



**KEITH KNOX**

TREASURER AND TAX COLLECTOR

# COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 437, Los Angeles, California 90012  
Telephone: (213) 974-2101 Fax: (213) 626-1812  
ttc.lacounty.gov and propertytax.lacounty.gov

Board of Supervisors

HILDA L. SOLIS  
First District

HOLLY J. MITCHELL  
Second District

SHEILA KUEHL  
Third District

JANICE HAHN  
Fourth District

KATHRYN BARGER  
Fifth District

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

42 January 26, 2021

CELIA ZAVALA  
EXECUTIVE OFFICER

January 26, 2021

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

Dear Supervisors:

## ISSUANCE AND SALE OF LENOX SCHOOL DISTRICT GENERAL OBLIGATION BONDS, ELECTION OF 2007, SERIES 2021 (SECOND DISTRICT) (3 VOTES)

### SUBJECT

The Board of Education of the Lennox School District (the "District") is requesting the County of Los Angeles (County) Board of Supervisors to issue General Obligation Bonds (the "Bonds") on its behalf in an aggregate principal amount not to exceed \$3,000,000. The Bonds were authorized by a vote of the qualified electors of the District and will be issued to finance capital improvements to various school facilities. Repayment of the bonds will be funded from the proceeds of ad valorem taxes levied on all taxable property within the District.

### **IT IS RECOMMENDED THAT THE BOARD:**

Adopt the Resolution authorizing the issuance and sale of the Lennox School District General Obligation Bonds, Election of 2007, Series 2021 in an aggregate principal amount not to exceed \$3,000,000.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On November 6, 2007, voters residing in the District approved ballot Measure L, authorizing the issuance of up to \$10,700,000 in general obligation bonds to fund various school modernization and facilities improvements throughout the District. The District Board of Education adopted a resolution on December 15, 2020, requesting the issuance and sale of the Lennox School District General Obligation Bonds, Election of 2007, Series 2021 by the County Board of Supervisors in an aggregate

principal amount not to exceed \$3,000,000. This will be the fourth series of bonds issued under Measure L.

Pursuant to Section 15140(a) et seq. of the California Education Code, the County Board of Supervisors is authorized to issue the Bonds on behalf of the District. Due to the qualified certification of the District's most recent interim budget report, the County is required to issue the Bonds on behalf of the District. The Bonds will be issued by the County in the name of and on behalf of the District pursuant to the District's resolution requesting such borrowing. The Los Angeles County Office of Education does not have any issues or concerns with this transaction and supports the District's decision to proceed with the issuance of the Bonds through the County.

### **Implementation of Strategic Plan Goals**

This action supports the County's Strategic Plan Goal #2: Foster vibrant and resilient communities by investing in public school infrastructure within the County.

### **FISCAL IMPACT/FINANCING**

There will be no fiscal impact to the County budget.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The Resolution provides for the issuance of the Bonds at an interest rate not to exceed the maximum interest rate permitted by State law. The final structure of the Bonds will be determined at the time of pricing to achieve the lowest cost of financing within the tax levy limits of the authorizing ballot measure. The term of the Bonds will not exceed twenty-five (25) years. The Bonds will be sold through a negotiated offering with participation by the Treasurer and Tax Collector in the pricing of the Bonds. The District has selected Stifel, Nicolaus & Company, Incorporated as the underwriter, and Stradling Yocca Carlson & Rauth as the bond counsel firm. The Treasurer and Tax Collector will appoint U.S. Bank National Association as the paying agent for the Bonds.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Not applicable.

### **CONCLUSION**

Upon approval of this Resolution, it is requested that the Executive Officer-Clerk of the Board of Supervisors return two originally executed copies of the adopted Resolution to the Treasurer and Tax Collector (Office of Public Finance).

The Honorable Board of Supervisors

1/26/2021

Page 3

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Keith Knox". The signature is written in a cursive style with a large initial "K".

KEITH KNOX

Treasurer and Tax Collector

KK:EBG:DW:TG:JP:DK:ad

Enclosures

c: Chief Executive Officer  
Executive Officer, Board of Supervisors  
Auditor-Controller  
County Counsel  
Stradling Yocca Carlson & Rauth

**A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF THE LENNOX SCHOOL DISTRICT (LOS ANGELES COUNTY, CALIFORNIA) GENERAL OBLIGATION BONDS, ELECTION OF 2007, SERIES 2021, IN AN AGGREGATE PRINCIPAL AMOUNT NOT-TO-EXCEED \$3,000,000**

**WHEREAS**, a duly called general election was held in the Lennox School District (the “District”), Los Angeles County (the “County”), State of California, on November 6, 2007 (the “Election”) and thereafter canvassed pursuant to law; and

**WHEREAS**, at the Election there was submitted to and approved by the requisite fifty-five percent or more vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for the various purposes set forth in the ballot submitted to the voters, in the maximum principal amount not-to-exceed \$10,700,000, payable from the levy of an *ad valorem* property tax against the taxable property in the District (the “Authorization”); and

**WHEREAS**, the District previously caused the issuance of the first series of bonds under the Authorization in an aggregate principal amount of \$3,818,826.85, the second series of bonds under the Authorization in an aggregate principal amount of \$1,199,988.70, and the third series of bonds under the Authorization in an aggregate principal amount of \$1,498,745.75; and

**WHEREAS**, the County Board has received a resolution (the “District Resolution”) of the Board of Education of the District (the “District Board”) requesting the County Board to issue on the District’s behalf the fourth series of bonds under the Authorization, the “Lennox School District (Los Angeles County, California) General Obligation Bonds, Election of 2007, Series 2021” or such other designation or designations as are specified in the Purchase Contract (defined herein), in the aggregate principal amount not-to-exceed \$3,000,000 (the “Bonds”); and

**WHEREAS**, pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the “Bond Law”), the Bonds are authorized to be issued for the purposes set forth in the ballot submitted to voters at the Election; and

**WHEREAS**, the District self-certified its most recent interim financial report as qualified; and

**WHEREAS**, Education Code Section 15140(a) provides that the County Board shall issue the Bonds on behalf of the District following adoption of the District Resolution; and

**WHEREAS**, the District Board has authorized the sale of the Bonds at a negotiated sale, which the District Board has determined will contribute to the District’s goal of achieving the lowest overall cost of funds; and

**WHEREAS**, the District Board has authorized the issuance of the Bonds as any combination of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds (as such terms are defined herein), to be issued in one or more Series of Taxable Bonds or Tax-Exempt Bonds (as such terms are defined herein); and

**WHEREAS**, the District Board has requested the County to authorize the issuance of the Bonds in the District’s name as Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, which, by their terms, are subject to the compounding of interest; and

**WHEREAS**, pursuant to the provisions of Assembly Bill 182 (“AB 182”), implemented by Education Code Sections 15146(b) and 15146(c), Capital Appreciation Bonds and Convertible Capital Appreciation Bonds may only be issued upon certain additional determinations and considerations to be made by the District Board; and

**WHEREAS**, the District Board has advised the County that it has complied in all material respects with the provisions of AB 182 necessary in order to issue Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, and has provided a summary of its determinations, as reflected in Exhibit B to this resolution, which is by this reference incorporated herein; and

**WHEREAS**, Based on a good faith estimate received by the District from its Municipal Advisor, the Board hereby finds that (i) the True Interest Cost of the Bonds (as defined in Government Code Section 5852.1(a)(1)(A)) is expected to be approximately 3.70%, (ii) the total Finance Charge of the Bonds (as defined in Government Code Section 5852.1(a)(1)(B)) is expected to equal approximately \$200,000, (iii) the total proceeds expected to be received by the District from the sale of the Bonds, less the Finance Charge of the Bonds, is \$2,800,000, and (iv) the District expects that the Total Payment Amount (as defined in Government Code Section 5852.1(a)(1)(D)), calculated to the final maturity of the Bonds, will be \$6,250,000; and

**WHEREAS**, the District Board has appointed Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California as Bond Counsel and Disclosure Counsel to the District in connection with the issuance of the Bonds; and

**WHEREAS**, the District Board has appointed Stifel, Nicolaus & Company, Incorporated, as the Underwriter in connection with the issuance of the Bonds; and

**WHEREAS**, the District Board has appointed Montague DeRose and Associates, LLC, Westlake Village, California, as Municipal Advisor to the District in connection with the issuance of the Bonds; and

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

**NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA, AS FOLLOWS:**

**SECTION 1. Purpose of Bonds.** To raise money for the purposes authorized by voters of the District at the Election and to pay all necessary legal, financial, engineering and contingent costs in connection therewith, the County Board hereby authorizes the issuance of the Bonds on behalf of the District pursuant to the Bond Law. The County Board further authorizes the sale of the Bonds in one or more series of Taxable Bonds or Tax-Exempt Bonds, with appropriate designation if more than one Series is issued, and as any combination of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, in a maximum principal amount not-to-exceed \$3,000,000.

**SECTION 2. Terms and Conditions of Sale.** The Treasurer, as defined below, is hereby authorized to execute the sale of the Bonds, in consultation with the District’s Superintendent (the “Superintendent”) or the Business Manager (the “Business Manager”). The Bonds shall be sold pursuant to the terms and conditions set forth in the form of Purchase Contract (as defined below).

**SECTION 3. Approval of Purchase Contract.** The form of Purchase Contract, by and among the County, the District and the Underwriter, substantially in the form presented at this meeting, is hereby approved and the Treasurer and Tax Collector of the County, or any authorized designee thereof (the “Treasurer”), is hereby authorized to execute and deliver the Purchase Contract, and the Superintendent, the Business Manager, or the respective designated deputies thereof, each alone, is hereby requested to acknowledge the execution of such Purchase Contract, with such changes therein, deletions therefrom and modifications thereto as the Treasurer may approve, such approval to be conclusively evidenced by his execution and delivery thereof; provided, however, that the maximum interest rate on the Bonds shall not exceed that permitted by law and the underwriting discount thereon, excluding original issue discount and expenses of the Underwriter, shall not exceed 0.75% of the aggregate principal amount of Bonds issued. The Treasurer is further authorized to determine the principal amount of the Bonds to be specified in the Purchase Contract for sale by the County Board up to \$3,000,000 and to enter into and execute the Purchase Contract with the Underwriter and the District, if the conditions set forth in this Resolution and the District Resolution are satisfied.

**SECTION 4. Certain Definitions.** As used in this Resolution, the terms set forth below shall have the meanings ascribed to them (unless otherwise set forth in the Purchase Contract):

- (a) **“Accreted Interest”** means, with respect to Capital Appreciation Bonds and Convertible Capital Appreciation Bonds prior to the Conversion Date, the Accreted Value thereof minus the Denominational Amount thereof as of the date of calculation.
- (b) **“Accretion Rate”** means that rate which, when applied to the Denominational Amount of a Capital Appreciation Bond or a Convertible Capital Appreciation Bond, and compounded semiannually on each February 1 and August 1, commencing August 1, 2021 (unless otherwise provided for in the Purchase Contract), produces the Maturity Value on the maturity date (with respect to Capital Appreciation Bonds) and the Conversion Value on the Conversion Date (with respect to Convertible Capital Appreciation Bonds).
- (c) **“Accreted Value”** means, as of the date of calculation, with respect to Capital Appreciation Bonds and Convertible Capital Appreciation Bonds through to the Conversion Date, the Denominational Amount thereof plus Accreted Interest thereon to such date of calculation, compounded semiannually on each February 1 and August 1, commencing August 1, 2021 (unless otherwise provided for in the Purchase Contract), at the stated Accretion Rate to maturity thereof, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of 12, 30-day months.
- (d) **“Authorized Officer of the County”** means the officers of the County, including the Treasurer, the Deputy Treasurer and their authorized representatives, authorized to act with regard to general obligation bond matters.
- (e) **“Authorized Officer of the District”** means the Superintendent, the Business Manager of the District, or such other officer or employee of the District as may be designated by the Superintendent or Business Manager.
- (f) **“Beneficial Owner”** means, when used with reference to book-entry Bonds registered pursuant to Section 5 hereof, the person who is considered the beneficial owner of such Bonds pursuant to the arrangements for book entry determination of ownership applicable to the Depository.

- (g) **“Bonds”** means the Lennox School District (Los Angeles County, California) General Obligation Bonds, Election of 2007, Series 2021, issued in one or more series under the Authorization, in the maximum principal amount of not to exceed Three Million Dollars (\$3,000,000).
- (h) **“Bond Insurer”** means any insurance company which issues a municipal bond insurance policy insuring the payment of Principal, Accreted Value and Conversion Value of and interest on the Bonds.
- (i) **“Bond Payment Date”** means, as applicable (and unless otherwise provided by the Purchase Contract), (i) with respect to the Current Interest Bonds, February 1 and August 1 of each year, commencing August 1, 2021, with respect to interest thereon, and the stated maturity dates thereof with respect to the Principal payments on the Current Interest Bonds, (ii) with respect to the Convertible Capital Appreciation Bonds, February 1 and August 1 of each year, commencing the first February 1 or August 1 following the respective Conversion Dates thereof, with respect to the interest thereon, and the stated maturity dates thereof with respect to the Conversion Value of the Convertible Capital Appreciation Bonds, and (iii) with respect to the Capital Appreciation Bonds, the stated maturity dates thereof.
- (j) **“Bond Register”** means the registration books which the Paying Agent shall keep or cause to be kept on which the registered ownership, transfer and exchange of Bonds shall be recorded.
- (k) **“Building Fund”** means the Building Fund established pursuant to Section 11 of this Resolution.
- (l) **“Business Day”** shall mean a day which is not a Saturday, Sunday or a day on which banking institutions in the State or the State of New York and the New York Stock Exchange are authorized or required to be closed.
- (m) **“Capital Appreciation Bonds”** means the Bonds the interest component of which is compounded semiannually on each February 1 and August 1, commencing August 1, 2021 (unless otherwise provided in the Purchase Contract) to maturity as shown in the table of Accreted Values for such Bonds in the Official Statement or Purchase Contract, as the case may be.
- (n) **“Chair of the County Board”** shall mean the Chair, Chairman or Mayor of the Board of Supervisors of the County of Los Angeles.
- (o) **“Code”** means the Internal Revenue Code of 1986, as the same may be amended from time to time. Reference to any particular section of the Code shall be deemed to be a reference to any successor to any such section.
- (p) **“Continuing Disclosure Certificate”** means that certain contractual undertaking executed by the District in connection with the issuance of the Bonds pursuant to paragraph (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, and relating to the Bonds, dated as of the date of issuance thereof, as amended from time to time in accordance with the provisions thereof.

- (q) **“Conversion Date”** means, with respect to Convertible Capital Appreciation Bonds, the date from which such Bonds bear interest on a current, periodic basis.
- (r) **“Conversion Value”** means, with respect to Convertible Capital Appreciation Bonds, the Accreted Value as of the Conversion Date.
- (s) **“Convertible Capital Appreciation Bonds”** means the Bonds the interest component of which is compounded semiannually to the respective Conversion Dates thereof as shown in the table of Accreted Values for the Bonds in the Official Statement or Purchase Contract, as the case may be, and which bear interest from such respective Conversion Dates on the Conversion Value thereof, payable semiannually thereafter on each Bond Payment Date.
- (t) **“Costs of Issuance”** means all of the authorized costs of issuing the Bonds as described in Education Code Section 15145(a), including but not limited to, all printing and document preparation expenses in connection with this Resolution, the Bonds, the Preliminary Official Statement and the Official Statement pertaining to the Bonds and any and all other agreements, instruments, certificates or other documents prepared in connection therewith; rating agency fees; auditor’s fees; CUSIP service bureau charges; legal fees and expenses of counsel with respect to the financing, including the fees and expenses of Bond Counsel and Disclosure Counsel; the fees and expenses of the Municipal Advisor; the fees and expenses of the Paying Agent; fees for credit enhancement (if any) relating to the Bonds; and other fees and expenses incurred in connection with the issuance of the Bonds, to the extent such fees and expenses are approved by the District.
- (u) **“County Office of Education”** shall mean the Office of Education of the County and such other persons as may be designated by the County Office of Education to perform the operational and disbursement functions hereunder.
- (v) **“Current Interest Bonds”** means Bonds, the interest on which is payable semiannually on each Bond Payment Date specified for each such Bond as designated and maturing in the years and in the amounts set forth in the Purchase Contract.
- (w) **“Date of Delivery”** means the date of initial issuance and delivery of the Bonds, or such other date as shall appear in the Purchase Contract or Official Statement.
- (x) **“Debt Service”** shall have the meaning given to that term in Section 11 of this Resolution.
- (y) **“Debt Service Fund”** means the Debt Service Fund established pursuant to Section 11 of this Resolution.
- (z) **“Denominational Amount”** means the initial Principal Amount of any Capital Appreciation Bond or Convertible Capital Appreciation Bond.
- (aa) **“Depository”** means the entity acting as securities depository for the Bonds pursuant to Section 5(c) hereof.
- (bb) **“District”** means Lennox School District.
- (cc) **“District Resolution”** means together, the Resolution of the District Board adopted on December 15, 2020 requesting the County Board to sell bonds of the District in an aggregate principal amount not-to-exceed Three Million Dollars (\$3,000,000).



- (dd) **“DTC”** means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, in its capacity as the initial Depository for the Bonds.
- (ee) **“EMMA”** means the Electronic Municipal Market Access website of the MSRB, currently located at <https://emma.msrb.org>.
- (ff) **“Fiscal Year”** means the twelve-month period commencing on July 1 of each year and ending on the following June 30 or any other fiscal year selected by the District.
- (gg) **“Holder” or “Owner”** means the registered owner of a Bond as set forth on the Bond Register maintained by the Paying Agent pursuant to Section 5 hereof.
- (hh) **“Information Services”** means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.
- (ii) **“Maturity Value”** means the Accreted Value of any Capital Appreciation Bond on its maturity date.
- (jj) **“Moody’s”** means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, such other nationally recognized securities rating agency designated by the District.
- (kk) **“MSRB”** means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive the reports described in the Continuing Disclosure Certificate, attached as Appendix C to the Preliminary Official Statement. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through EMMA.
- (ll) **“Municipal Advisor”** means Montague DeRose and Associates, LLC, Westlake Village, California, as Municipal Advisor to the District.
- (mm) **“Nominee”** means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 5(c) hereof.
- (nn) **“Official Statement”** means the Official Statement for the Bonds, as described in Section 22 hereof.
- (oo) **“Outstanding”** means, when used with reference to the Bonds, as of any date, Bonds theretofore issued or thereupon being issued under this Resolution except:
  - (i) Bonds canceled at or prior to such date;
  - (ii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Section 7 hereof; or

- (iii) Bonds for the payment or redemption of which funds or Government Obligations in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Bonds), in accordance with Section 17 of this Resolution.
- (pp) **“Participants”** means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.
- (qq) **“Paying Agent”** means initially the Treasurer, or the Treasurer’s third party designee, or any other Paying Agent as shall be named in the Purchase Contract or Official Statement, and afterwards any successor financial institution, acting as paying agent, transfer agent, authentication agent and bond registrar for the Bonds. The Treasurer is authorized to contract with a third party to carry out the services of Paying Agent hereunder.
- (rr) **“Permitted Investments”** means (i) any lawful investments permitted by Section 16429.1 and Government Code Section 53601, (ii) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in investments permitted by Government Code Section 53635, but without regard to any limitations in such Section concerning the percentage of moneys available for investment being invested in a particular type of security, (iii) a guaranteed investment contract with a provider having a rating meeting the minimum rating requirements of the County investment pool maintained by the Treasurer, (iv) the Los Angeles County Pooled Investments (or other investment pools of the County into which District funds may lawfully be invested), (v) the Local Agency Investments Fund of the California State Treasurer, and (vi) State and Local Government Series Securities.
- (ss) **“Principal”** or **“Principal Amount”** means, with respect to any Current Interest Bond, the Principal Amount thereof, and with respect to any Capital Appreciation Bond or Convertible Capital Appreciation Bond, the Denominational Amount thereof.
- (tt) **“Purchase Contract”** means the contract or contracts for purchase and sale of the Bonds, by and among the District, the County and the Underwriter named therein. To the extent the Bonds are sold pursuant to more than one Purchase Contract, each shall be substantially in the form presented to the County Board, with such changes therein, deletions therefrom and modifications thereto as the persons executing the same shall approve.
- (uu) **“Record Date”** means the close of business on the 15th day of the month preceding each Bond Payment Date.
- (vv) **“Series”** means any Bonds executed, authenticated and delivered pursuant to the provisions hereof identified as a separate series of Bonds.
- (ww) **“S&P”** means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, its successors and assigns, or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, such other nationally recognized securities rating agency designated by the District.
- (xx) **“State”** means the State of California.

- (yy) **“Taxable Bonds”** means any Bonds not issued as Tax-Exempt Bonds.
- (zz) **“Tax-Exempt Bonds”** means any Bonds the interest in which is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax, as further described in an opinion of Bond Counsel supplied to the original purchasers of such Bonds.
- (aaa) **“Term Bonds”** means those Bonds for which mandatory redemption dates have been established in the Purchase Contract.
- (bbb) **“Transfer Amount”** means, (i) with respect to any Outstanding Current Interest Bond, the Principal Amount, (ii) with respect to any Outstanding Capital Appreciation Bond, the Maturity Value, and (iii) with respect to any Outstanding Convertible Capital Appreciation Bonds, the Conversion Value.
- (ccc) **“Treasurer”** means the Treasurer and Tax Collector of the County.
- (ddd) **“Underwriter”** means Stifel, Nicolaus & Company, Incorporated, as underwriter of the Bonds.

**SECTION 5. Terms of the Bonds.** (a) Denomination, Interest, Dated Dates. The Bonds shall be issued as fully registered book-entry bonds in the following denominations: (i) with respect to the Current Interest Bonds, \$5,000 Principal Amount or any integral multiple thereof, (ii) with respect to the Capital Appreciation Bonds, \$5,000 Maturity Value, or any integral multiple thereof (except for one odd denomination, if necessary), and (iii) with respect to Convertible Capital Appreciation Bonds, \$5,000 Conversion Value or any integral multiple thereof. The Bonds will initially be registered in the name of “Cede & Co.,” the Nominee of DTC.

Each Current Interest Bond shall be dated as of the Date of Delivery, and shall bear interest at the rates set forth in the Purchase Contract or Official Statement from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date, in which event it shall bear interest from its Date of Delivery. Interest shall be payable on the respective Bond Payment Dates and shall be calculated on the basis of a 360-day year of 12, 30-day months.

To the extent the issuance of Bonds includes Long Current Interest Bonds, the useful life of any facility financed with such Long Current Interest Bonds will equal or exceed the maturity of such Long Current Interest Bonds.

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

Each Capital Appreciation Bond shall be dated, and shall accrete interest from, its Date of Delivery. Capital Appreciation Bonds will not bear interest on a current or periodic basis.

Prior to their respective Conversion Dates, each Convertible Capital Appreciation Bond shall not bear current, periodic interest but will accrete in value through the Conversion Date thereof, from its Denominational Amount on the Date of Delivery thereof to its Conversion Value on the applicable Conversion Date. No payment will be made to the Owners of Convertible Capital Appreciation Bonds on the respective Conversion Dates thereof. From and after its Conversion Date, each Convertible Capital Appreciation Bond will bear current, periodic interest, and such interest will accrue based upon the Conversion Value of such Bonds at the Conversion Date. Following their respective Conversion Dates, each Convertible Capital Appreciation Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof, unless it is authenticated during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date after the Conversion Date, in which event it will bear interest from the Conversion Date.

Notwithstanding any other provision herein, the ratio of total debt service to principal for each Series of Bonds shall not exceed four-to-one, and Capital Appreciation Bonds and Convertible Capital Appreciation Bonds may not mature more than 25 years from their respective dates of issuance.

(b) Redemption.

(i) Optional Redemption. The Bonds shall be subject to optional redemption prior to maturity as provided in the Purchase Contract or the Official Statement; provided, however, that, notwithstanding any other provision herein, any Capital Appreciation Bond or Convertible Capital Appreciation Bond maturing more than 10 years after its date of issuance shall be subject to redemption before its fixed maturity date, with or without premium, at any time, or from time to time, at the option of the District, beginning no later than the 10th anniversary of the date such Bond is issued.

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

(iii) Selection of Bonds for Redemption. Whenever provision is made in this Resolution for the optional redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed by the District, and if not so directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that, with respect to redemption by lot (A) the portion of any Current Interest Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof, (B) the portion of any Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000 Maturity Value thereof, (C) and the portion of any Convertible Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000 Conversion Value thereof.

The Purchase Contract may provide that (i) in the event that a portion of any Term Bonds is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect to such Bonds shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 Principal Amount (or Maturity Value or Conversion Value, as applicable), in respect to the portion of such Term Bonds optionally redeemed, and (ii) within a maturity, Bonds shall be selected for redemption on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC

procedures, provided further that, such pro-rata redemption is made in accordance with the operational arrangements of DTC then in effect.

(iv) Redemption Notice. When optional redemption is authorized or required pursuant to this Section 5(b), the Paying Agent, upon written instruction from the District, shall give notice (a “Redemption Notice”) of the redemption of the Bonds. Such Redemption Notice shall specify: the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, the date of redemption, the place or places where the redemption will be made, including the name and address of the Paying Agent, the redemption price, the CUSIP numbers (if any) assigned to the Bonds to be redeemed, the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount, Accreted Value or Conversion Value of such Bond to be redeemed, and the original issue date, interest rate or Accretion Rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed, at the redemption price thereof, together with the interest accrued or accreted to the redemption date, and that from and after such date, interest thereon shall cease to accrue or accrete.

The Paying Agent shall take the following actions with respect to such Redemption Notice:

1. At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the Bond Register.
2. At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Securities Depository.
3. At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services.
4. The Redemption Notice shall be given to such other persons as shall be required by the Continuing Disclosure Certificate.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided herein shall be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such transfer. The Redemption Notice may state that no representation is made as to the accuracy or correctness of CUSIP numbers printed thereon.

With respect to any notice of optional redemption of Bonds (or portions thereof) pursuant to Section 5(b)(i) hereof, unless upon the giving of such notice such bonds or portions thereof shall be deemed to have been defeased pursuant to Section 17 hereof, such notice shall state that such redemption shall be conditional upon the receipt by the Paying Agent (or an independent escrow agent selected by the District) on or prior to the date fixed for such redemption of the moneys necessary and sufficient to pay the Principal, Accreted Value and Conversion Value of, premium, if any, and interest on, such bonds or portions thereof to be redeemed, and that if such moneys shall not have been so received said notice shall

be of no force and effect, no portion of the Bonds shall be subject to redemption on such date and the Bonds shall not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption shall not be made and the Paying Agent shall within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice, to the persons to whom and in the manner in which the Redemption Notice was given, that such moneys were not so received. In addition, the District shall have the right to rescind any Redemption Notice, for any reason, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent shall distribute a notice of such rescission in the same manner as the Redemption Notice was originally provided.

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

(vi) Effect of Redemption Notice. Notice having been given as aforesaid, and the moneys for the redemption (including the interest accrued or accreted to the applicable date of redemption) having been set aside pursuant to Section 17 hereof, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest accrued or accreted to such redemption date, shall be held in trust so as to be available therefor on such redemption date, and if a Redemption Notice thereof shall have been given as aforesaid, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue or accrete and become payable. All money held for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

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

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section 5 shall be cancelled upon surrender thereof and be delivered to or upon the order of the District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent.

(c) Book-Entry System.

(i) Election of Book-Entry System. The Bonds shall initially be delivered in the form of a separate single fully-registered bond (which may be typewritten) for each maturity date of such Bonds in an authorized denomination. The ownership of each such Bond shall be registered in the Bond Register in the name of the Nominee, as nominee of the Depository and ownership of the Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 5(c)(i)(4).

With respect to book-entry Bonds, the County, the District and the Paying Agent shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Bonds. Without limiting the immediately preceding sentence, the County, the District and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Bonds, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Register, of any notice with respect to book-entry Bonds, including any Redemption Notice, (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Bonds to be prepaid in the event the District redeems the Bonds in part, or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to Principal, Accreted Value and Conversion Value of, premium, if any, or interest on the book-entry Bonds. The County, the District and the Paying Agent may treat and consider the person in whose name each book-entry Bond is registered in the Bond Register as the absolute Owner of such book-entry Bond for the purpose of payment of Principal, Accreted Value and Conversion Value of and premium and interest on and to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all Principal, Accreted Value and Conversion Value of and premium, if any, and interest on the Bonds only to or upon the order of the respective Owner, as shown in the Bond Register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of Principal, Accreted Value and Conversion Value of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a certificate evidencing the obligation to make payments of Principal, Accreted Value and Conversion Value of, premium, if any, and interest on the Bonds. Upon delivery by the Depository to the Owner and the Paying Agent, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to the Record Date, the word Nominee in this Resolution shall refer to such nominee of the Depository.

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

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

transferring or exchanging such Bonds shall designate, in accordance with the provisions of this Section 5(c).

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

4. Transfer of Bonds to Substitute Depository.

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

(1) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to Section 5(c)(i)(4)(A)(2) (“Substitute Depository”); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

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

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

(B) In the case of any transfer pursuant to Section 5(c)(i)(4)(A)(1) or (2), upon receipt of all Outstanding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent designating the Substitute Depository, a single new Bond, which the District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to Section 5(c)(i)(4)(A)(3), upon receipt of all Outstanding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent, new Bonds, which the District shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the District, provided that the Paying Agent shall not be required to deliver such new Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the District.

(C) In the case of a partial redemption or an advance refunding of any Bonds evidencing a portion of the Principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Bonds



indicating the date and amounts of such reduction in Principal, in form acceptable to the Paying Agent, all in accordance with the Letter of Representations. The Paying Agent shall not be liable for such Depository's failure to make such notations or errors in making such notations.

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

**SECTION 6. Execution of Bonds.** The Bonds shall be executed by the Chair of the County Board (or by such other member of the County Board as the County Board shall, by a four-fifths resolution of its members, authorize and designate for that purposes), and by the Treasurer, by their manual or facsimile signatures, and countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the County Board, all in their official capacities. No Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Bond is signed by the Paying Agent as authenticating agent. Authentication by the Paying Agent shall be conclusive evidence that the Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution.

**SECTION 7. Paying Agent; Transfer and Exchange.** This County Board does hereby appoint the Treasurer, or the Treasurer's third party designee, to act as the initial Paying Agent for the Bonds. The Treasurer is authorized to contract with any third party to perform the services of Paying Agent under this Resolution.

So long as any of the Bonds remain Outstanding, the Paying Agent will maintain and keep at its designated office the Bond Register as provided in this Section. Subject to the provisions of Section 8 below, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute Owner of that Bond for all purposes of this Resolution. Payment of or on account of the Principal, Accreted Value and Conversion Value of and premium, if any, and interest on any Bond shall be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in this Section. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

Any Bond may be exchanged for Bonds of like Series, tenor, maturity and Transfer Amount upon presentation and surrender at the designated office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the designated office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds may not be exchanged for one another.

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

If manual signatures on behalf of the County are required in connection with an exchange or transfer, the Paying Agent shall undertake the exchange or transfer of Bonds only after the new Bonds are signed by the Authorized Officers of the County. In all cases of exchanged or transferred Bonds, the County shall sign and the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All fees and costs of transfer shall be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer shall be valid obligations of the District, evidencing the same debt, and entitled to the same security and benefit under this Resolution as the Bonds surrendered upon that exchange or transfer.

Any Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer shall be cancelled by the Paying Agent. The District and the County may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Bonds that the District and the County may have acquired in any manner whatsoever, and those Bonds shall be promptly cancelled by the Paying Agent. As requested by the District, written reports of the surrender and cancellation of Bonds shall be made to the District and the County by the Paying Agent. The cancelled Bonds shall be retained for three years, then destroyed by the Paying Agent.

Neither the District, the County nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16<sup>th</sup> day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the application Redemption Notice is given, or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

**SECTION 8. Payment.** Payment of interest on any Current Interest Bond or Convertible Capital Appreciation Bond after its respective Conversion Date on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The Principal, and redemption premiums, if any, payable on the Current Interest Bonds, the Accreted Value and redemption premiums, if any, on the Capital Appreciation Bonds, and the Conversion Value and redemption premiums, if any, on Convertible Capital Appreciation Bonds shall be payable upon maturity or redemption upon surrender at the designated office of the Paying Agent. The Principal, Accreted Value

and Conversion Value of, and premiums, if any, and interest on, the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is hereby authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The Bonds are general obligations of the District and do not constitute an obligation of the County except as provided in this Bond Resolution. No part of any fund of the County is pledged or obligated to the payment of the Bonds.

**SECTION 9. Form of Bonds.** The Bonds shall be in substantially the form attached as Exhibit A hereto, allowing those officials executing the Bonds to make the insertions and deletions necessary to conform the Bonds to this Resolution and the Purchase Contract, or to correct or cure any defect, inconsistency, ambiguity or omission therein.

**SECTION 10. Delivery of Bonds.** The proper officials of the County shall cause the Bonds to be prepared and, following their sale, shall have the Bonds signed and delivered to the original purchaser upon payment of the purchase price therefor.

**SECTION 11. Deposit of Proceeds of Bonds.** (a) The purchase price received from the Underwriter pursuant to the Purchase Contract, to the extent of the Principal Amount thereof, shall be paid to the County to the credit of the fund hereby authorized to be created and to be administered by the County Office of Education for the account of the District and to be known as the “Lennox School District, General Obligation Bonds, Election of 2007, Series 2021 Building Fund” (the “Building Fund”), which fund shall be kept separate and distinct from all other District and County funds, and amounts on deposit therein shall be used solely for the purpose for which the Bonds are being issued, provided further that such proceeds shall be applied solely to the purposes of the Election. The County shall have no responsibility for assuring the proper use of the Bond proceeds by the District. At the election of the District (i) to the extent the Bonds are sold in the more than one Series, there shall be created a separate Building Fund for each such Series of Bonds, and all references herein to a Building Fund shall be deemed to include each Building Fund created for a Series of Bonds, and (ii) the Building Fund may be established as a subaccount of, or otherwise combined with, any fund established by the County for the purpose of holding proceeds of any bonds issued pursuant to the Authorization. Any excess proceeds of the Bonds not needed for the authorized purposes set forth herein for which the Bonds are being issued upon written notice from the District shall be transferred to the Debt Service Fund described herein and applied to the payment of the Principal, Accreted Value and Conversion Value of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District as permitted by law.

The purchase price received from the Underwriter pursuant to the Purchase Contract, to the extent of any accrued interest and any net original issue premium, shall be kept separate and apart in the fund hereby authorized to be created and to be administered by the County for the account of the District and designated as the “Lennox School District, General Obligation Bonds, Election of 2007, Series 2021 Debt Service Fund” (the “Debt Service Fund”) for the Bonds and used only for payment of the Principal, Accreted Value and Conversion Value of and interest on the Bonds. At the election of the District (i) to the extent the Bonds are sold in the more than one Series, there shall be created a separate Debt Service Fund for each such Series of Bonds, and all references herein to a Debt Service Fund shall be deemed to include each Debt Service Fund created for a Series of Bonds, and (ii) the Debt Service Fund may be established as a subaccount of, or otherwise combined with, any fund established by the County for the purpose of holding proceeds of *ad valorem* property tax levies made to pay any bonds issued pursuant to the Authorization. A costs of issuance account is to be held by a fiscal agent of the District appointed for such purpose.

The moneys in the Debt Service Fund, to the extent necessary to pay the Principal, Accreted Value and Conversion Value of and interest on the Bonds, as the same shall become due and payable, shall be transferred by the Treasurer to the Paying Agent which, in turn, shall pay such moneys to DTC to pay such Principal, Accreted Value, Conversion Value and interest. DTC will thereupon make payments of Principal, Accreted Value and Conversion Value of and interest on the Bonds to DTC's Participants who will thereupon make payments of such Principal, Accreted Value, Conversion Value and interest to Beneficial Owners of the Bonds. Any moneys remaining in the Debt Service Fund after the Bonds and interest thereon have been paid in full, or provision for which payment has been made, shall be transferred to the general fund of the District pursuant to Education Code Section 15234.

(b) Moneys held in the Building Fund and Debt Service Fund shall be invested by the County in Permitted Investments, consistent with the investment policy of the County. The interest earned on the moneys deposited in the Building Fund shall be deposited in the Building Fund and used for the purposes of that fund. Except as required to satisfy the requirements of the Code, interest earned on the investment of monies held in the Debt Service Fund shall be retained in the Debt Service Fund and used by the County to pay the Principal, Accreted Value and Conversion Value of and interest on the Bonds when due.

**SECTION 12. Rebate Fund.** The County acknowledges that the District has covenanted in the District Resolution to establish and create a special fund designated as the "Lennox School District General Obligation Bonds, Election of 2007, Series 2021 Rebate Fund", for the purposes of satisfying any requirement to make rebate payments to the United States pursuant to Section 148 of the Code, and the Treasury Regulations promulgated thereunder.

**SECTION 13. Security for the Bonds.** There shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem* property tax annually during the period the Bonds are outstanding in an amount sufficient to pay the Principal, Accreted Value and Conversion Value of and interest on the Bonds when due, which moneys when collected will be placed in the Debt Service Fund, which fund is to be used for the payment of the Principal, Accreted Value and Conversion Value of and interest on the Bonds when and as the same fall due and for no other purpose. The Auditor-Controller is hereby directed to place on its 2021-22 tax roll, and all subsequent tax rolls, taxes in an amount sufficient to fulfill the requirements of the debt service schedule for the Bonds, which will be provided to the Auditor-Controller by the District following the sale of the Bonds. Pursuant to the District Resolution, the District has determined that such *ad valorem* property taxes shall be levied specifically to pay the Bonds being issued to finance specific projects authorized by the voters of the District at the Election.

Pursuant to Government Code Section 53515, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof.

Pursuant to Government Code Sections 5450 and 5451 and the District Resolution, the District has pledged to the payment of the Bonds all revenues received from the levy and collection of *ad valorem* property taxes for the payment of the Bonds and all amounts on deposit in the Debt Service Fund. Such pledge shall constitute a lien on and security interest in such taxes and amounts in the Debt Service Fund. Such pledge shall constitute an agreement between the District and the Owners of the Bonds to provide security for the payment of the Bonds in addition to any statutory lien that may exist.

**SECTION 14. Arbitrage Covenant.** The County acknowledges that the District has covenanted that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary, so that the Bonds will not constitute arbitrage bonds under Section 148 of the

Code and the applicable regulations prescribed under that Section or any predecessor section. Calculations for determining arbitrage requirements are the sole responsibility of the District.

**SECTION 15. Conditions Precedent.** Based on representations of the District, this County Board determines that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded as a result of the issuance of the Bonds.

**SECTION 16. Insurance.** In the event the District purchases bond insurance for the Bonds, and to the extent that the Bond Insurer makes payment of the Principal, Accreted Value and Conversion Value of and interest on the Bonds, it shall become the Owner of such Bonds with the right to payment of Principal, Accreted Value and Conversion Value of and interest on the Bonds, and shall be fully subrogated to all of the Owners' rights, including the Owners' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims that were past due interest components, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books for the Bonds maintained by the Paying Agent upon receipt of a copy of the cancelled check issued by the Bond Insurer for the payment of such interest to the Owners of the Bonds, and (ii) in the case of subrogation as to claims for past due Principal, the Paying Agent shall note the Bond Insurer as subrogee on the registration books for the Bonds maintained by the Paying Agent upon surrender of the Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer.

**SECTION 17. Defeasance.** All or any portion of Outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with amounts transferred from the Debt Service Fund, if any, is sufficient to pay and discharge all Bonds Outstanding and designated for defeasance, including all Principal thereof, accreted or accrued interest thereon and redemption premiums, if any, at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations, together with cash and amounts transferred from the Debt Service Fund, if any, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds Outstanding and designated for defeasance (including all Principal thereof, accreted or accrued interest thereon and redemption premiums, if any) at or before their maturity date;

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

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

Direct and general obligations of the United States of America, obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which

may consist of obligations of the Resolution Funding Corporation that constitute interest strips), and obligations secured or otherwise guaranteed, directly or indirectly, as to principal and interest by a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (i) a bank or trust company acts as custodian and holds the underlying United States obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (iii) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that all such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either Moody's or S&P.

**SECTION 18. Required Information Regarding Capital Appreciation Bonds under AB 182.** Prior to its adoption of the District Resolution, and in satisfaction of Education Code Sections 15146(b) and 15146(c), the District Board was presented with (i) disclosure regarding the estimated financing term and time of maturity of the Bonds, the repayment ratio, and the estimated change in assessed valuation of taxable property within the District over the term of the Bonds, and (ii) an analysis containing the total overall cost of the Capital Appreciation Bonds expected to be issued, a comparison between the overall cost of the Capital Appreciation Bonds expected to be issued and the overall cost of Current Interest Bonds, the reason that Capital Appreciation Bonds are being recommended, and the Underwriter's Rule G-17 disclosure to the District. A summary of the information that was presented to the Board as described above is appended hereto as Exhibit B. The estimated debt service repayment ratio, in an amount equal to or lower than 4.0:1.0 as mandated by Education Code Section 15144.1, is set forth in Exhibit B.

**SECTION 19. Amendments.** (a) The County may from time to time (which may be at the request of the District, made via resolution or in writing), and at any time, without notice to or consent of any of the Owners, by action of the County Board, amend the provisions of this Resolution for any of the following reasons:

(i) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein or therein, or to make any other provision with respect to matters or questions arising under this Resolution, provided that such action shall not adversely affect the interests of the Bond Owners;

(ii) to add to the covenants and agreements of and the limitations and the restrictions upon the District contained in this Resolution which are not contrary to or inconsistent with this Resolution as theretofore in effect; and

(iii) to modify, alter, amend or supplement this Resolution in any other respect which is not materially adverse to the Bond Owners.

In the event of any such amendment, the County shall promptly provide the District and the Paying Agent with copies of such amendment and the action of the County Board approving such amendment.

(b) Notwithstanding any other provision herein, the provisions of this Resolution as they relate to the terms of the Bonds may be amended by the Purchase Contract or the Official Statement.

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

**SECTION 21. Continuing Disclosure.** The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section.

**SECTION 22. Unclaimed Funds.** Notwithstanding any other provisions of this Resolution, any moneys held in any fund created pursuant to this Resolution, or by the Paying Agent in trust, for the payment of the Principal, Accreted Value and Conversion Value of, redemption premium, if any, and interest on the Bonds remaining unclaimed for one year after such Principal, Accreted Value and Conversion Value of all of the Bonds have become due and payable (whether by maturity or upon prior redemption) shall be, after payment in full of the Bonds, transferred to the general fund of the District to be applied in accordance with law; provided, however, that the Paying Agent, before making such payment, shall cause notice to be mailed to the Owners of all Bonds that have not been paid, by first-class mail at the addresses on the Bonds register, postage prepaid, no less than 90 days prior to the date of such payment. Thereafter, the District shall have all responsibility and liability for the payment of such Bonds.

**SECTION 23. Effective Date.** This Resolution shall take effect immediately upon its passage.

The foregoing resolution was on the 26<sup>th</sup> day of JANUARY, 2021, adopted by the County Board and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said County Board so acts.




CELIA ZAVALA, Executive Officer-Clerk of  
the Board of Supervisors of the County of Los  
Angeles

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

  
Deputy

APPROVED AS TO FORM:  
RODRIGO A. CASTRO-SILVA  
County Counsel

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

  
Deputy County Counsel



**EXHIBIT A**

(Form of Current Interest Bond)

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

REGISTERED  
NO.

REGISTERED  
\$

LENNOX SCHOOL DISTRICT  
(LOS ANGELES COUNTY, CALIFORNIA)  
GENERAL OBLIGATION BONDS, ELECTION OF 2007, SERIES 2021

INTEREST RATE:            MATURITY DATE:            DATED DATE:            CUSIP  
   August 1, \_\_\_\_\_            \_\_\_\_\_, 2021

REGISTERED OWNER:            CEDE & CO.

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

The Lennox School District (the "District") in the County of Los Angeles, California (the "County") for value received, promises to pay to the Registered Owner (as defined below) named above, or registered assigns, the principal amount on the Maturity Date, each as stated above, and interest thereon until the principal amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing August 1, 2021. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2021, in which event it shall bear interest from its Dated Date. Interest on this bond shall be computed on the basis of a 360-day year of 12, 30-day months. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner"), on the register maintained by the Paying Agent, initially U.S. Bank National Association, as agent of the Treasurer and Tax Collector of the County of Los Angeles. Principal is payable upon presentation and surrender of this bond at the designated office of the Paying Agent. Interest is payable by wire transfer by the Paying Agent on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the register at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date (the "Record Date").

This bond is one of an authorization of \$ \_\_\_\_\_ of bonds approved to raise money for the purposes authorized by the voters of the District at the Election, as defined below; and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, in particular Article 4.5 of Chapter 3 of Part 1 of Division 2 of the Government Code, the requisite fifty-five percent vote of the voters of the District cast at an election held on November 6, 2007 (the "Election"), upon the question of issuing bonds in the amount of \$10,700,000, the resolution of the District Board adopted on December 15, 2020 (the "District Resolution") and the resolution of the County Board of Supervisors adopted on \_\_\_\_\_, 2021 (the "Bond Resolution"). This bond and the issue of which this bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount. The bonds of this issue are general obligations of the District and do not constitute an obligation of the County except as provided in the Bond Resolution. No part of any fund of the County is pledged or obligated to the payment of the bonds of this issue. Pursuant to Government Code Section 53515, the bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of such *ad valorem* property taxes.

Pursuant to Government Code Sections 5450 and 5451, the District has pledged all revenues received from the levy and collection of *ad valorem* property taxes for the payment of the bonds, and all amounts on deposit in the Debt Service Fund (as defined in the Bond Resolution), to the payment of the bonds. Such pledge shall constitute a lien on and security interest in such taxes and amounts in the Debt Service Fund, and shall constitute an agreement between the District and the Registered Owners of the Bonds to provide security for the payment of the bonds in addition to any statutory lien that may exist.

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

This bond is exchangeable and transferable for bonds of like tenor, maturity and Transfer Amount (as defined in the Bond Resolution) and in authorized denominations at the designated office of the Paying Agent in Los Angeles, California, by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District, the County and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary. Capital Appreciation Bonds, Convertible Capital Appreciation Bonds, and Current Interest Bonds may not be exchanged for one another.

Neither the District, the County nor the Paying Agent will be required (a) to issue or transfer any bond during a period beginning with the opening of business on the 16<sup>th</sup> day of the month next preceding either any Bond Payment Date or the 16<sup>th</sup> day preceding any date of selection of bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given or (b) to transfer any bond which has been selected or called for redemption in whole or in part.

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

The Bonds maturing on August 1, 20\_\_ are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20\_\_, at a redemption price equal to the 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 are as indicated in the following table:

Redemption Date (August 1)	<u>Principal Amount</u>
(1)	\$
TOTAL	\$
(1) Maturity.	

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

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

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that payment in full for the bonds has been received; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due.

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

**IN WITNESS WHEREOF**, the County of Los Angeles, California, 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 County Board all as of the date stated above.

COUNTY OF LOS ANGELES, CALIFORNIA

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

By: \_\_\_\_\_  
Treasurer and Tax Collector

COUNTERSIGNED:

\_\_\_\_\_  
Executive Officer-Clerk  
of the Board of Supervisors

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on \_\_\_\_\_, 2021.

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

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

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

**ASSIGNMENT**

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

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

Signature Guaranteed:

\_\_\_\_\_

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

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

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

(Form of Capital Appreciation Bond)

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

REGISTERED  
NO.

REGISTERED  
\$

LENNOX SCHOOL DISTRICT  
(LOS ANGELES COUNTY, CALIFORNIA)  
GENERAL OBLIGATION BONDS, ELECTION OF 2007, SERIES 2021

ACCRETION RATE:            MATURITY DATE:            DATED DATE:            CUSIP  
   August 1, \_\_\_\_\_            \_\_\_\_\_, 2021

REGISTERED OWNER:            CEDE & CO.

DENOMINATIONAL AMOUNT:

MATURITY VALUE:

The Lennox School District (the "District") in the County of Los Angeles, California (the "County") for value received, promises to pay to the Registered Owner (as defined below) named above, or registered assigns, the Maturity Value on the Maturity Date, each as stated above, such Maturity Value comprising the Denominational Amount and interest accreted thereon. This bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing August 1, 2021, at the Accretion Rate specified above to the Maturity Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the Denominational Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of 12, 30-day months. Accreted Value and redemption premium, if any, are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered, such owner being the Registered Owner, on the Register maintained by the Paying Agent, initially U.S. Bank National Association, as agent of the Los Angeles County Treasurer and Tax Collector. Accreted Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the designated office of the Paying Agent.

This bond is one of an authorization of \$ \_\_\_\_\_ of bonds approved to raise money for the purposes authorized by the voters of the District at the Election, as defined below; and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, in particular Article 4.5 of Chapter 3 of Part 1 of Division 2 of the Government Code, the requisite fifty-five percent vote of the

voters of the District cast at an election held on November 6, 2007 (the “Election”), upon the question of issuing bonds in the amount of \$10,700,000, the resolution of the District Board adopted on December 15, 2020 (the “District Resolution”) and the resolution of the County Board of Supervisors adopted on \_\_\_\_\_, 2021 (the “Bond Resolution”). This bond and the issue of which this bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount. The bonds of this issue are general obligations of the District and do not constitute an obligation of the County except as provided in the Bond Resolution. No part of any fund of the County is pledged or obligated to the payment of the bonds of this issue. Pursuant to Government Code Section 53515, the bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of such *ad valorem* property taxes.

Pursuant to Government Code Sections 5450 and 5451, the District has pledged all revenues received from the levy and collection of *ad valorem* property taxes for the payment of the bonds, and all amounts on deposit in the Debt Service Fund (as defined in the Bond Resolution), to the payment of the bonds. Such pledge shall constitute a lien on and security interest in such taxes and amounts in the Debt Service Fund, and shall constitute an agreement between the District and the Registered Owners of the Bonds to provide security for the payment of the bonds in addition to any statutory lien that may exist.

[The bonds of this issue (the “Bonds”) comprise (i) \$\_\_\_\_\_ principal amount of Current Interest Bonds, (ii) Capital Appreciation Bonds, of which this bond is a part, of which \$\_\_\_\_\_ represents the Denominational Amount and \$\_\_\_\_\_ represents the Maturity Value, and (iii) Convertible Capital Appreciation Bonds, of which \$\_\_\_\_\_ represents the Denominational Amount and \$\_\_\_\_\_ represents the Conversion Value.]

This bond is exchangeable and transferable for bonds of like tenor, maturity and Transfer Amount (as defined in the Bond Resolution) and in authorized denominations at the designated office of the Paying Agent in Los Angeles, California, by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District, the County and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary. Capital Appreciation Bonds, Convertible Capital Appreciation Bonds, and Current Interest Bonds may not be exchanged for one another.

Neither the District, the County nor the Paying Agent will be required (a) to issue or transfer any bond during a period beginning with the opening of business on the 16<sup>th</sup> day of the month next preceding either any Bond Payment Date or the 16<sup>th</sup> day preceding any date of selection of bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given or (b) to transfer any bond which has been selected or called for redemption in whole or in part.

The Capital Appreciation Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their fixed maturity dates. The Capital Appreciation Bonds maturing on or after August 1, 20\_\_ are subject to redemption at the option of the District, as a whole or in part, on any date on or after \_\_\_\_\_, 20\_\_ at a redemption price equal to the Accreted Value of such Capital Appreciation Bonds to be redeemed as of the date set for such redemption, without premium.

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

Redemption Dates

Accreted Value

TOTAL

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

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

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that payment in full for the bonds has been received; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due.

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

[REMAINDER OF THIS PAGE LEFT BLANK]



**IN WITNESS WHEREOF**, the County of Los Angeles, California, 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 County Board all as of the date stated above.

COUNTY OF LOS ANGELES, CALIFORNIA

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

By: \_\_\_\_\_  
Treasurer and Tax Collector

COUNTERSIGNED:

\_\_\_\_\_  
Executive Officer-Clerk  
of the Board of Supervisors

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on \_\_\_\_\_, 2021.

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

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

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

**ASSIGNMENT**

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

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

Signature Guaranteed:

\_\_\_\_\_

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

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

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

(Form of Convertible Capital Appreciation Bond)

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

REGISTERED  
NO.

REGISTERED  
\$

LENNOX SCHOOL DISTRICT  
(LOS ANGELES COUNTY, CALIFORNIA)  
GENERAL OBLIGATION BONDS, ELECTION OF 2007, SERIES 2021

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

REGISTERED OWNER: CEDE & CO.

DENOMINATIONAL AMOUNT:

MATURITY VALUE:

The Lennox School District (the "District") in the County of Los Angeles, California (the "County") for value received, promises to pay to the Registered Owner (as defined below) named above, or registered assigns, the Conversion Value on the Maturity Date, each as stated above, such Conversion Value comprising the Denominational Amount and interest accreted thereon to the Conversion Date. Prior to the Conversion Date, this bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing August 1, 2021, at the Accretion Rate specified above to the Conversion Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the Denominational Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of 12, 30-day months. After the Conversion Date, the District promises to pay to the Registered Owner named above, interest on the Conversion Value from the Conversion Date until the Conversion Value is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year, commencing \_\_\_\_\_ 1, 20\_\_ (the "Bond Payment Dates"). This bond will bear such interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16<sup>th</sup> day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before \_\_\_\_\_ 15, 20\_\_, in which event it will bear interest from the Conversion Date. Conversion Value and interest are payable in lawful money of the United

States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the “Registered Owner”) on the Register maintained by the Paying Agent, initially U.S. Bank National Association. Accreted Value or Conversion Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the principal office of the Paying Agent. Interest following the Conversion Date is payable by wire transfer by the Paying Agent on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the Register as of the 15th day of the month next preceding that Bond Payment Date (the “Record Date”).

This bond is one of an authorization of \$\_\_\_\_\_ of bonds approved to raise money for the purposes authorized by the voters of the District at the Election, as defined below; and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, in particular Article 4.5 of Chapter 3 of Part 1 of Division 2 of the Government Code, the requisite fifty-five percent vote of the voters of the District cast at an election held on November 6, 2007 (the “Election”), upon the question of issuing bonds in the amount of \$10,700,000, the resolution of the District Board adopted on December 15, 2020 (the “District Resolution”) and the resolution of the County Board of Supervisors adopted on \_\_\_\_\_, 2021 (the “Bond Resolution”). This bond and the issue of which this bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount. The bonds of this issue are general obligations of the District and do not constitute an obligation of the County except as provided in the Bond Resolution. No part of any fund of the County is pledged or obligated to the payment of the bonds of this issue. Pursuant to Government Code Section 53515, the bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of such *ad valorem* property taxes.

Pursuant to Government Code Sections 5450 and 5451, the District has pledged all revenues received from the levy and collection of *ad valorem* property taxes for the payment of the bonds, and all amounts on deposit in the Debt Service Fund (as defined in the Bond Resolution), to the payment of the bonds. Such pledge shall constitute a lien on and security interest in such taxes and amounts in the Debt Service Fund, and shall constitute an agreement between the District and the Registered Owners of the Bonds to provide security for the payment of the bonds in addition to any statutory lien that may exist.

[The bonds of this issue (the “Bonds”) comprise (i) \$\_\_\_\_\_ principal amount of Current Interest Bonds, (ii) Capital Appreciation Bonds, of which \$\_\_\_\_\_ represents the Denominational Amount and \$\_\_\_\_\_ represents the Maturity Value, and (iii) Convertible Capital Appreciation Bonds, of which this bond is a part, of which \$\_\_\_\_\_ represents the Denominational Amount and \$\_\_\_\_\_ represents the Conversion Value.]

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

Convertible Capital Appreciation Bonds, and Current Interest Bonds may not be exchanged for one another.

Neither the District, the County nor the Paying Agent will be required (a) to issue or transfer any bond during a period beginning with the opening of business on the 16th day of the month next preceding either any Bond Payment Date or the 16th day preceding any date of selection of bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given or (b) to transfer any bond which has been selected or called for redemption in whole or in part.

The Convertible Capital Appreciation Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their fixed maturity dates. The Convertible Capital Appreciation Bonds maturing on or after August 1, 20\_\_ are subject to redemption at the option of the District, as a whole or in part, on any date on or after \_\_\_\_\_, 20 \_\_ at a redemption price equal to either (i) the Accreted Value thereof as of the date set for redemption, without premium, if redeemed prior to the Conversion Date, or (ii) the Conversion Value thereof, together with interest accrued thereon to the date set for redemption, without premium, if redeemed on and after the Conversion Date.

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

<u>Redemption Dates</u>	<u>Conversion Value</u>
TOTAL	

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

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

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to

and in the issuing of the bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that payment in full for the bonds has been received; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due.

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

[REMAINDER OF THIS PAGE LEFT BLANK]

**IN WITNESS WHEREOF**, the County of Los Angeles, California, 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 County Board all as of the date stated above.

COUNTY OF LOS ANGELES, CALIFORNIA

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

By: \_\_\_\_\_  
Treasurer and Tax Collector

COUNTERSIGNED:

\_\_\_\_\_  
Executive Officer-Clerk  
of the Board of Supervisors

**CERTIFICATE OF AUTHENTICATION**

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on \_\_\_\_\_, 2021.

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

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

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

**ASSIGNMENT**

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

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

Signature Guaranteed:

\_\_\_\_\_

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

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

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



**EXHIBIT B**

**DISCLOSURE REQUIRED BY EDUCATION CODE 15145(b)(1)(E)**

**LENNOX AB182 EXHIBIT**

1. Financing term and time of maturity of the bonds (the entire series of bonds). Illustrative Option 1 includes only current interest bonds (CIBs) while Illustrative Option 2 includes both CIBs and capital appreciation bonds (CABs).

Date	Illustrative Option 1 - CIBs Only				Illustrative Option 2 - CIBs and CABs			
	Principal	Interest	Debt Service Fund	Net Debt Service	Principal	Interest	Debt Service Fund	Net Debt Service
8/1/2021	60,000	78,890	(78,890)	60,000	\$ 60,000	\$ 27,615	\$ (27,615)	\$ 60,000
8/1/2022	40,000	110,900	(110,900)	40,000	40,000	36,450	(36,450)	40,000
8/1/2023	40,000	109,700	(101,185)	48,515	25,000	34,450	(19,110)	40,340
8/1/2024	-	108,500		108,500	9,567	33,633		43,200
8/1/2025	-	108,500		108,500	9,392	33,809		43,200
8/1/2026	-	108,500		108,500		33,200		33,200
8/1/2027	-	108,500		108,500		33,200		33,200
8/1/2028	-	108,500		108,500		33,200		33,200
8/1/2029	-	108,500		108,500	62,000	46,201		108,200
8/1/2030	-	108,500		108,500	67,764	50,436		118,200
8/1/2031	-	108,500		108,500	61,066	52,134		113,200
8/1/2032	-	108,500		108,500	58,656	54,544		113,200
8/1/2033	-	108,500		108,500	63,223	59,977		123,200
8/1/2034	-	108,500		108,500	54,289	58,911		113,200
8/1/2035	-	108,500		108,500	55,668	62,532		118,200
8/1/2036	-	108,500		108,500	53,672	64,528		118,200
8/1/2037	-	108,500		108,500	9,138	39,062		48,200
8/1/2038	-	108,500		108,500	5,873	37,328		43,200
8/1/2039	-	108,500		108,500	5,657	37,543		43,200
8/1/2040	-	108,500		108,500	5,445	37,755		43,200
8/1/2041	365,000	108,500		473,500	11,330	43,863		55,193
8/1/2042	405,000	94,356		499,356	358,020	392,769		750,789
8/1/2043	440,000	78,663		518,663	364,818	423,408		788,226
8/1/2044	485,000	61,613		546,613	362,552	445,416		807,968
8/1/2045	530,000	42,819		572,819	362,552	470,648		833,200
8/1/2046	575,000	22,281		597,281	830,000	33,200		863,200
<b>Total</b>	<b>\$ 2,940,000</b>	<b>\$ 2,552,221</b>	<b>\$ (290,975)</b>	<b>\$ 5,201,247</b>	<b>\$ 2,935,678</b>	<b>\$ 2,675,811</b>	<b>\$ (83,175)</b>	<b>\$ 5,528,315</b>

Financing Term	26 years	26 years
\$ of CABs	\$0	\$ 1,980,678
% of CABs	0.0%	67.5%
Repayment Ratio	1.77	1.88

Notes:

2. Repayment Ratio for the bonds (the entire series of bonds).

- Illustrative Option 1: 1.77
- Illustrative Option 2: 1.88

3. Estimated change in assessed value ("AV") of taxable property within the District over the term of the bonds.

- Years 2021-2046: 3.0%

4. Total overall cost of the CABs.

- In Illustrative Option 2, the estimated principal amount of CABs is \$1,980,678 with an estimated debt service cost of \$3,794,374. This is a repayment ratio for the CABs of 1.92 to 1.00.

5. Comparison of #4 to overall cost if instead of CABs the District issued CIBs.

- The difference in the overall debt service cost is estimated at \$327,068 if the District utilized Illustrative Option 1 instead of Illustrative Option 2. However, Illustrative Option 1 would result in tax rates of up to \$46.91 per \$100,000 of AV, which is above the legal limit of \$30.00 per \$100,000 of AV for Measure L.

6. Reason for recommending CABs.

- CABs are being recommended to meet the District's legal limitation of \$30.00 per \$100,000 of AV for Measure L.



One Montgomery Street, 37<sup>th</sup> Floor, San Francisco, CA 94104

October 28, 2020

Dr. Scott Price  
Superintendent  
Lennox School District  
10319 Firmona Avenue  
Lennox, CA 90304

**Re: Underwriter Engagement Relating to Potential Municipal Securities Transaction for:**  
Lennox School District  
New Money and Refunding General Obligation Bonds, 2020 Series A and 2020 Series B (Measure L)

Dear Scott,

The Lennox School District ("District") and Stifel, Nicolaus & Company, Incorporated ("Stifel") are entering into this engagement letter to confirm that they are engaged in discussions related to a potential issue of (or series of issuances of) municipal securities related to New Money and Refunding General Obligation Bonds, 2020 Series A and 2020 Series B (Measure L) (the "Bonds") and to formalize Stifel's role as underwriter with respect to the Bonds.

#### **Engagement as Underwriter**

The District is aware of the "Municipal Advisor Rule" of the Securities and Exchange Commission ("SEC") and the underwriter exclusion from the definition of "municipal advisor" for a firm serving as an underwriter for a particular issuance of municipal securities. The District hereby designates Stifel as an underwriter for the Bonds. The District expects that Stifel will provide advice to the District on the structure, timing, terms and other matters concerning the Bonds.

#### **Limitation of Engagement**

It is the District's intent that Stifel serve as an underwriter for the Bonds, subject to satisfying applicable procurement laws or policies, formal approval by the Board of Education of the District, finalizing the structure of the Bonds and executing a bond purchase agreement. While the District presently engages Stifel as the underwriter for the Bonds, this engagement letter is preliminary, nonbinding and may be terminated at any time by the District, without penalty or liability for any costs incurred by the underwriter, or Stifel. Furthermore, this engagement letter does not restrict the District from entering into the sale of the Bonds with any other underwriters or selecting an underwriting syndicate that does not include Stifel.

#### **Disclosures Required by MSRB Rule G-17 Concerning the Role of the Underwriter**

The District hereby confirms and acknowledges each of the following concerning the role that Stifel would have as an underwriter:

- (1) Municipal Securities Rulemaking Board ("MSRB") Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors;
- (2) the underwriter's primary role is to purchase securities with a view to distribution in an arm's-length commercial transaction with the District and it has financial and other interests that differ from those of the District;
- (3) unlike a municipal advisor, the underwriter does not have a fiduciary duty to the District under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the District without regard to its own financial or other interests;
- (4) the underwriter has a duty to purchase securities from the District at a fair and reasonable price, but must balance that duty with its duty to sell municipal securities to investors at prices that are fair and reasonable; and
- (5) the underwriter will review the official statement for the District's securities, in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.<sup>1</sup>

---

<sup>1</sup> Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriter is solely for purposes of satisfying the underwriter's obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

### **Disclosures Concerning the Underwriter's Compensation**

The underwriter will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriter may have an incentive to recommend to the District a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

### **Conflicts of Interest Disclosures**

Stifel has not identified any additional potential or actual material conflicts that require disclosure.

### **Disclosures Relating to Complex Municipal Securities Financing – Capital Appreciation Bonds**

Under MSRB Rule G-17, underwriters must provide an issuer with disclosures about "complex municipal securities financings" that they recommend to the issuer for a negotiated offering. Some of the maturities of the Bonds may be issued as capital appreciation bonds ("CABs"). CABs may be considered by some to be a "complex municipal securities financing".

The following is a general description of capital appreciation bonds, as well as a description of certain financial factors that you should consider before deciding whether to issue CABs.

#### Financial Characteristics

A capital appreciation bond is a form of municipal bond on which the interest accretes, or compounds on itself, and is not paid out periodically. This can be contrasted with traditional current interest bonds ("CIBs"). The issuer of a CIB pays interest periodically to the bondholder, and pays back the principal at maturity. The issuer of a CAB pays no periodic interest to the bondholder. Instead, on each accretion date (the date on which interest would normally be paid on a CIB) the interest on a CAB is computed and then compounded, or essentially added to the principal. At maturity, the issuer repays the principal, all of the interest, and all of the interest on interest.

Convertible CABs are a hybrid structure in which the bonds accrete while in the CAB mode and then pay annual principal and semi-annual interest as a standard current interest bond after a designated conversion date. The interest and principal paid after the conversion date is based on the accreted value of bonds while in the CAB mode instead of the initial principal amount.

#### Financial Considerations

Listed below are certain factors to be considered when issuing CABs:

- (1) The rate of interest on a CAB is typically higher than a CIB of the same maturity.
- (2) The total debt service, or total principal and interest paid, on a CAB will be more than on a CIB of corresponding maturity. This is due to two reasons: first, the CAB interest rate is higher, which leads to more interest being paid. Second, since each interest payment is accreted, or added to principal, the issuer is paying interest on interest.
- (3) Because no payments are being made on a CAB until maturity, the maturity value can be large in comparison with the original principal amount. The longer the term of the CAB, the greater the maturity value compared with the original principal amount.
- (4) Often CABs have been issued without an optional prepayment provision, although recent state legislation (AB 182 effective on January 1, 2014) now requires all CABs sold by a California school district to be subject to optional prepayment beginning in the tenth year after issuance.
- (5) If a CAB has an optional prepayment provision, it often requires a higher interest rate (reflecting the value of the prepayment provision) than a comparable CAB without an optional prepayment option.
- (6) The cost associated with selling CABs, primarily the underwriter's discount, is usually greater for a CAB than for a comparable CIB.
- (7) Convertible CABs carry the inherent risk that, upon conversion from CABs to CIBs, the CIBs will require semi-annual interest payments.

Lennox School District  
New Money and Refunding General Obligation Bonds, 2020 Series A and 2020 Series B (Measure L)  
October 28, 2020

---

If you or any other District official has any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the District's own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

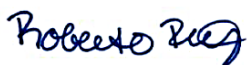
It is our understanding that you have the authority to bind the District by contract with us, and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

We are required to seek your acknowledgement of the receipt of this letter. Accordingly, sign and return the enclosed copy of this letter to us as a PDF or by regular mail.

We look forward to working with the District on the sale of the Bonds. Do not hesitate to contact us with any questions regarding the content of this letter.

Sincerely,

Stifel, Nicolaus & Company, Incorporated



Name: Roberto Ruiz

Title: Director



Name: Erica Gonzalez

Title: Managing Director

The District accepts and acknowledges the foregoing.  
Accepted and Executed:

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

Name: Dr. Scott Price

Title: Superintendent

Date: \_\_\_\_\_

cc: Victor Herrera, *Lennox School District*  
David G. Casnocha, *Stradling Yocca Carlson & Rauth*  
Nic Heuer, *Stradling Yocca Carlson & Rauth*  
Annette Yee, *Montague DeRose and Associates*  
Michael Kremer, *Montague DeRose and Associates*  
Scott Beck, *Kutak Rock*  
Emily Bartolotta, *Stifel*

§ \_\_\_\_\_  
**LENNOX SCHOOL DISTRICT**  
**(Los Angeles County, California)**  
**General Obligation Bonds, Election of 2007, Series 2021**  
**(Federally Taxable)**

**PURCHASE CONTRACT**

\_\_\_\_\_, 2021

Lennox School District  
10319 Firmona Ave,  
Lennox, California 90304

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

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated, as Underwriter (the “Underwriter”), offers to enter into this Purchase Contract (this “Purchase Contract”) with the County of Los Angeles, California (the “County”), and the Lennox 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 District and the County, and delivery of such acceptance to the Underwriter prior to 11:59 p.m., California Time, on the date hereof.

The District and the County acknowledge and agree that (i) the purchase and sale of the Bonds (as defined below) pursuant to this Purchase Contract is an arm’s-length commercial transaction among the County, the District and the Underwriter, and that the Underwriter has financial and other interests that differ from those of the County and the District, (ii) in connection with such transaction, the Underwriter is not acting as municipal advisors, financial advisors or fiduciaries to the County or the District or any other person or entity and have not assumed a fiduciary responsibility in favor of the County or the District with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter has advised or are currently advising the County or the District on other matters), (iii) the Underwriter is acting solely in their capacity as an Underwriter for its own accounts, (iv) the only obligations the Underwriter has to the County or the District with respect to the transaction contemplated hereby are expressly set forth in this Purchase Contract, and (v) the District and the County have each consulted with their own legal and other professional advisors to the extent each has deemed appropriate in connection with the offering of the Bonds. The District further acknowledges that it has previously provided the Underwriter with an acknowledgment of receipt of the required disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (the “MSRB”).

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 on behalf of the District 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

\$\_\_\_\_\_ aggregate principal amount of the District’s General Obligation Bonds, Election of 2007, Series 2021 (the “Bonds”).

The Bonds shall be issued as current interest bonds (the “Current Interest Bonds”) and capital appreciation bonds (the “Capital Appreciation Bonds”), and shall accrue 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 will be dated the date of delivery thereof (the “Date of Delivery”) and shall bear interest from such date, payable semiannually on each February 1 and August 1, commencing August 1, 2021. The Capital Appreciation Bonds will be dated as of their Date of Delivery, and will not bear interest on a periodic basis, instead accreting interest from the Date of Delivery thereof, compounded semiannually on February 1 and August 1, commencing August 1, 2021, and shall be paid at maturity or earlier redemption as shown in Appendix A hereto. The final maturity dates, interest and accretion rates, yields and redemption provisions of the Bonds are shown in Appendix A hereto.

The Underwriter shall purchase the Bonds at a price of \$\_\_\_\_\_ (which is equal to the principal amount of such Bonds of \$\_\_\_\_\_, plus original issue premium of \$\_\_\_\_\_, less an underwriting discount of \$\_\_\_\_\_, and less \$\_\_\_\_\_ to be wired by the Underwriter to the Insurer (as defined herein), for payment of the Policy premium (as defined herein).

2. **The Bonds.** The Bonds shall mature on the dates and in the years, and be subject to redemption, as shown on Exhibit A hereto, which exhibit is incorporated herein by this reference. The Bonds shall be dated as of their date of delivery, shall otherwise be as described in the Official Statement (defined herein) shall be issued and secured pursuant to the provisions of resolutions of the Board of Education of the District, adopted on December 15, 2020 (the “District Resolution”), and a Resolution of the Board of Supervisors of the County (the “County Board”), adopted on January 26, 2021 (the “County Resolution,” and together with the District Resolution, the “Resolutions”), Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Act”) and applicable provisions of the Education Code.

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 (“DTC”). The Bonds shall initially be in authorized denominations of \$5,000 principal amount or Maturity Value, as applicable, or any integral multiple thereof. Capitalized terms used herein and not defined herein shall have the meanings set forth in the District Resolution or the County Resolution.

The proceeds of sale of the Bonds will be applied to the acquisition, construction, modernization and equipping of District sites and facilities, and to pay the costs of issuing the Bonds.

The scheduled payment of the principal of and interest on the Bonds, when due, will be guaranteed by a municipal bond insurance policy (the “Policy”) to be issued by \_\_\_\_\_ (the “Insurer”).

3. **Use of Documents.** The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Contract, the Preliminary Official Statement (as defined herein), the Official Statement, the Continuing Disclosure Certificate (as defined herein), the Resolutions and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Purchase Contract.

4. **Reserved.**

5. **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 inside cover page of the Official Statement.

6. **Review of Official Statement.** The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated \_\_\_\_\_, 2021 (the "Preliminary Official Statement"). The District represents that it deems the Preliminary Official Statement to be final, except for either revisions or additions to the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, Maturity Value, Maturity Value 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 (the "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 electronic distribution (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

The Underwriter agrees to file the Official Statement with the MSRB through its Electronic Municipal Market Access system within one business day after receipt thereof from the District, but in no event later than the Closing (as defined below).

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

7. **Closing.** At 8:30 a.m., California Time, on \_\_\_\_\_, 2021, or at such other time or on such other date as shall have been mutually agreed upon by the District, the County and the Underwriter (the "Closing" or the "Closing Date"), the District will deliver to the Underwriter, through the facilities of DTC in New York, New York, or at such other place as the District and the Underwriter 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 the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase prices of the Bonds as provided in Section 1.

8. **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 school district duly organized and validly existing under the laws of the State of California, with the power to request the County to issue the Bonds pursuant to the Act and has all requisite right, power and authority to adopt the District Resolution and to execute this Purchase Contract and the Continuing Disclosure Certificate and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated hereby and thereby.

(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, 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, the Continuing Disclosure Certificate 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 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 the due authorization, execution and delivery by the other parties thereto, this Purchase Contract and the Continuing Disclosure Certificate constitute valid and legally binding obligations of the District, 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 such 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 (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Contract.

(c) Consents. No further consent, approval, authorization, order, filing, registration, qualification, election or referendum of or by any court or governmental agency or public body whatsoever is required, or is required and has not been taken or obtained, 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; provided, however, that the District shall not be required to consent 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 District, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Contract, the District Resolution, the Continuing Disclosure Certificate and the Bonds, and the compliance with the provisions hereof and thereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(e) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending in which service of process has been completed against the District or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices of the District 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 and Accreted Value of and interest, if any, on the Bonds, or the pledge thereof, or the levy of any taxes contemplated by the District Resolution or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract, the Continuing Disclosure Certificate or the District Resolution or contesting the powers of the District or the District Resolution, the Continuing Disclosure Certificate 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, the District Resolution or the County Resolution, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exemption of interest on the Bonds from California income taxation.

(f) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District directly, nor the County on behalf of the District at the District's request, will have issued 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 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.

(h) 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 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. As of its date and on the Closing Date, the final Official Statement will not contain any untrue statement of a material fact or omit to state any 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. 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.

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

(j) Official Statement. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date this Purchase Contract is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District in such reasonable quantities as may be requested by the Underwriter not later than five (5) business days following the date this Purchase Contract is signed, in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the MSRB. The District hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Bonds. The County has no responsibility with respect to the Preliminary Official Statement or the Official Statement.

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

(l) Amendments to Official Statement. For a period of twenty-five (25) days after the Closing or until such time (if earlier) as the Underwriter shall no longer hold any of the Bonds for sale, the District will not adopt any amendment of or supplement to the Official Statement to which, promptly after having been furnished with a copy, the Underwriter shall reasonably 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 ensure that the Official Statement, at the time it is delivered to a purchaser, does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, then the District shall 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 reasonably satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact 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.

(m) Continuing Disclosure. The District will undertake, pursuant to the District Resolution and the Continuing Disclosure Certificate in the form appended to the Preliminary Official Statement and the Official Statement as Appendix C (the “the Continuing Disclosure Certificate”), to provide certain annual financial information and notices of the occurrence of certain events. Except as disclosed in the Official Statement, the District has not, within the past five years, failed to file all required materials or information pursuant to its previous continuing disclosure undertakings under the Rule.

(n) 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 and payment of the Bonds. 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.

(o) No Material Adverse Change. The financial statements of, and other financial information regarding the District, in the Official Statement fairly present the financial position and results of the District as of the dates and for the periods therein set forth. Prior to the Closing, there shall have been no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the District from those described in the Official Statement.

(p) No Default. The District is not in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States relating to the issuance of the Bonds or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, and no event which would have a material and adverse effect upon the financial condition of the District has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the District under any of the foregoing.

**9. 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 on behalf of the District pursuant to the Act and has all requisite right, power and authority to conduct its business, to adopt the County Resolution and to execute this Purchase Contract, and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated hereby.

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

(c) No Conflicts. To the best knowledge of the County, the issuance of the Bonds and the execution, delivery and performance of this Purchase Contract and the County Resolution, and the compliance with the provisions hereof and thereof 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.

(d) Litigation. To the best knowledge of the County, as of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending in which service of process has been completed against the County, or, to the best knowledge of the County, threatened against the County: (i) in any way affecting the existence of the County or challenging the respective powers of the several offices of the County or of the titles of the officials of the County to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of revenues or assets of the District pledged or to be pledged or available to pay the principal of and interest, if any, on the Bonds, or the pledge thereof, or the levy of any taxes contemplated by the County Resolution or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract or the County Resolution or contesting the powers of the County or the County Resolution 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 County Resolution, or (B) declare this Purchase Contract to be invalid or unenforceable in whole or in material part.

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

**10. Conditions to Closing.** The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties of the District and the County contained herein and the performance by the District and the County of their respective 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 to the following further conditions at the Closing:

(a) Representations True. The representations and warranties of the District and the County 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 District and the County 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 Continuing Disclosure Certificate, 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 the Underwriter; (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 District shall perform or have performed all of its obligations required under or specified in the District Resolution, and the County shall perform or have performed all of its obligations required under or specified in the County Resolution and this Purchase Contract or the Official Statement to be performed at or prior to the Closing.

(c) Adverse Rulings. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Contract (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District or the County, be threatened which has any of the effects described in Section 8(e) or 9(d) 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 of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, at the initial offering prices set forth in the Official Statement, shall not have been materially adversely affected, in the evidenced judgment of the Underwriter by reason of any of the following:

(1) legislation enacted by Congress, or passed by either House thereof, or favorably reported for passage thereto by any Committee of such House to which such legislation has been referred for consideration, or by the legislature of the State, or introduced in the Congress or recommended for passage by the President of the United States or a member of the President's cabinet (by press release, other form of notice or otherwise), or a decision rendered by a court of the United States or the State 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 (the "IRS"), with the purpose or effect, directly or indirectly, of changing, directly or indirectly, the federal income tax consequences or State tax consequences of interest on the Bonds or of obligations of the general character of the Bonds in the hands of the holders thereof; or

(ii) by or on behalf of the Securities and Exchange Commission (the "SEC"), 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 of hostilities affecting the United States, the declaration by the United States of a national emergency or war, or engagement in or

material escalation of major military hostilities by the United States or the occurrence of any other national or international emergency, calamity or crisis 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 State or State authorities having appropriate jurisdiction, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue of a determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction;

(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 SEC, 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) there shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to the outstanding indebtedness of the District or to financial strength and financial enhancement strength of the Insurer;

(7) the occurrence, since the date hereof, of any materially adverse change in the affairs or financial condition of the District;

(8) the suspension by the SEC of trading in the outstanding securities of the District;

(9) any state Blue Sky or securities commission, or other governmental agency or body, shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(10) any amendment shall have been made to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the District, its property, income securities (or interest thereon) or the validity or enforceability of the levy of *ad valorem* property taxes to pay principal of and interest on the Bonds;

(11) the occurrence of a material disruption in securities settlement payment or clearance services;

(12) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; or

(13) any fact or event shall exist or have existed that requires or has required an amendment of or supplement to the Official Statement.

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

(1) Bond Opinion. The approving opinion of Bond Counsel, as to the validity and tax status of the Bonds, dated the date of the Closing, addressed to the County and the District;

(2) Reliance Letter. A letter from Bond Counsel to the effect that the Underwriter may rely upon the approving opinions described in (e)(1) above;

(3) Supplemental Opinion. A supplemental opinion of Bond Counsel addressed to the Underwriter, dated as of the Closing Date, substantially to the following effect:

(i) statements in the Official Statement on the cover page thereof and under the captions “INTRODUCTION,” “THE BONDS,” “LEGAL MATTERS – Continuing Disclosure – Current Undertaking” and “TAX MATTERS,” to the extent they purport to summarize certain provisions of the Bonds, the County Resolution, the Continuing Disclosure Certificate and the form and content of Bond Counsel’s approving opinion with respect to the treatment of interest on the Bonds under State 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 (i) any information contained in Appendices \_\_\_, \_\_\_, \_\_\_ and \_\_\_ to the Official Statement, (ii) financial or statistical data or forecasts, numbers, charts, tables, estimates, projections, assumptions or expressions of opinion contained in the Official Statement, including in any of the appendices thereto, (ii) information with respect to The Depository Trust Company or its book-entry only system included therein, (iii) any CUSIP numbers or information relating thereto, (iv) the District’s compliance with its obligations to file annual reports or provide notice of the events described in Rule 15c2-12 promulgated under the Securities Act of 1934, (v) any information with respect to the Underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption “MISCELLANEOUS – Underwriting”; (vi) any information with respect to the ratings on the Bonds and the rating agencies referenced therein, including but not limited to information under the caption “MISCELLANEOUS Ratings” and (viii) any information relating to the Insurer or the Insurance Policy; and

(ii) the Continuing Disclosure Certificate and this Purchase Contract have each been duly authorized, executed and delivered by the District and,

assuming the due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements thereof 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 by the limitations on legal remedies against public agencies in the State; and

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

(4) Disclosure Counsel Letter. A letter of Stradling Yocca Carlson & Rauth, a Professional Corporation, dated the date of Closing and addressed to the District, substantially to the effect that based on such counsel's participation in conferences with representatives of the Underwriter, Montague DeRose and Associates, LLC as municipal advisor to the District, the County, the District and others, during which conferences the contents of the Official Statement and related matters were discussed, and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the District, as a matter of fact and not opinion, that during the course of its engagement as Disclosure Counsel no information came to the attention of such counsel's attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement as of its date and as of the Closing Date contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that Disclosure Counsel need not express any opinion with respect to (i) any information contained in Appendices \_\_, \_\_, \_\_ and \_\_\_\_\_ to the Official Statement, (ii) financial or statistical data or forecasts, numbers, tables, charts, estimates, projections, assumptions or expressions of opinion contained in the Official Statement, including in any of the appendices thereto, (iii) information with respect to DTC or its book-entry only system included therein, (iv) the District's compliance with its obligations to file annual reports or provide notice of the events described in Rule 15c2-12 promulgated under the Securities Act of 1934, (v) any CUSIP numbers or information relating thereto, (vi) any information with respect to the Underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption "MISCELLANEOUS – Underwriting;" and (vii) any information with respect to the ratings on the Bonds and the rating agencies referenced therein, including, but not limited to, information under the caption "MISCELLANEOUS –Ratings" and (viii) any information relating to the Insurer or the Insurance Policy);

(5) District Certificate. A certificate signed by appropriate officials of the District to the effect that (i) such officials are authorized to execute this Purchase



Contract, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the District Resolution and this Purchase Contract to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, and (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 omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading;

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

(7) County Counsel Opinion. The opinion of County Counsel, addressed to the District, the County and the Underwriter and dated as of the Closing Date, substantially to the effect that:

(i) The County is a political subdivision duly organized and existing pursuant to the Constitution and the laws of the State of California.

(ii) 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.

(iii) To the best of County Counsel's knowledge, 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.

(iv) 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;

(8) Bonding Capacity. A certificate or certificates executed by appropriate officials of the County and the District, evidencing the capacity of the District to issue Bonds under Section 15270 of the Education Code;

(9) Reserved.

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

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

(ii) 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;

(11) County Resolution. A certificate, together with a fully executed copy of the County Resolution, of the Executive Officer-Clerk of the County Board to the effect that:

(i) Such copy is a true and correct copy of the County Resolution;  
and

(ii) The County 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;

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

(13) Ratings: Evidence satisfactory to the Underwriter that (i) the Bonds shall have been rated “\_\_\_\_\_” by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, based upon the issuance of the Policy by the Insurer, (ii) the Bonds shall have received an underlying rating of “\_\_\_\_\_” by Moody's Investors Service and (iii) that any such ratings have not been revoked or downgraded;

(14) Paying Agent Certificate. A certificate of the Paying Agent dated the Closing Date, signed by a duly authorized officer of the Paying Agent, in form and substance satisfactory to the Underwriter;

(15) Underwriter's Counsel Opinion. An opinion of Kutak Rock LLP, Denver, Colorado, counsel to the Underwriter (“Underwriter's' Counsel”), dated as of the Closing, and in a form and substance satisfactory to the Underwriter;

(16) Bond Insurance. The Policy, together with:

(a) an opinion of counsel to the Insurer, dated the date of Closing and addressed to the District and the Underwriter, in form and substance acceptable to the Underwriter;

(b) a certificate of the Insurer, dated the date of Closing, in form and substance acceptable to the Underwriter, regarding, among other matters, disclosure, no default and tax matters; and

(17) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence compliance (i) by the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained, (iii) the truth and accuracy, as of the time of Closing, of the Official Statement and (iv) the due performance or satisfaction by the 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, California Time, on the Closing Date, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Section 12 hereof.

If the District or the County shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be canceled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the 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 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 District and the County.** The performance by the County and the District of their respective obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the District, the County and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than themselves.

12. **Expenses.** Except as herein described, all expenses and costs of the District incident to the performance of its obligations in connection with the authorization, execution, sale and delivery of the Bonds to the Underwriter shall be paid for by the District including, without limitation: (a) the cost of the preparation and reproduction of the District Resolution and the County Resolution; (b) the fees and disbursements of the District's Bond Counsel and Disclosure Counsel; (c) the fees for Bond ratings, including all necessary travel expenses; (e) the cost of the printing and distribution of the Preliminary Official Statement and Official Statement; (f) the initial fees of the Paying Agent; (g) the fees and expenses of the District's municipal advisor; and (h) all other fees and expenses incident to the issuance and sale of the Bonds.

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(c) above that are attributable to District personnel.

Notwithstanding any of the foregoing, the Underwriter shall pay all out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, CUSIP fees, the fees and disbursement of counsel to the Underwriter, travel and other expenses (except those expressly provided above), without limitation.

The District acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

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 County of Los Angeles, 500 West Temple Street, Room 432, Los Angeles, California 90012, Attn: Treasurer and Tax Collector; if to the District, to Lennox School District, 10319 Firmona Ave, Lennox, California 90304, Attn: Chief Business Officer; or if to the Underwriter, to Stifel, Nicolaus & Company, Incorporated, One Montgomery Street, 35<sup>th</sup> Floor, San Francisco, California 94104, Attention: \_\_\_\_\_.

14. **Parties in Interest; Survival of Representations and Warranties.** This Purchase Contract when accepted by the County and 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 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 representation, warranties and agreements of 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, all of which shall constitute but one and the same document.

[REMAINDER OF PAGE LEFT BLANK]

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

Very truly yours,

**STIFEL, NICOLAUS & COMPANY,  
INCORPORATED, as Underwriter**

By: \_\_\_\_\_  
Authorized Officer

The foregoing is hereby agreed to and accepted as of the date set forth above and time indicated below:

**THE COUNTY OF LOS ANGELES,  
CALIFORNIA**

By: \_\_\_\_\_  
Treasurer and Tax Collector

Approved as to form:

**COUNTY COUNSEL**

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

**LENNOX SCHOOL DISTRICT**

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

Time of execution: \_\_\_\_\_

**APPENDIX A**

**MATURITY SCHEDULE**

**Lennox School District  
(Los Angeles County, California)  
General Obligation Bonds, Election of 2007, Series 2021  
(Federally Taxable)**

\$ \_\_\_\_\_ Current Interest Serial Bonds

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Satisfied as of Sale Date</u>	<u>10% Test Not Satisfied as of Sale Date</u>
--------------------------------	-----------------------------	--------------------------	--------------	--------------	---	---

\$ \_\_\_\_\_ Current Interest Term Bonds

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Satisfied as of Sale Date</u>	<u>10% Test Not Satisfied as of Sale Date</u>
--------------------------------	-----------------------------	--------------------------	--------------	--------------	---	---

\$ \_\_\_\_\_ Capital Appreciation Serial Bonds

<u>Maturity (August 1)</u>	<u>Denominational Amount</u>	<u>Accretion Rate</u>	<u>Yield to Maturity</u>	<u>Maturity Value</u>	<u>Price</u>	<u>10% Test Satisfied as of Sale Date</u>	<u>10% Test Not Satisfied as of Sale Date</u>
--------------------------------	----------------------------------	---------------------------	------------------------------	---------------------------	--------------	---	---

\$ \_\_\_\_\_ Capital Appreciation Serial Bonds

<u>Maturity (August 1)</u>	<u>Denominational Amount</u>	<u>Accretion Rate</u>	<u>Yield to Maturity</u>	<u>Maturity Value</u>	<u>Price</u>	<u>10% Test Satisfied as of Sale Date</u>	<u>10% Test Not Satisfied as of Sale Date</u>
--------------------------------	----------------------------------	---------------------------	------------------------------	---------------------------	--------------	---	---

---

(1) Yield to call at par on August 1, 20\_\_.

## **Redemption Provisions**

[TO COME]

**LENNOX SCHOOL DISTRICT**

**RESOLUTION NO. 20-10**

**A RESOLUTION OF THE BOARD OF EDUCATION OF THE LENNOX SCHOOL DISTRICT, LOS ANGELES COUNTY, CALIFORNIA, AUTHORIZING THE ISSUANCE OF LENNOX SCHOOL DISTRICT (LOS ANGELES COUNTY, CALIFORNIA) GENERAL OBLIGATION BONDS, ELECTION OF 2007, SERIES 2020, AND ACTIONS RELATED THERETO**

**WHEREAS**, a duly called election was held in the Lennox School District (the "District"), Los Angeles County (the "County"), State of California, on November 6, 2007 (the "Election") and thereafter canvassed pursuant to law; and

**WHEREAS**, at such election there was submitted to and approved by the requisite vote of fifty-five percent or more of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters, in the maximum amount not-to-exceed \$10,700,000, payable from the levy of an *ad valorem* property tax against the taxable property in the District (the "Authorization"); and

**WHEREAS**, the District previously caused the issuance of the first series of bonds under the Authorization in an aggregate principal amount of \$3,818,826.85, the second series of bonds under the Authorization in an aggregate principal amount of \$1,199,988.70, and the third series of bonds under the Authorization in an aggregate principal amount of \$1,498,745.75; and

**WHEREAS**, at this time the Board of Education (the "Board") has determined that it is necessary and desirable to request the issuance by the Board of Supervisors of the County (the "County Board") to issue the fourth series of bonds under the Authorization in an aggregate principal amount not-to-exceed \$3,000,000 and to be designated as "Lennox School District (Los Angeles County, California) General Obligation Bonds, Election of 2007, Series 2020" (the "Bonds"); and

**WHEREAS**, the Bonds shall be issued pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of the Government Code (the "Act"), for the purposes set forth in the ballot submitted to voters at the Election; and

**WHEREAS**, the District self-certified its most recent interim financial report as qualified; and

**WHEREAS**, Education Code Section 15140(a) provides that the County Board shall issue the Bonds on behalf of the District following adoption of a resolution of the Board; and

**WHEREAS**, this Board desires to authorize the issuance of the Bonds as any combination of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, to be issued in one or more Series of Taxable Bonds or Tax-Exempt Bonds (as such terms are defined herein); and

**WHEREAS**, the Board desires to appoint certain professionals to provide services related to the issuance of the Bonds; and



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

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF THE LENNOX SCHOOL DISTRICT AS FOLLOWS:**

**SECTION 1. Certain Definitions.** As used in this Resolution, the terms set forth below shall have the meanings ascribed to them (unless otherwise set forth in the County Resolution or the Purchase Contract):

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

(b) **“Accretion Rate”** means, that rate which, when applied to the Denominational Amount of a Capital Appreciation Bond or a Convertible Capital Appreciation Bond, and compounded semiannually on each February 1 and August 1, commencing on February 1, 2021 (unless otherwise provided for in the Purchase Contract), produces the Maturity Value on the maturity date (with respect to Capital Appreciation Bonds) and the Conversion Value on the Conversion Date (with respect to Convertible Capital Appreciation Bonds).

(c) **“Accreted Value”** means, as of the date of calculation, with respect to Capital Appreciation Bonds and Convertible Capital Appreciation Bonds through to the Conversion Date, the Denominational Amount thereof plus Accreted Interest thereon to such date of calculation, compounded semiannually on each February 1 and August 1, commencing on February 1, 2021 (unless otherwise provided for in the Purchase Contract), at the stated Accretion Rate to maturity thereof, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of 12, 30-day months.

(d) **“Authorized Officer”** means the Superintendent of the District, the Chief Business Officer of the District, the Business Manager of the District, or such other officer or employee of the District as may be designated by the Superintendent, Chief Business Officer or Business Manager.

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

(f) **“Bond Payment Date”** means, as applicable (and unless otherwise provided by the Purchase Contract), (i) with respect to the Current Interest Bonds, February 1 and August 1 of each year commencing February 1, 2021 with respect to interest thereon, and the stated maturity dates thereof with respect to the Principal payments on the Current Interest Bonds, (ii) with respect to interest on the Convertible Capital Appreciation Bonds, February 1 and August 1 of each year, commencing on the first February 1 or August 1 following the respective Conversion Dates thereof, and the stated maturity dates thereof with

respect to the Conversion Value of the Convertible Capital Appreciation Bonds, and (iii) with respect to the Capital Appreciation Bonds, the stated maturity dates thereof.

(g) **“Bond Register”** means the registration books which the Paying Agent shall keep or cause to be kept on which the registered ownership, transfer and exchange of Bonds shall be recorded.

(h) **“Capital Appreciation Bonds”** means the Bonds the interest component of which is compounded semiannually on each February 1 and August 1, commencing on February 1, 2021 (unless otherwise provided in the Purchase Contract) to maturity as shown in the table of Accreted Value for such Bonds in the Official Statement or Purchase Contract, as the case may be.

(i) **“Code”** means the Internal Revenue Code of 1986, as amended. Reference to any particular section of the Code shall be deemed to be a reference to any successor to any such section.

(j) **“Continuing Disclosure Certificate”** means that certain contractual undertaking in connection with the Bonds, executed by the District pursuant to paragraph (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, dated as of the date of issuance of the Bonds, as amended from time to time in accordance with the provisions thereof.

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

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

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

(n) **“County Resolution”** means that certain resolution of the County Board providing for the issuance of the Bonds.

(o) **“Current Interest Bonds”** means Bonds, the interest on which is payable semiannually on each Bond Payment Date specified therefor, and maturing in the years and amounts set forth in the Purchase Contract.

(p) **“Date of Delivery”** means the date of initial issuance and delivery of the Bonds, or such other date as shall be set forth in the Purchase Contract or Official Statement.

(q) **“Denominational Amount”** means the initial Principal Amount of any Capital Appreciation Bond or Convertible Capital Appreciation Bond

(r) **“Holder” or “Owner”** means the registered owner of a Bond as set forth on the Bond Register maintained by the Paying Agent pursuant to the County Resolution.

(s) **“Long Current Interest Bonds”** means Current Interest Bonds that mature more than 30 years from their Date of Delivery.

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

(u) **“Official Statement”** means the Official Statement for the Bonds, as described in Section 9 hereof.

(v) **“Paying Agent”** means, initially the Treasurer, or such other Paying Agent as shall be named in the County Resolution or the Purchase Contract, and afterwards any successor financial institution. The Treasurer is authorized to contract with third parties to carry out the functions of Paying Agent hereunder and under the County Resolution.

(w) **“Permitted Investments”** any lawful investments permitted by Government Code Section 16429.1 and Section 53601, (ii) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in investments permitted by Government Code Section 53635, but without regard to any limitations in such Section concerning the percentage of moneys available for investment being invested in a particular type of security, (iii) a guaranteed investment contract with a provider having a rating meeting the minimum rating requirements of the County investment pool maintained by the Treasury, (iv) the Local Agency Investments Fund of the California State Treasurer, and (v) State and Local Government Series Securities.

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

(y) **“Purchase Contract”** means the contract or contracts for purchase and sale of the Bonds, by and among the District, the County and the Underwriter. To the extent the Bonds are sold pursuant to more than one Purchase Contract, each shall be substantially in the form presented to the Board and the County, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer and such officials of the County executing the same shall approve.

(z) **“Series”** means any Bonds executed, authenticated and delivered pursuant to the provisions hereof which are identified as a separate series of Bonds.

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

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

(cc) “**Treasurer**” means the Treasurer and Tax Collector of Los Angeles County.

(dd) “**Underwriter**” means Stifel, Nicolaus & Company, Incorporated as the underwriter of the Bonds.

**SECTION 2. Purpose; Authorization.** To raise funds for the purposes authorized by voters of the District at the Election, and to pay all necessary legal, financial and contingent costs in connection with the issuance of the Bonds, the Board hereby requests the County Board to authorize the issuance of the Bonds pursuant to the Act and Education Code Section 15140. This Board hereby further orders such Bonds sold at a negotiated sale such that the Bonds shall be dated as of a date to be determined by said County Board, shall bear interest at a rate not-to-exceed that authorized at the Election, shall be payable upon such terms and provisions as shall be set forth in the Bonds, and shall be in an aggregate Principal Amount not-to-exceed \$3,000,000. The Board hereby approves the sale of the Bonds at a negotiated sale, which is determined to 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 Bonds to fit the needs of particular purchasers, and a greater opportunity for the Underwriter to pre-market the 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.

This Board hereby authorizes the issuance of the Bonds in one or more Series of Taxable Bonds or Tax-Exempt Bonds, with appropriate designation if more than one Series is issued, and as any combination of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, all as set forth in the fully-executed Purchase Contract, subject to the provisions of the County Resolution). Notwithstanding any other provision herein, the ratio of total debt service to principal for each Series of Bonds shall not exceed four-to-one. To the extent the issuance of Bonds includes Long Current Interest Bonds, the useful life of any facility financed with such Long Current Interest Bonds will equal or exceed the maturity of such Long Current Interest Bonds.

The purchase price received from the Underwriter pursuant to the Purchase Contract, to the extent of the Principal Amount thereof, shall be paid to the County to the credit of the Building Fund (as defined in the County Resolution). The purchase price received from the Underwriter pursuant to the Purchase Contract, to the extent of any accrued interest and any net original issue premium, shall be paid to the County to the credit of the Debt Service Fund (as defined in the County Resolution). The costs of issuance of the Bonds are hereby authorized to be paid either from premium withheld by the Underwriter upon the sale of the Bonds, or from the portion of the purchase price received from the Underwriter and representing the Principal Amount of the Bonds. To the extent costs of issuance are paid from such Principal Amount, the District may direct that a portion thereof, in an amount not-to-exceed 2.0% of such Principal Amount, in lieu of being deposited into the Building Fund, be deposited into a costs of issuance account to be held by a fiscal agent of the District appointed for such purpose.

**SECTION 3. Paying Agent.** The Board hereby appoints the Paying Agent to serve as the paying agent, bond registrar, transfer agent and authentication agent for the Bonds on behalf of the District. The Board hereby approves the payment of the reasonable fees and expenses of the Paying Agent as they shall become due and payable. The fees and expenses of the Paying Agent which are not paid as a cost of issuance of the Bonds may be paid in each year from *ad valorem* property taxes

levied and collected for the payment thereof, insofar as permitted by law, including specifically by Education Code Section 15232.

**SECTION 4. Approval of Purchase Contract.** The form of Purchase Contract by and among the District, the County and the Underwriter, substantially in the form on file with the Board, is hereby approved and the Authorized Officers, each alone, are hereby authorized and directed to execute such Purchase Contract at the time the Bonds are sold; provided, however, that the maximum interest rate on the Bonds shall not exceed the maximum rate permitted by law and the underwriting discount thereon, excluding original issue discount and expenses of the Underwriter, shall not exceed 0.75% of the aggregate Principal Amount of Bonds actually issued. The Authorized Officers, in consultation with the Treasurer, each alone, are further authorized to determine the Principal Amount of the Bonds to be specified in the Purchase Contract for sale by the District up to \$3,000,000 and to enter into and execute the Purchase Contract with the County and the Underwriter, if the conditions set forth in this Resolution and the County Resolution are satisfied.

**SECTION 5. Tax Covenants.**

With respect to Bonds issued as Tax-Exempt Bonds, the District hereby covenants with the Holders of such Bonds that, notwithstanding any other provisions of this Resolution, it will restrict the use of proceeds of the Bonds or of any other amounts, regardless of the source, or of any property or take any action, or refrain from taking any action, such that the Bonds will not constitute "arbitrage bonds" within the meaning of Section 148 of the Code, any applicable regulations thereunder or any predecessor section thereto. Calculations for determining arbitrage requirements shall be the sole responsibility of the District.

The District will not make any use of the proceeds of the Tax-Exempt Bonds or any other funds of the District, or take or omit to take any other action, that would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Code or "federally guaranteed" within the meaning of Section 149(b) of the Code. To that end, so long as any Tax-Exempt Bonds are unpaid, the District, with respect to such proceeds and such other funds, will comply with all requirements of such Sections and all regulations of the United States Department of the Treasury issued thereunder and under Section 103 of the Code, to the extent such requirements are, at the time, applicable and in effect.

The District will not use or permit the use of its facilities or any portion thereof by any person other than a governmental unit as such term is used in Section 141 of the Code, in such manner or to such extent as would result in the loss of exclusion from gross income for federal income tax purposes of the interest paid on the Tax-Exempt Bonds. In furtherance of the foregoing tax covenants of this Section 5, the District covenants that it will comply with the instructions and requirements of that certain Tax Certificate to be executed and delivered by the District on the date of issuance of such Bonds (the "Tax Certificate"), which is incorporated herein as if fully set forth herein. These covenants shall survive the payment in full or defeasance of the Tax-Exempt Bonds.

**SECTION 6. Rebate Fund.** The following provisions shall apply to any Bonds issued as Tax-Exempt Bonds.

(a) The District shall create and establish a special fund designated the "Lennox School District General Obligation Bonds, Election of 2007, Series 2020 Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund shall be held in trust, to the extent required to

satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") pursuant to Section 148 of the Code, and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and by the Tax Certificate.

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

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

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

(1) not later than 60 days after the end of (i) the fifth Bond Year, and (ii) each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the "rebate amount" calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and

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

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

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

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

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

(i) Notwithstanding anything in this Resolution to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Tax-Exempt Bonds.

**SECTION 7. Legislative Determinations.** The Board determines that all acts and conditions necessary to be performed by the District or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will be exceeded as a result of the issuance of the Bonds.

**SECTION 8. Security for the Bonds.** Pursuant to the County Resolution, there shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem* property tax annually during the period the Bonds are outstanding in an amount sufficient to pay the Principal and Accreted Value of and interest on the Bonds when due, which moneys when collected will be deposited in the Debt Service Fund (as defined in the County Resolution) and used for the payment of the Principal and Accreted Value of and interest on the Bonds when and as the same falls due, and for no other purpose. The District covenants to cause the County to take all actions necessary to levy such *ad valorem* property tax. Pursuant to Government Code Section 53515, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof.

Pursuant to Government Code Sections 5450 and 5451, the District hereby pledges to the payment of the Bonds all revenues received from the levy and collection *ad valorem* property taxes for the payment of the Bonds and all amounts on deposit in the Debt Service Fund. Such pledge shall constitute a lien on and security interest in such taxes and amounts in the Debt Service Fund. This pledge shall constitute an agreement between the District and the Owners of the Bonds to provide security for the payment of the Bonds in addition to any statutory lien that may exist.

**SECTION 9. Official Statement.** The Preliminary Official Statement relating to the Bonds, substantially in the form on file with the Secretary to the Board is hereby approved and the Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deliver such Preliminary Official Statement to the Underwriter to be used in connection with the offering and sale of the Bonds. The Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deem the Preliminary Official Statement “final” pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, prior to its distribution and to execute and deliver to the Underwriter a final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds and is directed to deliver copies of any final Official Statement to the purchasers of the Bonds. Execution of the Official Statement shall conclusively evidence the District’s approval of the Official Statement.

**SECTION 10. Bond Insurance.** In the event the District purchases bond insurance for the Bonds, and to the extent that the Bond Insurer makes payment of the Principal and Accreted Value of or interest on the Bonds, it shall become the Owner of such Bonds with the right to payment of Principal and Accreted Value or interest on the Bonds, and shall be fully subrogated to all of the Owners’ rights, including the Owners’ rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims of past due interest, the Paying Agent shall note the Bond Insurer’s rights as subrogee on the registration books for the Bonds maintained by the Paying Agent upon receipt of a copy of the cancelled check issued by the Bond Insurer for the payment of such interest to the Owners of the Bonds, and (ii) in the case of subrogation as to claims for past due Principal, the Paying Agent shall note the Bond Insurer as subrogee on the registration books for the Bonds maintained by the Paying Agent upon surrender of the Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer.

**SECTION 11. Continuing Disclosure.** The District hereby covenants and agrees that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate executed by the District and dated the Date of Delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. The Board hereby approves the form of the Continuing Disclosure Certificate appended to the form of Preliminary Official Statement on file with the Secretary to the Board as of the date hereof, and the Authorized Officers are hereby authorized to execute and deliver such Continuing Disclosure Certificate with such changes therein or modifications thereto as shall be requested by the Underwriter and as such Authorized Officer executing the same shall approve. Any Bond Holder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. Noncompliance with this Section shall not result in acceleration of the Bonds.

**SECTION 12. Other Actions.**

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



approved.

(b) The Board hereby appoints Stifel, Nicolaus & Company, Incorporated, as Underwriter, Montague DeRose and Associates, LLC, as Municipal Advisor, and Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel and Disclosure Counsel, each with respect to the issuance of the Bonds.

(c) Based on a good faith estimate received by the District from its Municipal Advisor, the Board hereby finds that (i) the True Interest Cost of the Bonds (as defined in Government Code Section 5852.1(a)(1)(A)) is expected to be approximately 3.70%, (ii) the total Finance Charge of the Bonds (as defined in Government Code Section 5852.1(a)(1)(B)) is expected to equal approximately \$200,000, (iii) the total proceeds expected to be received by the District from the sale of the Bonds, less the Finance Charge of the Bonds, is \$2,800,000, and (iv) the District expects that the Total Payment Amount (as defined in Government Code Section 5852.1(a)(1)(D)), calculated to the final maturity of the Bonds, will be \$6,250,000. The information presented in this section is included in satisfaction of Section 5852.1 of the Government Code, and shall not abrogate or otherwise limit any other provision of this Resolution or the County Resolution.

**SECTION 13. Nonliability of the County; Reimbursement of Costs.** Notwithstanding anything to the contrary contained herein, in the Bonds or in any other document mentioned herein, neither the County, nor its officials, officers, employees or agents shall have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby, the Bonds are not a debt of the County or a pledge of the County's full faith and credit, and the Bonds and any liability in connection therewith shall be paid solely from *ad valorem* property taxes lawfully levied to pay the Principal and Accreted Value of or interest on the Bonds, which taxes shall be unlimited as to rate or amount. The District shall reimburse the County for all costs and expenses incurred by the County, its officials, officers, agents and employees in issuing or otherwise in connection with the issuance of the Bonds.

**SECTION 14. Request to County to Levy Tax.** The County Board and officers of the County are obligated by statute to provide for the levy and collection of *ad valorem* property taxes in each year sufficient to pay all Principal and Accreted Value of and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds. The District hereby requests the County Board to annually levy a tax upon all taxable property in the District sufficient to pay all such Principal, Accreted Value and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds. The Board hereby finds and determines that such *ad valorem* property taxes shall be levied specifically to pay the Bonds being issued to finance specific projects authorized by the voters of the District at the Election.

**SECTION 15. Indemnification of County.** The District shall defend, indemnify and hold harmless the County, its officials, officers, agents and employees ("Indemnified Parties") against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Parties may become subject based in whole or in part upon any acts or omission related to the Bonds, except with regard to the County's responsibilities to provide for the levy and collection of *ad valorem* property taxes in each year sufficient to pay all Principal and Accreted Value of and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds (the "County Responsibilities"). The District shall also reimburse the Indemnified Parties for any legal or other costs

and expenses incurred in connection with investigating or defending any such claims or liabilities, except with regard to the County Responsibilities.

**SECTION 16. Resolution to County Treasurer.** The Secretary to the Board is hereby directed to provide a certified copy of this Resolution to the Treasurer immediately following its adoption.

**SECTION 17. Recitals.** All the recitals in this Resolution above are true and correct and the Board so finds, determines and represents.

**SECTION 18. Effective Date.** This Resolution shall take effect immediately upon its passage.

PASSED, ADOPTED AND APPROVED this 15<sup>th</sup> day of December, 2020, by the following vote:

AYES:	MEMBERS	<u>4</u>
NOES:	MEMBERS	<u>1</u>
ABSTAIN:	MEMBERS	<u>0</u>
ABSENT:	MEMBERS	<u>0</u>

*Mario de las Angeles Gayak*  
\_\_\_\_\_  
President of the Board of Education

ATTEST:

SECRETARY CERTIFICATE

I, Dr. Scott Price, Secretary to the governing board of the Lennox School District (the "District"), hereby certify as follows:

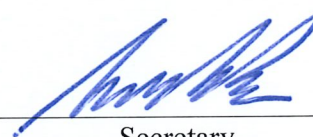
The foregoing is a full, true and correct copy of a resolution duly adopted at a meeting of the Board of Education of said District duly and legally held at the regular meeting place thereof on December 15, 2020.

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

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

Dated: December 30, 2020

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

  
Secretary

**EXHIBIT A**

**DISCLOSURE REQUIRED BY CALIFORNIA EDUCATION CODE 15145(b)(1)(E)**

**LENNOX AB182 EXHIBIT**

1. Financing term and time of maturity of the bonds (the entire series of bonds). Illustrative Option 1 includes only current interest bonds (CIBs) while Illustrative Option 2 includes both CIBs and capital appreciation bonds (CABs).

Date	Illustrative Option 1 - CIBs Only				Illustrative Option 2 - CIBs and CABs			
	Principal	Interest	Debt Service Fund	Net Debt Service	Principal	Interest	Debt Service Fund	Net Debt Service
8/1/2021	60,000	78,890	(78,890)	60,000	\$ 60,000	\$ 27,615	\$ (27,615)	\$ 60,000
8/1/2022	40,000	110,900	(110,900)	40,000	40,000	36,450	(36,450)	40,000
8/1/2023	40,000	109,700	(101,185)	48,515	25,000	34,450	(19,110)	40,340
8/1/2024	-	108,500		108,500	9,567	33,633		43,200
8/1/2025	-	108,500		108,500	9,392	33,809		43,200
8/1/2026	-	108,500		108,500		33,200		33,200
8/1/2027	-	108,500		108,500		33,200		33,200
8/1/2028	-	108,500		108,500		33,200		33,200
8/1/2029	-	108,500		108,500	62,000	46,201		108,200
8/1/2030	-	108,500		108,500	67,764	50,436		118,200
8/1/2031	-	108,500		108,500	61,066	52,134		113,200
8/1/2032	-	108,500		108,500	58,656	54,544		113,200
8/1/2033	-	108,500		108,500	63,223	59,977		123,200
8/1/2034	-	108,500		108,500	54,289	58,911		113,200
8/1/2035	-	108,500		108,500	55,668	62,532		118,200
8/1/2036	-	108,500		108,500	53,672	64,528		118,200
8/1/2037	-	108,500		108,500	9,138	39,062		48,200
8/1/2038	-	108,500		108,500	5,873	37,328		43,200
8/1/2039	-	108,500		108,500	5,657	37,543		43,200
8/1/2040	-	108,500		108,500	5,445	37,755		43,200
8/1/2041	365,000	108,500		473,500	11,330	43,863		55,193
8/1/2042	405,000	94,356		499,356	358,020	392,769		750,789
8/1/2043	440,000	78,663		518,663	364,818	423,408		788,226
8/1/2044	485,000	61,613		546,613	362,552	445,416		807,968
8/1/2045	530,000	42,819		572,819	362,552	470,648		833,200
8/1/2046	575,000	22,281		597,281	830,000	33,200		863,200
<b>Total</b>	<b>\$ 2,940,000</b>	<b>\$ 2,552,221</b>	<b>\$ (290,975)</b>	<b>\$ 5,201,247</b>	<b>\$ 2,935,678</b>	<b>\$ 2,675,811</b>	<b>\$ (83,175)</b>	<b>\$ 5,528,315</b>

<b>Financing Term</b>	<b>26 years</b>	<b>26 years</b>
<b>\$ of CABs</b>	<b>\$0</b>	<b>\$ 1,980,678</b>
<b>% of CABs</b>	<b>0.0%</b>	<b>67.5%</b>
<b>Repayment Ratio</b>	<b>1.77</b>	<b>1.88</b>

Notes:

2. Repayment Ratio for the bonds (the entire series of bonds).

- Illustrative Option 1: 1.77
- Illustrative Option 2: 1.88

3. Estimated change in assessed value ("AV") of taxable property within the District over the term of the bonds.

- Years 2021-2046: 3.0%

4. Total overall cost of the CABs.

- In Illustrative Option 2, the estimated principal amount of CABs is \$1,980,678 with an estimated debt service cost of \$3,794,374. This is a repayment ratio for the CABs of 1.92 to 1.00.

5. Comparison of #4 to overall cost if instead of CABs the District issued CIBs.

- The difference in the overall debt service cost is estimated at \$327,068 if the District utilized Illustrative Option 1 instead of Illustrative Option 2. However, Illustrative Option 1 would result in tax rates of up to \$46.91 per \$100,000 of AV, which is above the legal limit of \$30.00 per \$100,000 of AV for Measure L.

6. Reason for recommending CABs.

- CABs are being recommended to meet the District's legal limitation of \$30.00 per \$100,000 of AV for Measure L.



One Montgomery Street, 37<sup>th</sup> Floor, San Francisco, CA 94104

October 28, 2020

Dr. Scott Price  
Superintendent  
Lennox School District  
10319 Firmona Avenue  
Lennox, CA 90304

**Re: Underwriter Engagement Relating to Potential Municipal Securities Transaction for:**  
Lennox School District  
New Money and Refunding General Obligation Bonds, 2020 Series A and 2020 Series B (Measure L)

Dear Scott,

The Lennox School District ("District") and Stifel, Nicolaus & Company, Incorporated ("Stifel") are entering into this engagement letter to confirm that they are engaged in discussions related to a potential issue of (or series of issuances of) municipal securities related to New Money and Refunding General Obligation Bonds, 2020 Series A and 2020 Series B (Measure L) (the "Bonds") and to formalize Stifel's role as underwriter with respect to the Bonds.

#### **Engagement as Underwriter**

The District is aware of the "Municipal Advisor Rule" of the Securities and Exchange Commission ("SEC") and the underwriter exclusion from the definition of "municipal advisor" for a firm serving as an underwriter for a particular issuance of municipal securities. The District hereby designates Stifel as an underwriter for the Bonds. The District expects that Stifel will provide advice to the District on the structure, timing, terms and other matters concerning the Bonds.

#### **Limitation of Engagement**

It is the District's intent that Stifel serve as an underwriter for the Bonds, subject to satisfying applicable procurement laws or policies, formal approval by the Board of Education of the District, finalizing the structure of the Bonds and executing a bond purchase agreement. While the District presently engages Stifel as the underwriter for the Bonds, this engagement letter is preliminary, nonbinding and may be terminated at any time by the District, without penalty or liability for any costs incurred by the underwriter, or Stifel. Furthermore, this engagement letter does not restrict the District from entering into the sale of the Bonds with any other underwriters or selecting an underwriting syndicate that does not include Stifel.

#### **Disclosures Required by MSRB Rule G-17 Concerning the Role of the Underwriter**

The District hereby confirms and acknowledges each of the following concerning the role that Stifel would have as an underwriter:

- (1) Municipal Securities Rulemaking Board ("MSRB") Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors;
- (2) the underwriter's primary role is to purchase securities with a view to distribution in an arm's-length commercial transaction with the District and it has financial and other interests that differ from those of the District;
- (3) unlike a municipal advisor, the underwriter does not have a fiduciary duty to the District under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the District without regard to its own financial or other interests;
- (4) the underwriter has a duty to purchase securities from the District at a fair and reasonable price, but must balance that duty with its duty to sell municipal securities to investors at prices that are fair and reasonable; and
- (5) the underwriter will review the official statement for the District's securities, in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.<sup>1</sup>

---

<sup>1</sup> Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriter is solely for purposes of satisfying the underwriter's obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

#### **Disclosures Concerning the Underwriter's Compensation**

The underwriter will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriter may have an incentive to recommend to the District a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

#### **Conflicts of Interest Disclosures**

Stifel has not identified any additional potential or actual material conflicts that require disclosure.

#### **Disclosures Relating to Complex Municipal Securities Financing – Capital Appreciation Bonds**

Under MSRB Rule G-17, underwriters must provide an issuer with disclosures about "complex municipal securities financings" that they recommend to the issuer for a negotiated offering. Some of the maturities of the Bonds may be issued as capital appreciation bonds ("CABs"). CABs may be considered by some to be a "complex municipal securities financing".

The following is a general description of capital appreciation bonds, as well as a description of certain financial factors that you should consider before deciding whether to issue CABs.

#### Financial Characteristics

A capital appreciation bond is a form of municipal bond on which the interest accretes, or compounds on itself, and is not paid out periodically. This can be contrasted with traditional current interest bonds ("CIBs"). The issuer of a CIB pays interest periodically to the bondholder, and pays back the principal at maturity. The issuer of a CAB pays no periodic interest to the bondholder. Instead, on each accretion date (the date on which interest would normally be paid on a CIB) the interest on a CAB is computed and then compounded, or essentially added to the principal. At maturity, the issuer repays the principal, all of the interest, and all of the interest on interest.

Convertible CABs are a hybrid structure in which the bonds accrete while in the CAB mode and then pay annual principal and semi-annual interest as a standard current interest bond after a designated conversion date. The interest and principal paid after the conversion date is based on the accreted value of bonds while in the CAB mode instead of the initial principal amount.

#### Financial Considerations

Listed below are certain factors to be considered when issuing CABs:

- (1) The rate of interest on a CAB is typically higher than a CIB of the same maturity.
- (2) The total debt service, or total principal and interest paid, on a CAB will be more than on a CIB of corresponding maturity. This is due to two reasons: first, the CAB interest rate is higher, which leads to more interest being paid. Second, since each interest payment is accreted, or added to principal, the issuer is paying interest on interest.
- (3) Because no payments are being made on a CAB until maturity, the maturity value can be large in comparison with the original principal amount. The longer the term of the CAB, the greater the maturity value compared with the original principal amount.
- (4) Often CABs have been issued without an optional prepayment provision, although recent state legislation (AB 182 effective on January 1, 2014) now requires all CABs sold by a California school district to be subject to optional prepayment beginning in the tenth year after issuance.
- (5) If a CAB has an optional prepayment provision, it often requires a higher interest rate (reflecting the value of the prepayment provision) than a comparable CAB without an optional prepayment option.
- (6) The cost associated with selling CABs, primarily the underwriter's discount, is usually greater for a CAB than for a comparable CIB.
- (7) Convertible CABs carry the inherent risk that, upon conversion from CABs to CIBs, the CIBs will require semi-annual interest payments.

Lennox School District  
New Money and Refunding General Obligation Bonds, 2020 Series A and 2020 Series B (Measure L)  
October 28, 2020

---

If you or any other District official has any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the District's own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

It is our understanding that you have the authority to bind the District by contract with us, and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

We are required to seek your acknowledgement of the receipt of this letter. Accordingly, sign and return the enclosed copy of this letter to us as a PDF or by regular mail.

We look forward to working with the District on the sale of the Bonds. Do not hesitate to contact us with any questions regarding the content of this letter.

Sincerely,

Stifel, Nicolaus & Company, Incorporated



Name: Roberto Ruiz

Title: Director



Name: Erica Gonzalez

Title: Managing Director

The District accepts and acknowledges the foregoing.  
Accepted and Executed:

By: 

Name: Dr. Scott Price

Title: Superintendent

Date: \_\_\_\_\_

cc: Victor Herrera, *Lennox School District*  
David G. Casnocha, *Stradling Yocca Carlson & Rauth*  
Nic Heuer, *Stradling Yocca Carlson & Rauth*  
Annette Yee, *Montague DeRose and Associates*  
Michael Kremer, *Montague DeRose and Associates*  
Scott Beck, *Kutak Rock*  
Emily Bartolotta, *Stifel*