. The Bond Purchase Contract may provide that the Series 2007 Bonds shall not be subject to optional redemption, and may provide separate and distinct redemption provisions for the Current Interest Bonds and the Capital Appreciation Bonds. If less than all of the Series 2007 Bonds (Current Interest Bonds or the Capital Appreciation Bonds, as applicable), if any, are subject to such redemption and are called for redemption, such Series 2007 Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District, and if less than all of the Series 2007 Bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be determined by lot.

(b) *Mandatory Sinking Fund Redemption.* The Current Interest Bonds, if any, which are designated in the Bond Purchase Contract as Current Interest Term Bonds shall also be subject to redemption prior to their stated maturity dates, without a redemption premium, in part by lot, from mandatory sinking fund payments in the amounts and in accordance with the terms to be specified in the Bond Purchase Contract. The principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Current Interest Bonds of that maturity optionally redeemed in accordance with the provisions hereof

prior to the mandatory sinking fund payment date. The Bond Purchase Contract may provide that the Current Interest Bonds shall not be subject to mandatory sinking fund redemption.

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

(c) *Notice of Redemption*. Notice of any redemption of the Series 2007 Bonds shall be mailed by the Paying Agent, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date (i) by first class mail to the County and the respective Owners thereof at the addresses appearing on the Registration Books, (ii) by certified, registered or overnight mail at least one business day before the mailing of notices to the Owners, to the Securities Depositories, (iii) by certified, registered or overnight mail at the time of the mailing to the Owners, to at least two information services of national recognition which disseminate redemption information with respect to municipal securities, and (iv) as may be further required in accordance with the Continuing Disclosure Certificate.

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

(i) the date of such notice;

(ii) the name of the Series 2007 Bonds and the date of issue of the Series 2007 Bonds;

(iii) the redemption date;

(iv) the redemption price;

(v) the dates of maturity of the Series 2007 Bonds to be redeemed;

(vi) if less than all of the Series 2007 Bonds of any maturity are to be redeemed, the distinctive numbers of the Series 2007 Bonds of each maturity to be redeemed;

(vii) in the case of Series 2007 Bonds redeemed in part only, the respective portions of the principal amount of the Series 2007 Bonds of each maturity to be redeemed;

(viii) the CUSIP number, if any, of each maturity of Series 2007 Bonds to be redeemed;

(ix) a statement that such Series 2007 Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; and

(x) notice that further interest on such Series 2007 Bonds will not accrue after the designated redemption date.

(d) *Effect of Notice.* A certificate of the Paying Agent that notice of redemption has been given to Owners and to the appropriate Securities Depositories and information services as herein provided shall be conclusive as against all parties. Neither the failure to receive the notice of redemption as provided in this Section, nor any defect in such notice shall affect the sufficiency of the proceedings for the redemption of the Series 2007 Bonds or the cessation of interest on the date fixed for redemption.

When notice of redemption has been given substantially as provided for herein, and when the redemption price of the Series 2007 Bonds called for redemption is set aside for the purpose as described in subsection (e) of this Section, the Series 2007 Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Series 2007 Bonds at the place specified in the notice of redemption, such Series 2007 Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Series 2007 Bonds so called for redemption after such redemption date shall be entitled to payment thereof only from the interest and sinking fund or the trust fund established for such purpose. All Series 2007 Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

(e) *Right to Rescind Notice.* The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Series 2007 Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the interest and sinking fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Series 2005 Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Series 2007 Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

(f) *Funds for Redemption.* Prior to or on the redemption date of any Series 2007 Bonds there shall be available in the interest and sinking fund of the District, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the redemption prices as in this County Resolution provided, the Series 2007 Bonds designated in the notice of redemption. Such monies shall be applied on or after the redemption date solely for payment of principal of, interest and premium, if any, on the Series 2007 Bonds to be redeemed upon presentation and surrender of such Series 2007 Bonds, provided that all monies in the interest and sinking fund of the District shall be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date shall be paid from the interest and

sinking fund of the District, unless otherwise provided to be paid from such monies held in trust. If, after all of the Series 2007 Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the interest and sinking fund of the District or otherwise held in trust for the payment of redemption price of the Series 2007 Bonds, the monies shall be held in or returned or transferred to the interest and sinking fund of the District for payment of any outstanding bonds of the District payable from such fund; provided, however, that if the monies are part of the proceeds of bonds of the District, the monies shall be transferred to the fund created for the payment of principal of and interest on such bonds. If no such bonds of the District are at such time outstanding, the monies shall be transferred to the general fund of the District as provided and permitted by law.

(g) *Defeasance of Bonds*. If at any time the District shall pay or cause to be paid or there shall otherwise be paid the principal, interest and premium, if any, on the Series 2007 Bonds at the times and in the manner provided herein and in the Series 2007 Bonds, or as provided in the following paragraph, or as otherwise provided by law consistent herewith, then such Owners shall cease to be entitled to the obligation of the District as provided in Section 7 hereof, and such obligation and all agreements and covenants of the District and of the County to such Owners hereunder and under the Series 2007 Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal, interest and premium, if any, represented by the Series 2007 Bonds, but only out of monies on deposit in the interest and sinking fund or otherwise held in trust for such payment; and provided further, however, that the provisions of subsection (g) hereof shall apply in all events.

For purposes of this section, the District may pay and discharge any or all of the Series 2007 Bonds by depositing in trust with the Paying Agent or an escrow agent, selected by the District with the approval of the County, at or before maturity, money or non-callable direct obligations of the United States of America (including zero interest bearing State and Local Government Series) or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the interest and sinking fund of the District, be fully sufficient to pay and discharge the indebtedness on such Series 2007 Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

(h) *Unclaimed Monies*. Any money held in any fund created pursuant to this County Resolution, or by the Paying Agent or an escrow agent in trust, for the payment of the principal of, redemption premium, if any, or interest on the Series 2007 Bonds and remaining unclaimed for one year after the principal of all of the Series 2007 Bonds has become due and payable (whether by maturity or upon prior redemption) shall be transferred to the interest and sinking fund of the District for payment of any outstanding bonds of the District payable from the fund; or, if no such bonds of the District are at such time outstanding, the monies shall be transferred to the general fund of the District as provided and permitted by law.

Section 9. <u>Paying Agent</u>. (a) *Appointment; Payment of Fees and Expenses*. This Board of Supervisors does hereby consent to and confirm the appointment of the Treasurer to act as the initial Paying Agent for the Series 2007 Bonds. The Treasurer is hereby authorized to contract

with any qualified third party to perform the services of Paying Agent under this resolution. All fees and expenses of the Paying Agent shall be the sole responsibility of the District, and to the extent not paid from the proceeds of sale of the Bonds, or from the interest and sinking fund of the District, insofar as permitted by law, including specifically by Section 15232 of the California Education Code, such fees and expenses shall be paid by the District.

(b) *Resignation, Removal and Replacement of Paying Agent.* The Paying Agent initially appointed or any successor Paying Agent may resign from service as Paying Agent and may be removed at any time by the Treasurer as provided in the Paying Agent's service agreement. Without further action by the District, if at any time the Paying Agent shall resign or be removed, the Treasurer shall appoint a successor Paying Agent, which shall be any bank, trust company, national banking association or other financial institution doing business in and having a corporate trust office in Los Angeles or San Francisco, California, with at least $100,000,000 in net assets.

(c) *Principal Corporate Trust Office.* Unless otherwise specifically noted, any reference herein to the Paying Agent shall initially mean the Treasurer and his designated agents or his successors or assigns, acting in the capacity of paying agent, registrar, authenticating agent and transfer agent, and any reference herein to the "principal corporate trust office" of the Paying Agent for purposes of transfer, registration, exchange, payment, and surrender of the Bonds shall initially mean the office of the Treasurer; provided, however, that in the event that "Paying Agent" shall refer to any successor paying agent, bond registrar, authenticating agent or transfer agent for the Series 2007 Bonds, "principal corporate trust office" shall include the principal corporate trust office or other office of such successor Paying Agent designated thereby for a particular purpose.

(d) *Registration Books.* The Paying Agent will keep or cause to be kept at its principal corporate trust office sufficient books for the registration and transfer of the Series 2007 Bonds, which shall at all times be open to inspection by the District and the County, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred on the Registration Books, Series 2007 Bonds as provided in Section 10 and 11 hereof. The Paying Agent shall keep accurate records of all funds administered by it and of all Series 2007 Bonds paid and discharged by it. Such records shall be provided, upon reasonable request, to the County in a format mutually agreeable to the Paying Agent and the County.

Section 10. <u>Transfer Under Book-Entry System; Discontinuation of Book-Entry System</u>. (a) DTC is hereby appointed depository for the Series 2007 Bonds. The Series 2007 Bonds shall be issued in book-entry form only, and shall be initially registered in the name of "Cede & Co.," as nominee of DTC. One bond certificate shall be issued for each maturity of the Current Interest Bonds, and one bond certificate shall be issued for each maturity of the Capital Appreciation Bonds. Registered ownership of such Series 2007 Bonds, or any portion thereof, may not thereafter be transferred except as provided in this Section or Section 11 hereof:

(i) To any successor of DTC, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this section (a "substitute depository"); provided, however that any successor of DTC, as nominee of DTC

or substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) To any substitute depository not objected to by the District or the County, upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the County (upon consultation with the District) to substitute another depository for DTC (or its successor) because DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository which is not objected to by the County can be obtained, or (2) a determination by the County (upon consultation with the District) that it is in the best interests of the County to remove DTC or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) of this Section, upon receipt of the outstanding Series 2007 Bonds by the Paying Agent, together with a written request of the District or County to the Paying Agent, a new Series 2007 Bond for each maturity shall be executed and delivered (in the case of Current Interest Bonds, in the aggregate principal amount of the Current Interest Bonds then outstanding, and in the case of Capital Appreciation Bonds, in the aggregate maturity value of the Capital Appreciation Bonds then outstanding), registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the District or County. In the case of any transfer pursuant to clause (iii) of subsection (a) of this section, upon receipt of the outstanding Series 2007 Bonds by the Paying Agent together with a written request of the District or County to the Paying Agent, new Series 2007 Bonds shall be executed and delivered in such denominations, numbered in the manner determined by the Paying Agent, and registered in the names of such persons, as are requested in such written request of the District or County, subject to the limitations of Section 6 and the receipt of such a written request of the District or County, and thereafter, the Series 2007 Bonds shall be transferred pursuant to the provisions set forth in Section 11 of this County Resolution; provided, however, that the Paying Agent shall not be required to deliver such new Series 2007 Bonds within a period of less than 60 days after the receipt of any such written request of the District or County.

(c) In the case of partial redemption or an advance refunding of the Series 2007 Bonds evidencing all or a portion of the principal amount then outstanding, DTC shall make an appropriate notation on the Series 2007 Bonds indicating the date and amounts of such reduction in principal.

(d) The County, the District and the Paying Agent shall be entitled to treat the person in whose name any Series 2007 Bond is registered as the owner thereof, notwithstanding any

notice to the contrary received by the County, the District or the Paying Agent; and the County, the District and the Paying Agent shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Series 2007 Bonds, and neither the County, the District or the Paying Agent shall have any responsibility or obligation, legal or otherwise, to the beneficial owners or to any other party, including DTC or its successor (or substitute depository or its successor), except for the Owner of any Series 2007 Bonds.

(e) So long as the outstanding Series 2007 Bonds are registered in the name of Cede & Co. or its registered assigns, the District, the County and the Paying Agent shall cooperate with Cede & Co., as sole registered Owner, or its registered assigns in effecting payment of the principal of and interest on the Series 2007 Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

Section 11. Transfer and Exchange. (a) *Transfer.* Following the termination or removal of DTC or successor depository pursuant to Section 10 hereof, any Series 2007 Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Series 2007 Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent.

Whenever any Series 2007 Bond or Series 2007 Bonds shall be surrendered for transfer, the designated County officials shall execute and the Paying Agent shall authenticate and deliver, as provided in Section 5, a new Series 2007 Bond or Series 2007 Bonds, of the same maturity, Interest Date and interest rate (in the case of Current Interest Bonds, for a like aggregate principal amount, and in the case of Capital Appreciation Bonds, for a like aggregate maturity value). The Paying Agent may require the payment by any Owner of Series 2007 Bonds requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of any Series 2007 Bond shall be required to be made by the Paying Agent (1) during the period established by the Paying Agent for selection of the Series 2007 Bonds for redemption, and (2) after any Series 2007 Bond has been selected for redemption.

(b) *Exchange.* The Series 2007 Bonds may be exchanged for Series 2007 Bonds of other authorized denominations of the same maturity and Interest Date, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Series 2007 Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed request for exchange in a form approved by the Paying Agent.

Whenever any Series 2007 Bond or Series 2007 Bonds shall be surrendered for exchange, the designated County officials shall execute and the Paying Agent shall authenticate and deliver, as provided in Section 5, a new Series 2007 Bond or Series 2007 Bonds of the same maturity and interest payment mode and interest rate (in the case of Current Interest Bonds, for a like aggregate principal amount, and in the case of Capital Appreciation Bonds, for a like aggregate maturity value). The Paying Agent may require the payment by the Owner requesting such

exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No exchange of any Series 2007 Bonds shall be required to be made by the Paying Agent (1) during the period established by the Paying Agent for selection of the Series 2007 Bonds for redemption, and (2) after any Series 2007 Bond has been selected for redemption.

Section 12. Sale of Bonds; Bond Purchase Contract. The Bond Purchase Contract submitted to and on file with the Executive Officer-Clerk of this Board of Supervisors providing for the sale by this Board of Supervisors and the purchase by the Underwriter of the Series 2007 Bonds at a purchase price to be set forth therein (which purchase price shall be approved by the Treasurer, this Board of Supervisors hereby expressly delegating to such officer the authority to execute the Bond Purchase Contract on its behalf), is hereby approved; provided, however, that (a) true interest cost for the Series 2007 Bonds shall not be in excess of 6.00%, (b) the interest rate on the Current Interest Bonds shall not exceed 6.00% per annum, (c) the Capital Appreciation Bonds shall accrete in value to their maturity values at a compounded interest rate not to exceed 12.00% per annum, (d) the minimum price for the Series 2007 Bonds shall be not less than the aggregate principal amount thereof, (e) the Underwriter's discount for the sale of the Series 2007 Bonds shall not exceed 1.00% of the principal amount of the Series 2007 Bonds exclusive of any costs of issuance the Underwriter contracts to pay, and (f) the Series 2007 Bonds shall otherwise conform to the limitations specified herein.

The Bond Purchase Contract shall recite the aggregate principal amount of the Series 2007 Bonds, and with respect to the Current Interest Bonds, shall recite the date thereof, the maturity dates, principal amounts and annual rates of interest of each maturity thereof, the initial and semiannual interest payment dates thereof, and the terms of optional and mandatory sinking fund redemption thereof, if any; and with respect to the Capital Appreciation Bonds, shall recite the date thereof, the initial principal amounts, maturity dates, and maturity values of each maturity thereof, the initial and semiannual Interest Dates thereof, and the terms of optional and mandatory sinking fund redemption thereof, if any.

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

Section 13. Deposit and Investment of Proceeds. (a) The proceeds from the sale of the Series 2007 Bonds, exclusive of any premium and accrued interest received, shall be deposited in the County treasury and credited to the building fund of the District. Any premium (net of any discount) and accrued interest shall be deposited upon receipt in the interest and sinking fund of the District within the County treasury maintained by the County Auditor-Controller. The County makes no assurances regarding the use of the Series 2007 Bond proceeds.

(b) All funds held by the Treasurer hereunder shall be invested by the Treasurer pursuant to State law and the investment policy of the County, except that, to the extent permitted by law:

(i) at the written request of the District, all or any portion of the building fund of the District may be invested in the Local Agency Investment Fund in the treasury of the State of California;

(ii) at the written request of the District, all or any portion of the building fund of the District may be invested on behalf of the District in investment agreements, including guaranteed investment contracts, which comply with the requirements of each rating agency then rating the Series 2007 Bonds necessary in order to maintain the then-current rating on the Series 2007 Bonds; or

(iii) at the written request of the District, the Treasurer shall deposit any investment of all or any portion of the building fund of the District made pursuant to Education Code Section 41015 in accordance with the instructions of the District and Education Code Section 41016.

Section 14. Tax Covenant. The County acknowledges and relies upon the fact that the District has represented and covenanted that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Series 2007 Bonds under Section 103 of the Code, and that it will comply with the requirements of the Tax Certificate of the District with respect to the Series 2007 Bonds, to be entered into by the District as of the date of issuance of the Series 2007 Bonds, and further that such representation and covenant shall survive payment in full or defeasance of the Series 2007 Bonds.

Section 15. Continuing Disclosure Certificate. The County acknowledges and relies upon the fact that the District has represented that it shall execute a Continuing Disclosure Certificate containing such covenants of the District as shall be necessary to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The County acknowledges and relies upon the fact that the District has covenanted that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate. The District shall function as or cause the appointment of a dissemination agent, who shall perform all duties and obligations of the Dissemination Agent as set forth in the Continuing Disclosure Certificate, and the County shall have no responsibilities either for compliance with the Continuing Disclosure Certificate or for the duties of the Dissemination Agent.

Section 16. Limited Responsibility for Official Statement. Neither the Board of Supervisors nor any officer of the County has prepared or reviewed the Official Statement of the District describing the Series 2007 Bonds, and the Board of Supervisors and the various officers of the County take no responsibility for the contents or distribution thereof; provided, however, that solely with respect to a section contained or to be contained therein describing the County's investment policy, current portfolio holdings, and valuation procedures, as they may relate to funds of the District, the Treasurer is hereby authorized and directed to prepare and review such

information for inclusion in the District's Official Statement and in a preliminary Official Statement, and to certify to the District prior to or upon the issuance of the Series 2007 Bonds that the information contained in such section does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading.

Section 17. Approval of Actions. The Chair of the Board of Supervisors, the Executive Officer-Clerk of the Board of Supervisors, the County Auditor-Controller, the County Counsel, and the Treasurer and the deputies and designees of any of them, are hereby authorized and directed to execute and deliver any and all certificates and representations, as may be acceptable to County Counsel, including signature certificates, no-litigation certificates, and other certificates proposed to be distributed in connection with the sale of the Series 2007 Bonds, necessary and desirable to accomplish the transactions authorized herein.

Section 18. Effective Date. This County Resolution shall take effect from and after its adoption.

The foregoing County Resolution was on the _____ day of _____, 2007, adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which the Board so acts.

SACHI A. HAMAI, Executive Officer-
Clerk of the Board of Supervisors of the
County of Los Angeles

By: _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.,
County Counsel

By: _____
Principal Deputy County Counsel

EXHIBIT A

[Form of Current Interest Bond]

Number	UNITED STATES OF AMERICA	Amount
R-__	STATE OF CALIFORNIA	$_____
	COUNTY OF LOS ANGELES	

PARAMOUNT UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, ELECTION OF 2006, SERIES 2007

CURRENT INTEREST BOND

Maturity Date	Interest Rate	Dated as of	CUSIP NO.
August 1, 20__	____%	_____ __, 2007	_____

Registered Owner: CEDE & CO.

Principal Sum: _____ DOLLARS

On behalf of the Paramount Unified School District, County of Los Angeles, State of California (herein called the "District"), the County of Los Angeles (the "County") hereby acknowledges itself obligated to and promises to pay to the registered owner identified above or registered assigns, on the maturity date set forth above or upon prior redemption hereof, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this bond (unless this bond is authenticated as of a date during the period from the Record Date (as defined herein) next preceding any interest payment date to such interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless this bond is authenticated on or before _____ 15, 200_, in which event it shall bear interest from the date hereof) at the interest rate per annum stated above, payable commencing on _____ 1, 200_, and thereafter on February 1 and August 1 in each year, until payment of the principal sum.

The principal hereof is payable to the registered owner hereof upon the surrender hereof at the principal corporate trust office (as defined in the County Resolution) of the Treasurer and Tax Collector of the County of Los Angeles (herein called the "Paying Agent"), the paying agent/registrar and transfer agent of the District. The interest hereon is payable to the person whose name appears on the bond registration books of the Paying Agent as the registered owner hereof as of the close of business on the 15th day of the month preceding an interest payment date (the "Record Date"), whether or not such day is a business day, such interest to be paid by check or draft mailed to such registered owner at the owner's address as it appears on such registration books, or at such other address filed with the Paying Agent for that purpose. Upon written request, given no later than the Record Date immediately preceding an interest payment date, of the owner of current interest Bonds (hereinafter defined) aggregating at least $1,000,000 in principal amount, interest will be paid in immediately available funds (e.g., by wire transfer) to

an account maintained in the United States as specified by the owner in such request. So long as Cede & Co. or its registered assigns shall be the registered owner of this bond, payment shall be made in immediately available funds as provided in the County Resolution hereinafter described.

This bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying series, numbers, denominations, interest rates, interest payment modes, maturities and redemption provisions), amounting in the aggregate to $_____, and designated as "Paramount Unified School District General Obligation Bonds, Election of 2006, Series 2007" (the "Bonds"). The Bonds were authorized by a vote of at least 55% of the voters voting at an election duly and legally called, held and conducted in the District on November 7, 2006. The Bonds are issued and sold by the Board of Supervisors of the County pursuant to and in strict conformity with the provisions of the Constitution and laws of the State, and of a resolution (herein called the "County Resolution") adopted by the Board of Supervisors of the County on _____, 2007, and subject to the more particular terms specified in the Contract of Purchase, dated as of _____, 2007, by and among the District, the County and UBS Securities LLC.

The current interest Bonds are issuable as fully registered bonds without coupons in the denomination of $5,000 principal amount or any integral multiple thereof, provided that no current interest Bond shall have principal maturing on more than one principal maturity date. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the County Resolution, Bonds may be exchanged for a like aggregate principal amount of Bonds of the same series, interest payment mode, and maturity of other authorized denominations.

This bond is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at the principal corporate trust office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the County Resolution, and upon surrender and cancellation of this bond. Upon such transfer, a new Bond or Bonds of authorized denomination or denominations of the same Series 2007 Bond interest payment mode, and same aggregate principal amount will be issued to the transferee in exchange therefor.

The County, the District and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the County, the District and the Paying Agent shall not be affected by any notice to the contrary.

The Bonds are subject to optional and mandatory sinking fund redemption on the terms and subject to the conditions specified in the County Resolution, and as shown in the attached Redemption Schedule. If this bond is called for redemption and payment is duly provided therefor, interest shall cease to accrue hereon from and after the date fixed for redemption.

In reliance upon the representations, certifications and declarations of the District, the Board of Supervisors of the County hereby certifies and declares that the total amount of indebtedness of the District, including the amount of this bond, is within the limit provided by law; that all acts, conditions and things required by law to be done or performed precedent to and in the issuance of this bond have been done and performed in strict conformity with the laws authorizing the issuance of this bond; and that this bond is in substantially the form prescribed by

order of the Board of Supervisors duly made and entered on its minutes. The Bonds represent an obligation payable out of the interest and sinking fund of the District, and the money for the payment of principal of, premium, if any, and interest hereon, shall be raised by taxation upon the taxable property of the District.

This bond shall not be entitled to any benefit under the County Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Paying Agent.

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 of the Board of Supervisors of the County and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or 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.

_____
Chair of the Board of
Supervisors of the County of Los Angeles

[SEAL]

_____
Treasurer and Tax Collector of
the County of Los Angeles

Countersigned:

_____
Executive Officer-Clerk of the Board
of Supervisors of the County of Los
Angeles

PAYING AGENT'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the current interest Bonds described in the within-mentioned County Resolution and authenticated and registered on _____.

Treasurer and Tax Collector of the County of Los Angeles, California, as Paying Agent/Registrar and Transfer Agent

By _____
Authorized Officer

DTC LEGEND

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), 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.

[STATEMENT OF INSURANCE]

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned Registered Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Paying Agent/Registrar and Transfer Agent with full power of substitution in the premises.

_____
I.D. Number

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

Dated: _____

Signature Guarantee:_____

Notice: Signature must be guaranteed by an eligible guarantor institution.

REDEMPTION SCHEDULE

PARAMOUNT UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS
ELECTION OF 2006, SERIES 2007

EXHIBIT B

[Form of Capital Appreciation Bond]

Number CAB-__	UNITED STATES OF AMERICA STATE OF CALIFORNIA COUNTY OF LOS ANGELES	Maturity Value $_____

PARAMOUNT UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, ELECTION OF 2006, SERIES 2007
CAPITAL APPRECIATION BOND

Maturity Date	Dated as of	CUSIP NO.
August 1, 20__	_____, 2007	_____

Registered Owner: CEDE & CO.

Initial Principal Amount: _____ DOLLARS

Accreted Value at Maturity: _____ DOLLARS

On behalf of the Paramount Unified School District of the County of Los Angeles, State of California (herein called the "District"), the County of Los Angeles (the "County") hereby acknowledges itself obligated to and promises to pay, on the maturity date specified above or upon prior redemption hereof, in lawful money of the United States of America, to the registered owner identified above or registered assigns, the accreted value hereof on such date, consisting of the initial principal amount hereof plus interest accreted thereon to such date (in accordance with the County Resolution hereinafter defined and as reflected in the Table of Accreted Values hereinafter set forth; provided, that any accreted value determined in accordance with the County Resolution shall prevail over any accreted values given in the Table of Accreted Values), commencing on the date hereof, compounded on February 1 and August 1 of each year commencing on _____ 1, 200_, assuming in any such semiannual period that such interest accretes in equal daily amounts on the basis of a 360-day year of twelve 30-day months, until the obligation represented hereby shall have been discharged, as provided in the County Resolution hereinafter defined, upon the surrender hereof at the principal corporate trust office (as defined in the County Resolution) of the Treasurer and Tax Collector of the County of Los Angeles (herein called the "Paying Agent"), the paying agent/registrar and transfer agent of the District.

This bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying series, numbers, denominations, interest rates or yields, interest payment modes, maturities and redemption provisions), amounting in the aggregate to $_____ principal amount, and designated as "Paramount Unified School District General Obligation Bonds, Election of 2006, Series 2007" (the "Bonds"). The Bonds were authorized by a vote of at least 55% of the voters voting at an election duly and legally called, held and conducted in the District on November 7, 2006. The Bonds are issued and sold by the Board of Supervisors of the County pursuant to and in strict

conformity with the provisions of the Constitution and laws of the State, and of a resolution (herein called the "County Resolution") adopted by the Board of Supervisors of the County on _____, 2007, and subject to the more particular terms specified in the Contract of Purchase, dated as of _____, 2007, by and among the District, the County and UBS Securities LLC.

The Bonds are issuable as fully registered bonds without coupons in the denomination of $5,000 accreted value at maturity (the "maturity value") or any integral multiple thereof, except that the first numbered Bond may be issued in a denomination such that the maturity value of such Bond shall not be in an integral multiple of $5,000, and provided that no Bond shall have principal maturing on more than one principal maturity date. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the County Resolution, Bonds may be exchanged for a like aggregate maturity value of Bonds of the same series, interest payment mode, and maturity of other authorized denominations.

This bond is transferable by the registered owner hereof, in person or by attorney duly authorized in writing, at the office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the County Resolution, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds of authorized denomination or denominations for the same Series 2007 Bond interest payment mode and same aggregate maturity value will be issued to the transferee in exchange therefor.

The County, the District and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, and the County, the District and the Paying Agent shall not be affected by any notice to the contrary.

The Bonds are subject to optional and mandatory sinking fund redemption on the terms and subject to the conditions specified in the County Resolution, and as shown in the attached Redemption Schedule. If this bond is called for redemption and payment is duly provided therefor, interest shall cease to accrue hereon from and after the date fixed for redemption.

In reliance upon the representations, certifications and declarations of the District, the Board of Supervisors of the County hereby certifies and declares that the total amount of indebtedness of the District, including the amount of this bond, is within the limit provided by law, that all acts, conditions and things required by law to be done or performed precedent to and in the issuance of this bond have been done and performed in strict conformity with the laws authorizing the issuance of this bond, and that this bond is in substantially the form prescribed by order of this Board duly made and entered on its minutes. The Bonds represent an obligation payable out of the interest and sinking fund of the District, and the money for the payment of the maturity value of this bond (or redemption price hereof upon redemption prior to maturity), shall be raised by taxation upon the taxable property of the District.

This bond shall not be entitled to any benefit under the County Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Paying Agent.

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 of the Board of Supervisors of the County and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or 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.

_____
Chair of the Board of
Supervisors of the County of Los Angeles

[SEAL]

_____
Treasurer and Tax Collector of
the County of Los Angeles

Countersigned:

_____
Executive Officer-Clerk of
the Board of Supervisors of the County
of Los Angeles

PAYING AGENT'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within-mentioned County Resolution and authenticated and registered on _____.

Treasurer and Tax Collector of the County of Los Angeles, California, as Paying Agent/Registrar and Transfer Agent

By _____
Authorized Officer

DTC LEGEND

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), 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.

[STATEMENT OF INSURANCE]

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned Registered Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Paying Agent/Registrar and Transfer Agent with full power of substitution in the premises.

_____
I.D. Number

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

Dated: _____

Signature Guarantee:_____
Notice: Signature must be guaranteed by an eligible guarantor institution.

REDEMPTION SCHEDULE

PARAMOUNT UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS
ELECTION OF 2006, SERIES 2007

[TABLE OF ACCRETED VALUES]

Paramount Unified School District

TO: David J. Verdugo, Superintendent
FROM: Michael Bishop, Assistant Superintendent-Business Services
DATE: June 26, 2007
SUBJECT: Resolution 06-45, Sale of General Obligation Bonds, Election of 2006, Series 2007

BACKGROUND INFORMATION:

Voter approval of Measure AA on November 7, 2006 was a major accomplishment for the District. The citizens of the community authorized the issuance of $100 million in general obligation bonds to provide long term financial support for the District's Facilities Master Plan. The plan called for the general obligation bonds to be issued in up to four series over a ten year period.

The first series in an amount not to exceed $35 million will be used to finance portions of the cost to build and renovate classrooms, including pre-schools, upgrade middle and high school science labs, build new classrooms for fine and performing arts education, replace fire alarm and safety communications systems, improve computer technology, expand school libraries, repair and upgrade outdated gymnasiums and athletic fields.

The anticipated bond work has been separated into two major programs. The first program will focus on Paramount High School and Paramount High School – West, with the second program focusing on K-8 campuses, starting once the reconfiguration issues related K-8 have been sorted out.

In an effort to move the District's Facilities Master Plan program forward, staff met with executives of Moody's Investors Services and Standard & Poor's, two major bond rating agencies and Financial Securities Assurance (FSA), a bond insurance company on April 30 and May 1, 2007. The primary purpose of the meetings was to secure bond insurance and credit ratings for the District's 2006 Measure AA $100 million general obligation bond authorization.

The District has secured a commitment from FSA to provide bond insurance for all four scheduled series of bond issuances as well as any interim debt that might be necessary to bridge cash flow needs.

As far as bond ratings go, the District has for following ratings from the bond rating agencies:

- Moody's Investors Services – A3 (highest Aaa)
- Standard and Poor's – A (highest AAA)

Although the District did not receive the highest possible rating, when combined with the bond insurance commitment of FSA, the bonds enhanced with insurance, will be sold with the highest possible rating.

The current economic market is favorable to accomplish this sale at the most advantageous interest rate. These bonds will be issued on, or about September 2007.

POLICY/ISSUE:
Education Code 5300 et seq. - Conduct of Election

FISCAL IMPACT:
Not to exceed $35,000,000 in Bond proceeds for Capital Facilities projects and interim financing debt repayment.

STAFF RECOMMENDATION:
Adopt Resolution 06-45, authorizing the Sale of General Obligation Bonds, Election of 2006, Series 2007, in the amount not to exceed $35,000,000 and further authorize the Superintendent or designee to execute all necessary documents pertaining to this sale.

PREPARED BY:
Michael Bishop, Assistant Superintendent-Business Services

DISTRICT PRIORITY 5:
Increase and promote team building and staff involvement in decision making throughout the District.

RESOLUTION NUMBER 06-45

RESOLUTION OF THE BOARD OF EDUCATION OF THE PARAMOUNT UNIFIED SCHOOL DISTRICT PRESCRIBING THE TERMS OF SALE OF NOT TO EXCEED $35,000,000 AGGREGATE PRINCIPAL AMOUNT OF BONDS OF PARAMOUNT UNIFIED SCHOOL DISTRICT, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO ISSUE AND SELL THE BONDS BY A NEGOTIATED SALE PURSUANT TO A BOND PURCHASE CONTRACT, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF THE BOND PURCHASE CONTRACT, APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT FOR THE BONDS, AND AUTHORIZING THE EXECUTION OF NECESSARY CERTIFICATES RELATING TO THE BONDS

WHEREAS, an election was duly called and regularly held in the Paramount Unified School District, County of Los Angeles, California (the "District"), on November 7, 2006, at which the following proposition (as abbreviated pursuant to Section 13247 of the California Elections Code) was submitted to the electors of the District:

> *"To build and renovate classrooms, including pre-schools, upgrade middle and high school science labs, build new classrooms for fine and performing arts education, replace fire alarm and safety communications systems, improve computer technology, expand school libraries, repair and upgrade outdated gymnasiums and athletic fields, shall Paramount Unified School District issue $100 million in bonds, at legal interest rates, with independent citizen oversight, all funds benefiting local schools and no funds going to administrator salaries?"*

WHEREAS, at least 55% of the votes cast on the proposition were in favor of issuing the bonds;

WHEREAS, none of the bonds have heretofore been issued and sold;

WHEREAS, pursuant to California Education Code Section 15140 *et seq.*, the Board of Education of the District (the "Board of Education") deems it necessary and desirable that the Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles (the "County") authorize and consummate the sale of a portion of the bonds in a single series designated the "Paramount Unified School District General Obligation Bonds, Election of 2006, Series 2007" (the "Series 2007 Bonds") in an aggregate principal amount not exceeding $35,000,000, according to the terms and in the manner hereinafter set forth;

WHEREAS, the Board of Education has determined that it would be in the best interest of the District to authorize the obtaining of an insurance policy to secure the timely payment of the principal of and interest on the Series 2007 Bonds;

WHEREAS, a form of the Contract of Purchase (the "Bond Purchase Contract") to purchase the Series 2007 Bonds proposed to be entered into with UBS Securities LLC, as underwriter (the "Underwriter"), has been prepared;

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") requires that, in order to be able to purchase or sell the Series 2007 Bonds, the Underwriter must have reasonably determined that the issuer or other obligated person has undertaken in a written agreement or contract for the benefit of the holders of the Series 2007 Bonds to provide disclosure of certain financial information and certain material events on an ongoing basis;

WHEREAS, in order to cause such requirement to be satisfied, the District desires to execute and deliver a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate");

WHEREAS, a form of the Preliminary Official Statement (the "Preliminary Official Statement") to be distributed in connection with the public offering of the Series 2007 Bonds has been prepared;

WHEREAS, the Board of Education has been presented with the form of each document referred to herein relating to the financing contemplated hereby, and the Board of Education has examined and approved each document and desires to authorize and direct the execution of such documents and the consummation of such financing; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED by the Board of Education of the Paramount Unified School District, as follows:

Section 1. Recitals. All of the above recitals are true and correct and the Board of Education so finds.

Section 2. Definitions. Unless the context clearly otherwise requires, the terms defined in this Section shall, for all purposes of this Resolution, have the meanings specified herein, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

"Authorized Officers" means the President of the Board of Education, or such other member of the Board of Education as the President may designate, the Superintendent of the District and the Assistant Superintendent, Business Services of the District, or such other officer or employee of the District as the Superintendent may designate.

"Board of Education" means the Board of Education of the District.

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

"Bond Purchase Contract" means the Contract of Purchase relating to the sale of the Series 2007 Bonds executed by the County, the District and the Underwriter in accordance with the provisions hereof.

"Capital Appreciation Bonds" means those Series 2007 Bonds accreting interest semiannually to the maturity date thereof payable in accordance with Section 4(e) hereof.

"Code" means the Internal Revenue Code of 1986.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate executed and delivered by the District relating to the Series 2007 Bonds.

"County" means the County of Los Angeles.

"Current Interest Bonds" means those Series 2007 Bonds bearing interest payable semiannually on a current basis in accordance with Section 4(d) hereof.

"District" means the Paramount Unified School District.

"District Resolution" means this Resolution of the Board of Education adopted on June 26, 2007.

"Official Statement" means the Official Statement of the District relating to the Series 2007 Bonds.

"Opinion of Bond Counsel" means an opinion of counsel of nationally recognized standing in the field of law relating to municipal bonds.

"Series 2007 Bonds" means the "Paramount Unified School District General Obligation Bonds, Election of 2006, Series 2007."

"State" means the State of California.

"Tax Certificate" means the Tax Certificate, executed by the District, dated the date of issuance of the Series 2007 Bonds.

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

"Underwriter" means UBS Securities LLC.

Section 3. Request for Sale of Series 2007 Bonds; Use of Proceeds. The Board of Supervisors of the County is hereby requested to sell, by negotiated sale to the Underwriter, not to exceed $35,000,000 aggregate principal amount of Series 2007 Bonds and to designate the Series 2007 Bonds as the "Paramount Unified School District General Obligation Bonds, Election of 2006, Series 2007." The Series 2007 Bonds shall be issued as Current Interest Bonds and Capital Appreciation Bonds, as provided in Section 4 hereof.

Section 4. Terms of Series 2007 Bonds. (a) *Date of Bonds*. The Current Interest Bonds shall be dated the date of their delivery, or such other date as shall be set forth in the Bond Purchase Contract. The Capital Appreciation Bonds shall be dated the date of their delivery, or such other date as shall be set forth in the Bond Purchase Contract.

(b) *Denominations*. The Current Interest Bonds shall be issued in denominations of $5,000 principal amount or any integral multiple thereof. The Capital Appreciation Bonds shall be issued in denominations of $5,000 accreted value at maturity ("maturity value") or any integral multiple thereof, except that the first numbered Capital Appreciation Bond may be issued in a denomination such that the maturity value of such Capital Appreciation Bond shall not be in an integral multiple of $5,000.

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

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

The Current Interest Bonds may mature in the same year or years as the Capital Appreciation Bonds, without limitation. The aggregate principal amount of the Series 2007 Bonds shall not exceed $35,000,000.

(d) *Interest on Current Interest Bonds*. The Current Interest Bonds shall bear interest at an interest rate not to exceed 6.00% per annum, computed on the basis of a 360-day year of 12 30-day months, first payable on February 1, 2008, and thereafter on February 1 and August 1 in each year (or on such other initial and semiannual interest payment dates as shall be set forth in the Bond Purchase Contract).

(e) *Interest on Capital Appreciation Bonds*. The Capital Appreciation Bonds shall not bear current interest; each Capital Appreciation Bond shall accrete in value from its initial principal (denominational) amount on the date of issuance thereof to its stated maturity value at maturity thereof, at a compounded interest rate which shall not exceed 12.00% per annum. The interest on the Capital Appreciation Bonds shall be compounded commencing on February 1, 2008, and thereafter on February 1 and August 1 in each year (or on such other initial and semiannual interest dates as shall be set forth in the Bond Purchase Contract), and shall be payable only upon maturity or prior redemption thereof.

(f) *Request for Tax Levy.* The Board of Supervisors and officers of the County are obligated by statute to provide for the levy and collection of property taxes in each year sufficient to pay all principal and interest coming due on the Series 2007 Bonds in such year, and to pay from such taxes all amounts due on the Series 2007 Bonds. The District hereby requests the Board of Supervisors to annually levy a tax upon all taxable property in the District sufficient to redeem the Series 2007 Bonds, including in Fiscal Year 2007-08 as provided below, and to pay the principal, redemption premium, if any, and interest thereon as and when the same become due. No part of any fund or account of the County is pledged or obligated to the payment of the Series 2007 Bonds.

The District anticipates issuing the Series 2007 Bonds by August 31, 2007, in an aggregate principal amount not to exceed $35,000,000. The Superintendent of the District, or his designee, is hereby authorized and directed to prepare an estimate of all payments of principal and interest which shall become due on the Series 2007 Bonds, and to cause the debt service schedule so prepared to be provided to the Board of Supervisors of the County and to the officers of the County responsible for preparing the tax levy for bonds of the District and for levying said tax. The Board of Supervisors of the County is hereby requested, in accordance with Education Code Section 15252, to establish a tax rate for the Series 2007 Bonds based upon such estimated debt service schedule prepared by the Superintendent, and to levy a tax in Fiscal Year 2007-08 on all taxable property in the District within the County sufficient to pay said estimated debt service; provided, that in the event the rate of tax calculated by the Auditor-Controller of the County on the basis of said estimated debt service schedule shall be less than 6.000 cents/$100 ($60.00/$100,000) of assessed valuation, the District requests that the Board of Supervisors levy the tax at the rate of 6.000 cents/$100 ($60.00/$100,000) of assessed valuation, and the District covenants to cooperate with the Treasurer-Tax Collector of the County (the "Treasurer") to structure the sale of the Series 2007 Bonds to require so much as possible of the aggregate tax generated by said rate to pay debt service coming due before the proceeds of the Fiscal Year 2008-09 tax levy become available. In no event shall the Series 2007 Bonds be sold to require a tax rate in Fiscal Year 2007-08 greater than the rate named above. In the event that the Series 2007 Bonds are not sold during Fiscal Year 2007-08, this Board of Education hereby requests that the Auditor-Controller of the County cause the proceeds of the tax levied to pay the anticipated debt service on such Series 2007 Bonds to be retained in the interest and sinking fund of the District for credit against payments which shall come due on outstanding bonds of the District, including bonds to be sold during Fiscal Year 2008-09.

(g) *Insurance.* The payment of principal and interest on the Series 2007 Bonds may be secured by an insurance policy as shall be described in the Bond Purchase Contract. The Bond Purchase Contract may provide that no insurance policy shall be obtained.

(h) *Appointment of Paying Agent; Payment of Fees and Expenses.* This Board of Education does hereby consent to and confirm the appointment of the Treasurer to act as the initial paying agent for the Series 2007 Bonds. The Treasurer is hereby authorized to contract with any third party to perform the services of paying agent for the Series 2007 Bonds. All fees and expenses of the paying agent shall be the sole responsibility of the District, and to the extent not paid from the proceeds of sale of the Series 2007 Bonds, or from the interest and sinking fund of the District, insofar as permitted by law, including specifically by Section 15232 of the California Education Code, such fees and expenses shall be paid by the District.

Section 5. Redemption Provisions. The Series 2007 Bonds shall be subject to redemption prior to their respective stated maturity dates at the option of the District as set forth in the Bond Purchase Contract and in the Series 2007 Bonds. The Series 2007 Bonds shall also be subject to mandatory sinking fund redemption, as specified in the Bond Purchase Contract and in the Series 2007 Bonds. The Bond Purchase Contract may provide that the Series 2007 Bonds shall not be subject to optional or mandatory sinking fund redemption, and may provide separate and distinct redemption provisions for the Current Interest Bonds and the Capital Appreciation Bonds.

Section 6. Bond Purchase Contract; Sale of Bonds. The form of Bond Purchase Contract on file with the Clerk of the Board of Education, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver the Bond Purchase Contract in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that (a) the true interest cost for the Series 2007 Bonds shall not be in excess of 6.00%, (b) the interest rate on the Current Interest Bonds shall not exceed 6.00% per annum, (c) the Capital Appreciation Bonds shall accrete in value to their maturity values at a compounded interest rate not to exceed 12.00% per annum, (d) the minimum price for the Series 2007 Bonds shall be not less than the aggregate principal amount thereof, (e) the Underwriter's discount for the sale of the Series 2007 Bonds shall not exceed 1.00% of the principal amount of the Series 2007 Bonds exclusive of any costs of issuance the Underwriter contracts to pay, and (f) the Series 2007 Bonds shall otherwise conform to the limitations specified herein. The Board of Supervisors is hereby requested to cause the Bond Purchase Contract to be executed and delivered by the County, subject to such changes or revisions therein as may be acceptable to the District and to the Board of Supervisors or the County officer to whom execution of the Bond Purchase Contract is delegated.

The Board of Education hereby finds and determines that the sale of the Series 2007 Bonds at negotiated sale as contemplated herein and by the Bond Purchase Contract will provide more flexibility in the timing of the sale, an ability to implement the sale in a shorter time period, an increased ability to structure the Series 2007 Bonds to fit the needs of particular purchasers, and greater opportunity for the Underwriter to pre-market the Series 2007 Bonds to potential purchasers prior to the sale, all of which will contribute to the District's goal of achieving the lowest overall cost of funds. Estimates of the costs associated with the issuance of said Series 2007 Bonds, including any such costs which the Underwriter agrees to pay pursuant to the Bond Purchase Contract, are set forth on Exhibit A attached hereto and incorporated herein.

Section 7. Continuing Disclosure Certificate. The form of Continuing Disclosure Certificate, on file with the Clerk of the Board of Education, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver the Continuing Disclosure Certificate in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof. The District hereby covenants and agrees to comply with and carry out all of the provisions of the Continuing Disclosure Certificate.

Section 8. Preliminary Official Statement. The form of Preliminary Official Statement, on file with the Clerk of the Board of Education, with such changes therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Series 2007 Bonds is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the District that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

Section 9. Official Statement. The preparation and delivery of an Official Statement, and its use by the Underwriter in connection with the offering and sale of the Series 2007 Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are each hereby authorized and directed, for and in the name of and on behalf of the District, to execute the final Official Statement and any amendment or supplement thereto and thereupon to cause the final Official Statement and any such amendment or supplement to be delivered to the Underwriter.

Section 10. Investment of Proceeds. Proceeds of the Series 2007 Bonds held by the Treasurer shall be invested at the Treasurer's discretion pursuant to law and the investment policy of the County, unless otherwise directed in writing by the District. The Treasurer is hereby authorized and requested to invest any or all funds held hereunder at the Treasurer's discretion pursuant to law and the investment policy of the County. In addition, to the extent permitted by law, (i) at the written request of an Authorized Officer, each of whom is hereby expressly authorized to make such request, all or any portion of the building fund of the District may be invested on behalf of the District in the Local Agency Investment Fund in the treasury of the State, (ii) at the written request of an Authorized Officer, given by an Authorized Officer, each of whom is hereby expressly authorized to make such request, all or any portion of the building fund of the District may be invested on behalf of the District, in investment agreements, including guaranteed investment contracts, which comply with the requirements of each rating agency then rating the Series 2007 Bonds necessary in order to maintain the then-current rating on the Series 2007 Bonds, and (iii) at the written request of an Authorized Officer, given by an Authorized Officer, each of whom is hereby expressly authorized to make such request, the Treasurer shall deposit any investment of all or any portion of the building fund of the District made pursuant to Education Code Section 41015 in accordance with the instructions of the Authorized Officer and Education Code Section 41016.

Section 11. Tax Covenants. (a) The District 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 2007 Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the District hereby covenants that it will comply with the requirements of the Tax Certificate to be executed by the District on the date of issuance of the Series 2007 Bonds. The provisions of this subsection (a) shall survive payment in full or defeasance of the Series 2007 Bonds.

(b) In the event that at any time the District is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any monies held by the Treasurer on behalf of the District, in accordance with this District Resolution or pursuant to law, the District shall so request of the Treasurer in writing, and the District shall make its best efforts to ensure that the Treasurer shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provision of this Section, if the District shall provide to the Treasurer an Opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2007 Bonds, the Treasurer may conclusively rely on such Opinion of Bond Counsel in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

Section 12. Delegation of Authority. The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this District Resolution, including, without limitation, upon consultation with the Treasurer, negotiating the terms of the insurance policy, if any, referred to herein.

Section 13. Professional Services. California Financial Services, or any successor thereto, shall serve as financial advisor to the District for the Series 2007 Bonds. UBS Securities LLC, or any successor thereto, shall serve as underwriter for the Series 2007 Bonds. Orrick, Herrington & Sutcliffe LLP, or any successor thereto, shall serve as bond counsel to the District for the Series 2007 Bonds.

Section 14. Approval of Actions. All actions heretofore taken by the officers, employees and agents of the District with respect to the transactions set forth above are hereby approved, confirmed and ratified.

Section 15. Filing with Board of Supervisors. The Clerk of the Board of Education is hereby authorized and directed to deliver a certified copy of this District Resolution to the Treasurer for filing with the Executive Officer-Clerk of the Board of Supervisors.

Section 16. Effective Date. This District Resolution shall take effect from and after its date of adoption.

PASSED AND ADOPTED this day, June 26, 2007.

Linda Garcia
President of the Board of Education of
the Paramount Unified
School District

ATTEST:

Vivian Hansen
Clerk of the Board of Education of the
Paramount Unified School District

EXHIBIT A

ESTIMATES OF COSTS OF ISSUANCE

A)	Underwriter's Discount	$350,000
B)	Credit Enhancement	125,000
C)	Other Expenses	410,000

CLERK'S CERTIFICATE

I, Vivian Hansen, Clerk of the Board of Education of the Paramount Unified School District, County of Los Angeles, California, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Education of said District duly and regularly held at the regular meeting place thereof on June 26, 2007, and entered in the minutes thereof, of which meeting all of the members of the Board of Education had due notice and at which a quorum thereof was present, and that at said meeting the resolution was adopted by the following vote:

AYES: 4

NOES: 0

ABSTAIN: 0

ABSENT: 1

An agenda of the meeting was posted at least 72 hours before the meeting at 15110 South California Avenue, Paramount, California, a location freely accessible to members of the public, and a brief description of the resolution appeared on the agenda.

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that 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: June 26, 2007

Vivian Hansen

Vivian Hansen
Clerk of the Board of Education of
Paramount Unified School District

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the Paramount Unified School District (the "District") in connection with the issuance of $_____ aggregate principal amount of Paramount Unified School District General Obligation Bonds, Election of 2006, Series 2007 (the "Bonds"), consisting of $_____ principal amount of current interest Bonds and $_____ initial principal (denominational) amount of capital appreciation Bonds. The Bonds are being issued pursuant to a resolution (the "County Resolution") adopted by the Board of Supervisors of the County of Los Angeles (the "County") on _____, 2007, at the request of the Board of Education of the District by its resolution (the "District Resolution") adopted on June 26, 2007. The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the County Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 hereof.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the District, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) hereof.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission may be found at the following Internet address: http://www.sec.gov/info/municipal/nrmsir.htm.

"Official Statement" shall mean the Official Statement, dated _____, 2007 (including all exhibits or appendices thereto), relating to the offer and sale of Bonds.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private repository or entity designated by the State of California as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

Section 3. Provision of Annual Reports. (a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (which due date shall be April 1 of each year, so long as the fiscal year ends on June 30), commencing with the report for the 2006-2007 Fiscal Year (which is due not later than April 1, 2008), provide to each Repository an Annual Report which is consistent with the requirements of Section 4 hereof. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 hereof; provided, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c) hereof.

(b) Not later than 15 Business Days prior to the date specified in subsection (a), the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the District shall send a notice to the Municipal Securities Rulemaking Board and the State Repository, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) (if the Dissemination Agent is other than the District), file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required

to be filed pursuant to Section 3(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(i) The adopted budget of the District for the current fiscal year.

(ii) District average daily attendance.

(iii) District outstanding debt.

(iv) Information regarding total assessed valuation of taxable properties within the District, if and to the extent provided to the District by the County.

(v) Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent provided to the District by the County.

(c) In addition to any of the information expressly required to be provided under subsections (a) and (b), the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

Section 5. <u>Reporting of Significant Events</u>. (a) Pursuant to the provisions of this Section, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults;

(iii) unscheduled draws on the debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on the credit enhancements reflecting financial difficulties;

(v) substitution of the credit or liquidity providers or their failure to perform;

(vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds;

(vii) modifications to rights of Holders;

(viii) optional, contingent or unscheduled bond calls;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the Bonds; and

(xi) rating changes.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall promptly file a notice of such occurrence with each National Repository or with the Municipal Securities Rulemaking Board, and with the State Repository. Notwithstanding the foregoing, notice of Listed Events described in paragraphs (viii) and (ix) of subsection (a) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the County Resolution.

Section 6. Electronic Filing. Submission of Annual Reports and notices of Listed Events to DisclosureUSA.org or another "Central Post Office" designated and accepted by the Securities and Exchange Commission shall constitute compliance with the requirement of filing such reports and notices with each Repository hereunder, and the District may satisfy its obligations hereunder to file any notice, document or information with a Repository by filing the same with any dissemination agent or conduit, including DisclosureUSA.org or another "Central Post Office" or similar entity, assuming or charged with responsibility for accepting notices, documents or information for transmission to such Repository, to the extent permitted by the Securities and Exchange Commission or Securities and Exchange Commission staff or required by the Securities and Exchange Commission. For this purpose, permission shall be deemed to have been granted by the Securities and Exchange Commission staff if and to the extent the agent or conduit has received an interpretive letter, which has not been revoked, from the Securities and Exchange Commission staff to the effect that using the agent or conduit to transmit information to the Repository will be treated for purposes of the Rule as if such information were transmitted directly to the Repository.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the

District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c) hereof.

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Deputy Superintendent, Business Services.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Section 3(a), Section 4, or Section 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by the Holders in the same manner as provided in the County Resolution for amendments to the County Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c) hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event,

in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the County Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _____, 2007.

PARAMOUNT UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

EXHIBIT A

FORM OF NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: PARAMOUNT UNIFIED SCHOOL DISTRICT

Name of Issue: PARAMOUNT UNIFIED SCHOOL DISTRICT GENERAL OBLIGATION BONDS, ELECTION OF 2006, SERIES 2007

Date of Issuance: _____, 2007

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated _____, 2007. [The District anticipates that the Annual Report will be filed by _____.]

Dated:_____

PARAMOUNT UNIFIED SCHOOL DISTRICT