COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

PUBLIC FINANCE AND INVESTMENTS
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 432
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 625-2249

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

January 26, 2005

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

Dear Supervisors:

ISSUANCE AND SALE OF BASSETT UNIFIED SCHOOL DISTRICT
(COUNTY OF LOS ANGELES, CALIFORNIA)
GENERAL OBLIGATION REFUNDING BONDS, ELECTION 2004, SERIES 2005A
(FIRST DISTRICT) (3-VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution authorizing the issuance and sale of general obligation bonds of the Bassett Unified School District in an aggregate principal amount not to exceed $14,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Governing Board of Bassett Unified School District adopted a resolution on January 20, 2005 and determined that the District needs to borrow funds in an aggregate principal amount not to exceed $14,000,000 to be used for authorized purposes.

On November 2, 2004, an election was held whereby voters residing in the District approved a ballot measure authorizing the District to issue $23,000,000 in general obligation bonds for various qualifying purposes as set forth in the ballot measure. This is the first issuance of bonds authorized under this bond measure.

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

Implementation of Strategic Plan Goals

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

FISCAL IMPACT/FINANCING

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

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Resolution provides for issuance of the bonds with an interest rate not to exceed 7% per annum. The final structure will be determined at the time of pricing to achieve the lowest cost of financing within the limits of the proposition's tax levy. Final maturity of the bonds shall not exceed twenty-five years. Provisions for optional redemption of these bonds will be described in the Purchase Contract.

The Resolution provides for the negotiated sale of the bonds, with participation by the Treasurer and Tax Collector in pricing of the bonds, to the Underwriter. The District has selected George K. Baum & Company as Underwriter; Burke Williams Sorensen, LLP as Bond Counsel; and Caldwell Flores Winters, Inc. as Financial Advisor.

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

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not Applicable

CONCLUSION

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

Respectfully submitted,

Anthony Gatzmawich

(for) MARK J. SALADINO
Treasurer and Tax Collector

MJS:GB:BC
Z:Board: bassett usd

Attachments (2)

c: Chief Administrative Officer
Auditor-Controller
County Counsel
Bassett Unified School District
Los Angeles County Office of Education
Caldwell Flores Winters, Inc.
Burke Williams Sorensen, LLP

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF BONDS ON BEHALF OF THE BASSETT UNIFIED SCHOOL DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $14,000,000 BY A NEGOTIATED SALE

WHEREAS, an election was duly called and regularly held in the Bassett Unified School District, County of Los Angeles, California (herein called the "District"), on November 2, 2004, pursuant to Proposition 39 enacted by the voters of the State of California ("Proposition 39"), at which the following proposition ("Measure E") was submitted to the electors of the District:

> "To improve student safety, repair and upgrade every neighborhood school in the Bassett Unified School District by: fixing leaky roofs; upgrading outdated plumbing/sewer systems, installing fire safety equipment, upgrading heating/ventilation systems and electrical wiring for technology; acquire school facilities the District is currently leasing; repairing/constructing/equipping classrooms, libraries and facilities, shall the Bassett Unified School District issue $23,000,000 in bonds at legal rates, with guaranteed annual independent financial audits, citizen's oversight, and no money for administrators' salaries?"

; and

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

WHEREAS, the Board of Education of the District (the "Board of Education") has duly adopted and submitted to this Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles (the "County"), State of California, a resolution (the "District Resolution") requesting the Board of Supervisors to issue and sell, in the name and on behalf of the District, bonds in an aggregate principal amount not exceeding $14,000,000 (the "Bonds"); and

WHEREAS, this Board of Supervisors accepts the representation of the District that it is necessary and desirable that the Bonds be issued and sold by a negotiated sale for the purposes for which the Bonds have been authorized and on the terms and conditions set forth in the District Resolution; and

WHEREAS, this Board of Supervisors desires to make certain determinations and to authorize the issuance of said Bonds.

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

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

SECTION 2. District Resolution Incorporated: The District Resolution is incorporated herein by reference and all of the provisions thereof are made a part hereof and shall be applicable to the bonds herein provided for, except as herein otherwise expressly provided.

SECTION 3. Purpose of the Bonds. The proceeds of the sale of the Bonds shall be applied to: (i) prepay the base rental with respect to certain outstanding Refunding Certificates of Participation, 1999 Series A of the District (the "1999 Certificates"), which were delivered (pursuant to the provisions of a Trust Agreement dated as of February 1, 1999 by and among the District, the Bassett Unified School District Leasing Corporation (the "Corporation") and U.S. Bank Trust National Association, as Trustee thereunder, and pursuant to the provisions of a Lease Agreement dated as of February 1, 1999 between the District and the Corporation) to prepay the District's obligations under a Lease Agreement, dated as of May 1, 1997 between the District and the Corporation, concerning the District's Variable Rate Demand Certificates of Participation (1997 Capital Improvement Project); (ii) finance the construction, acquisition, equipping, repair, rehabilitation and upgrading of school facilities; and (iii) pay all necessary legal, financial and contingent costs in connection therewith.

SECTION 4. Authorization and Designation of Bonds. This Board of Supervisors hereby authorizes on behalf of the Bassett Unified School District, the issuance and sale of not to exceed $14,000,000 aggregate principal amount of bonds of the District and designates the bonds to be issued and sold as the "Bassett Unified School District General Obligation Bonds, Election of 2004, Series 2005 A" (herein called the "Bonds").

SECTION 5. Certain Definitions. As used in this Resolution, the terms set forth below shall have the following meanings ascribed to them:

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

(b) "**Accreted Value**" means, with respect to the Capital Appreciation Bonds, as of the date of calculation, the Denominational Amount thereof, plus Accreted Interest, compounded semiannually on each February 1 and August 1, commencing from the date of issuance of the Capital Appreciation Bonds.

(c) "**Bond Insurer**" means any insurance company which issues a municipal bond insurance policy insuring the payment of principal and interest on the Bonds.

(d) "**Bond Payment Date**" means, with respect to the principal and interest on the Current Interest Bonds, February 1 and August 1, commencing August 1, 2005. With respect to the Capital Appreciation Bonds, "**Bond Payment Date**" means the stated maturity dates thereof or mandatory redemption dates, as applicable.

(e) "**Bond Register**" means the listing of names and addresses of the current registered owners of the debt, as maintained by the Paying Agent in accordance with Section 12 hereof.

(f) "**Capital Appreciation Bonds**" means those Bonds the interest component of which is compounded semiannually on each Bond Payment Date to maturity as shown in the table of Accreted Values for such Bonds in the Purchase Contract.

(g) "**Code**" means the Internal Revenue Code of 1986, as hereafter amended, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published under the Code.

(h) "**Current Interest Bonds**" means the Bonds the interest on which is payable 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.

(i) "**Current Interest Term Bonds**" means those Current Interest Bonds for which mandatory sinking fund redemption dates have been established in the Purchase Contract.

(j) "**Date of Delivery**" means the date on which the Bonds are issued and delivered to the Underwriter in exchange for payment therefor pursuant to the Purchase Contract.

(k) "**Debt Service Fund**" shall have the meaning set forth in Section 7 hereof.

(l) "**Denominational Amount**" means, with respect to the Capital Appreciation Bonds, the initial offering price thereof, which represents the principal amount thereof, and, with respect to the Current Interest Bonds, the principal amount thereof.

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

(n) "**Fair Market Value**" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

(o) "**Informational Services**" means Financial Information, Inc.'s "Daily Called Bond Service", 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services, "Called Bond Service", 65 Broad Street, 16th Floor, New York, New York 10006; Moody's Investors Service "Municipal and Government", 99 Church Street, 8th Floor, New York, New York, 10007, Attention: Municipal News Reports; Standard & Poor's Ratings Group "Called Bond Record", 25 Broadway, 3rd Floor, New York, New York 10004; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called

bonds as the District may designate in a Written Request of the District delivered to the Paying Agent.

(p) "**Letter of Representations**" shall have the meaning set forth in Section 13 hereof.

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

(r) "**Official Statement**" shall have the meaning set forth in Section 6 hereof.

(s) "**Owner**" means the current registered holder of a Bond or Bonds to whom payments of Principal and Accreted Value of, and premium and interest, if any, are made.

(t) "**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.

(u) "**Principal**" or "**Principal Amount**" means, with respect to any Current Interest Bond, the principal amount thereof, and, with respect to any Capital Appreciation Bond, the Denominational Amount.

(v) "**Purchase Contract**" shall have the meaning set forth in Section 16 hereof.

(w) "**Record Date**" means the close of business on the 15th day of the month preceding each Bond Payment Date.

(x) **Securities Depositories**" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York, 11530, Fax-(516) 227-4039 or 4190; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in a Written Request of the District delivered to the Paying Agent.

(y) "**Treasurer**" means the Treasurer and Tax Collector of Los Angeles County, California, or any authorized deputy thereof.

SECTION 6. Terms of the Bonds. (a) The Bonds shall consist of the Current Interest Bonds, and, if issued, Capital Appreciation Bonds. The Current Interest Bonds shall be dated the Date of Delivery and shall bear interest at the rate or rates not to exceed seven percent per annum (7%), payable on February 1 and August 1 of each year commencing on August 1, 2005, through August 1 of a year no later than 2029 (each an "Interest Payment Date"), the actual interest rate or rates and the actual maturity schedule to be fixed at the time of sale. Each Current Interest Bond shall be issued in denominations of $5,000 or integral multiples thereof.

(b) The Capital Appreciation Bonds, if issued, shall accrete interest from the date of issuance of the Capital Appreciation Bonds to their maturity at a rate or rates such that the net interest cost shall not exceed seven percent per annum (7%). The Capital Appreciation Bonds shall be issued in any denominations of their Principal Amounts but shall reflect denominations of $5,000 Maturity Amount or any integral multiple thereof. The Capital Appreciation Bonds shall mature on August 1 of the years designated in the Purchase Contract. Interest on each

Capital Appreciation Bond shall be compounded semiannually on February 1 and August 1 of each year until maturity, commencing on the date of issuance thereof, computed using a year of 360 days, comprised of twelve 30-day months, and shall be payable only at maturity as part of their Maturity Amount or upon prior redemption.

(c) Only such of the Bonds as shall bear thereon a certificate of authentication and registration in the form hereinafter recited, manually signed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Paying Agent shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

(d) The Bonds shall be issued as fully registered bonds without coupons and the Current Interest Bonds shall mature in consecutive order beginning on August 1, 2005, and ending on August 1 of their final year, and in the Principal or Maturity Amounts to be fixed in the Purchase Contract at the time of sale and approved by this Board of Supervisors, as more particularly set forth herein.

(e) The Bonds shall be sold as provided in Section 7 hereof; notwithstanding anything herein to the contrary, the terms of the Bonds as set forth in this Resolution may be amended prior to delivery in accordance with the provisions of the Purchase Contract, as finally approved and executed by the Treasurer on behalf of the County and the District. The Underwriter has been authorized to distribute a Preliminary and a final Official Statement of the District with respect to the Bonds, in compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission (collectively, the "Official Statement").

SECTION 7. Delivery of Bonds, Disposition of Proceeds of the Bonds; Security for the Bonds. The proper officials of the County shall cause the proper officials of the District to 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 in immediately available funds.

(a) A portion of the proceeds from the sale of the Bonds shall be deposited into one or more escrow funds (the "Escrow Fund") established pursuant to an Escrow Agreement (the "Escrow Agreement") by and between the District and an escrow agent (the "Escrow Agent"). Amounts on deposit in the Escrow Fund shall be used to pay, in whole or in part, base rental in accordance with the schedule of payments for the 1999 Certificates attached to the Escrow Agreement. The Escrow Fund, and all interest earned on the monies therein deposited, shall be held for the benefit of the owners of the 1999 Certificates until all such 1999 Certificates have been prepaid. The County shall have no obligation to ensure that the proceeds are applied in accordance with the preceding sentences.

(b) The Treasurer is hereby directed to deposit or cause to be deposited all proceeds received by the Treasurer from the sale of the Bond's (which will be net of any premium and accrued interest received by the District and other amounts paid by the initial purchaser of the Bonds, as provided in the Purchase Contract) into the fund established for the account of the District and designated as the "Bassett Unified School District General Obligation Bond Series 2005 A Building Fund" (the "Building Fund"). The Building Fund shall be administered by the County Office of Education for the account of the District and shall be kept separate and apart

from all other funds and accounts of the District and the County, including all accounts held hereunder. The District shall have sole responsibility that such proceeds be used for the purpose for which the Bonds are being issued and that such proceeds be applied to authorized purposes pursuant to Measure E.

Any amounts that remain in the Building Fund at the completion of the Projects shall be transferred to the Debt Service Fund to be used for the purposes of said fund.

(c) The accrued interest and any premium received from the sale of the Bonds (if any, after all or a portion of Underwriter's discount or costs of issuance are paid) shall be kept separate and apart in the fund established and designated as the "Bassett Unified School District General Obligation Bond Series 2005 A Debt Service Fund" (the "Debt Service Fund") for the Bonds. Interest earned on investments of monies held in the Debt Service Fund shall be retained in the Debt Service Fund and used to pay Principal and Accreted Value of, and interest and premium, if any, when due. The initial purchaser of the Bonds shall pay all or a portion of the purchase price of the Bonds constituting original issue premium to one or more recipients for costs related to the issuance of the Bonds.

(d) Any excess proceeds of the Bonds not needed for the authorized purposes set forth herein for which Bonds are being issued shall, at the direction of the District, be transferred to the Debt Service Fund and applied for the purposes of said fund. 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.

(e) Except as otherwise provided in the following paragraph, the County covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Resolution, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value.

(f) There shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem* tax annually during the period the Bonds are outstanding in an amount sufficient to pay the Principal and Accreted Value of, premium, if any, and interest on the Bonds when the same shall become due, which monies when collected will be placed in the Debt Service Fund, which fund is irrevocably pledged for the payment of the Principal and Accreted Value of, premium, if any, and interest on the Bonds. The monies in the Debt Service Fund, to the extent necessary to pay the Principal and Accreted Value of, premium, if any, and interest on the Bonds, as the same becomes due and payable, shall be transferred by the Treasurer to the Paying Agent for subsequent disbursement to the beneficial owners of the Bonds. Any monies remaining in the Debt Service Fund after the Bonds and the interest thereon have been paid at maturity, or provision for such payment has been made, shall be transferred to the general fund of the District.

SECTION 8. Redemption.

(a) The Current Interest Bonds shall be subject to redemption, at the option of the District, on the dates and terms as shall be designated in the Purchase Contract. The Purchase

Contract may provide that the Bonds shall not be subject to optional redemption. If the Bonds shall be subject to optional redemption and less than all of the Bonds are called for such redemption, such bonds shall be redeemed in inverse order of maturity (or as otherwise directed by the District) and if less than all of the Bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be determined by lot.

(b) The Capital Appreciation Bonds shall not be subject to redemption prior to maturity.

(c) Mandatory Sinking Fund Redemption. The Current Interest Bonds, if any, which are designated in accordance with the Purchase Contract as term bonds shall also be subject to redemption prior to their stated maturity dates, without a redemption premium, in part by lot, from mandatory sinking fund payments in the amounts and in accordance with the terms to be specified in the Purchase Contract. The principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Current Interest Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date. The Purchase Contract may provide that the Current Interest Bonds shall not be subject to mandatory sinking fund redemption.

(d) Notice of Redemption. Notice of redemption of Bonds will be given by the Paying Agent upon the written request of the District given at least 60 days prior to the date designated for such redemption. Notice of any redemption of Bonds will be mailed postage prepaid, not less than 30 nor more than 60 days prior to the redemption date (i) by first class mail to the respective Owners thereof at the addresses appearing on the bond registration books, (ii) by secured mail to all organizations registered with the Securities and Exchange Commission as securities depositories, (iii) to at least two information services of national recognition which disseminate redemption information with respect to municipal securities, and (iv) as may be further required in accordance with the Continuing Disclosure Certificate of the District.

Each notice of redemption will contain the following information: (i) 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, (ii) CUSIP numbers and the numbers of the Bonds to be redeemed and in the case of any Bond to be redeemed in part only, the principal amount of such bond to be redeemed, (iii) the date of redemption, (iv) the redemption price, (v) the place or places where the redemption will be made, including the name and address of the Paying Agent, and (vi) descriptive information regarding the Bonds including the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Each notice of redemption shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed, the portion of the principal amount of such Bond to be redeemed, together with the interest accrued to the redemption date, and redemption premium, if any, and that from and after such date, interest with respect thereto shall cease to accrue.

(e) Effect of Redemption. When notice of redemption has been given as described above, and when the redemption price of the Bonds called for redemption is set aside for such purpose, the Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date. The Owners of such Bonds so called for redemption after such redemption date shall look for the

payment of such Bonds and the redemption premium thereon, if any, only to the Debt Service Fund or the escrow fund established for such purpose.

Failure to receive notice of redemption or any defect in the notice given shall not affect the validity of the proceedings for the redemption of the affected Bonds or the cessation of interest on the date fixed for redemption.

(f) Partial Redemption of Bonds. Upon 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 principal amount 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 District shall be released and discharged thereupon from all liability to the extent of such payment.

(g) Redemption Fund. Prior to or on the redemption date of any Bonds there shall be available in the interest and sinking fund of the District, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the premiums payable as in this resolution provided, the Bonds designated in any notice of redemption. Such monies so set aside in any escrow fund shall be applied on or after the redemption date solely for payment of Principal and Accreted Value of, premium, if any, and interest on the Bonds to be redeemed upon presentation and surrender of such Bonds, provided that all monies in the interest and sinking fund of the District shall be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date shall be paid from the interest and sinking fund of the District, unless otherwise provided for to be paid from such escrow. If, after all of the Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the interest and sinking fund of the District or otherwise held in trust for the payment of redemption price of the Bonds, those monies shall be held in or returned or transferred to the interest and sinking fund of the District for payment of any outstanding bonds of the District payable from that fund; provided, however, that if those monies are part of the proceeds of bonds of the District, the monies shall be transferred to the Debt Service Fund. If no such bonds of the District are at such time outstanding, the monies shall be transferred to the general fund of the District as provided and permitted by law.

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

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(i) by irrevocably depositing with the Paying Agent an amount of cash which together with amounts then on deposit in the Debt Service Fund, is sufficient to pay all Bonds outstanding and designated for defeasance, including all Principal and Accreted Value of, and interest and premium, if any; or

(ii) by irrevocably depositing with the Paying Agent, noncallable United States Obligations (as defined below) together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and monies then on deposit in the Debt Service Fund together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all Principal and Accreted value thereof and interest and premiums, if any, thereon) at or before their maturity date.

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

A. Direct and general obligations of the United States of America (including state and local government series), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) 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 wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed "AAA" by Standard & Poor's or "Aaa" by Moody's Investors Service; and

B. Non-callable obligations of government sponsored agencies that are rated "AAA," by Standard & Poor's or "Aaa" by Moody's Investors Service but are not backed by the full faith and credit of the U.S. Government. These include the following: (a) Federal Home Loan Mortgage Corp. (FHLMC) Debt Obligations; (b) Farm Credit System (Formerly: Federal Land Banks, Intermediate Credit Banks, and Banks for Cooperatives) Consolidated Systemwide bonds and notes; (c) Federal Home Loan Banks (FHL Banks) Consolidated debt obligations; (d) Federal National

Mortgage Association (FNMA) Debt Obligations; and (e) Resolution Funding Corp. (REFCORP) Debt Obligations.

In the event that Bonds are being defeased pursuant to paragraph (ii) of this Section, the independent certified public accountant referred to therein and any escrow agent selected in connection with said defeasance shall both be subject to County approval.

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

SECTION 9. Form of Bond. The Bonds shall be substantially in conformity with Exhibit "B" attached hereto and incorporated herein by this reference as if set forth in full, with necessary or appropriate variations, omissions and insertions as may be permitted or required by this Resolution.

SECTION 10. Execution of Bonds. The Bonds shall be executed by the manual or facsimile signature of the Chair of the Board of Supervisors and the manual or facsimile signature of the Treasurer and Tax Collector, and countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board. The facsimile signatures of the Chair, Treasurer and the Executive Officer-Clerk of the Board of Supervisors may be printed, lithographed, engraved, or otherwise mechanically reproduced. The Paying Agent shall manually authenticate each Bond in the space provided, and no Bond shall be valid or obligatory for any purpose until so authenticated.

SECTION 11. Bond Registration; Transfers. As hereinafter provided, the Bonds shall be delivered in a form and with such terms as will permit them to be in book-entry only form, immobilized with DTC. If the book-entry only system is no longer in effect, the District will cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of certificated Bonds as provided in this Section (the "Bond Register"). While the book-entry only system is in effect, such books need not be kept, as the Bonds will be represented by one Bond for each maturity registered in the name of Cede & Co., as nominee for DTC.

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 and Accreted Value of and interest on any Bond shall be made only to or upon the order of the Owner thereof; 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 the same series of any other authorized denomination upon presentation and surrender at the principal corporate trust 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 Bond Registrar. Any Bond may, in accordance with its terms (but only if the District determines no longer to maintain the book-entry only status of the Bonds, DTC determines to discontinue providing such services and no successor securities depository is named or DTC requests the District to deliver certificated securities to particular DTC Participants) be transferred, upon the books required to be kept pursuant to the provisions of this Section, by the Owner, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

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

SECTION 12. Paying Agent.

(a) Defined. As used in this Resolution and in the Bonds, "Paying Agent" shall mean the Treasurer or any bank, trust company, national banking association or other financial institution appointed as paying agent for the Bonds in the manner provided in this County Resolution.

(b) Appointment; Payment of Fees and Expenses. This Board of Supervisors does hereby consent to the appointment of the Treasurer to act as initial authenticating agent, bond registrar, transfer agent and paying agent for the Bonds, under this Resolution. All fees and expenses of the Paying Agent shall be the sole responsibility of the District. If a Paying Agent, other than the Treasurer, is designated by the Treasurer and the District, such Paying Agent shall have a corporate trust office in Los Angeles, California.

(c) Resignation or Removal of Paying Agent. The Paying Agent initially appointed hereunder may resign from service as Paying Agent and, in the event the Treasurer selects a third party to perform the services of the initial paying agent, the Treasurer may remove such Paying Agent or any subsequent Paying Agent as provided in the respective Paying Agent's master agreement with the County. Without further action by the District, if at any time the Paying Agent shall resign or be removed, the Treasurer shall appoint a successor Paying Agent, which shall be a bank or trust company doing business in and having a corporate trust office in Los Angeles, California, with at least $100,000,000 in net assets. Any Paying Agent so appointed shall comply with its obligations as provided hereunder and as provided in the Paying Agent's agreement with the County.

(d) Registration Books. The Paying Agent will keep or cause to be kept at its principal corporate trust office sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the

Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred on the books, Bonds as provided in Section 11 hereof. The Paying Agent shall keep accurate records of all funds administered by it and of all Bonds paid and discharged by it. Such records shall be provided, upon reasonable request, to the County in a format mutually agreeable to the Paying Agent and the County.

(e) Paying Agent's Right to Hold Bonds. The Paying Agent may become the owner of any of the Bonds in its own or any other capacity with the same rights it would have if it were not Paying Agent.

(f) Liability of Paying Agent. The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the District, and the Paying Agent assumes no responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Resolution or of the Bonds, nor shall incur any responsibility in respect thereof, other than as set forth in this Resolution. The Paying Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default. The Paying Agent shall not be liable for any error of judgment made in good faith by a responsible officer in the absence of the negligence of the Paying Agent.

No provision of this Resolution shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(g) Reliance of Paying Agent. In the absence of bad faith, the Paying Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Paying Agent and conforming to the requirements of this Resolution. The Paying Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys. In the absence of bad faith, the Paying Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties.

SECTION 13. Book-Entry System. The Bonds will be issued in book-entry form by appointing DTC, 55 Water Street, 19th Floor, New York, New York 10041, to act as securities depository for the Bonds. A single certificate, representing the aggregate principal amount of each maturity of Bonds, will be executed and delivered on the day of the closing to DTC. Upon closing, the County shall notify DTC that it has accepted payment of the purchase price of the Bonds, at which time DTC (in accordance with the Letter of Representations defined below) will credit the account of the Underwriter, and process the book-entry deliveries to the accounts of the subsequent purchasers of interests in the Bonds. The Bonds will be lodged with DTC until the maturity of each Bond. On the Business Day prior to each date of maturity of a Bond, the Treasurer shall remit to the Paying Agent from the Bond Fund sufficient moneys for the Paying Agent to pay all outstanding Principal and Accreted Value of, premium, if any, and interest on such Bond, as applicable.

To induce DTC to accept the Bonds as eligible for the book-entry form of issuance, the County will comply with the procedures established by DTC.

SECTION 14. Satisfaction and Discharge. The obligations of the District hereunder and under the Bonds herein or therein made or provided for, are to be fully discharged and satisfied as to any Bond and such Bond will no longer be deemed to be outstanding and shall be deemed to have been paid for all purposes:

(a) when such Bond is canceled or surrendered for cancellation and is subject to cancellation, or has been purchased by the Paying Agent from moneys in the Bond Fund of the District; or

(b) as to any Bond not canceled, surrendered for cancellation or subject to cancellation or so purchased, when payment of the principal of and the applicable premium, if any, on any Current Interest Bond, plus interest on such principal to the due date thereof, or the accreted value on any Capital Appreciation Bond as of the due date thereof (whether such due date be by reason of maturity or by acceleration or otherwise), either (i) has been made or caused to be made in accordance with the terms hereof, or (ii) has been provided for by irrevocably depositing with the Paying Agent, in trust, and irrevocably appropriated and set aside exclusively for such payment, either (A) moneys sufficient to make such payment or (B) Government Obligations, as defined below, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, or (C) a combination of both such moneys and such Government Obligations; and all necessary and proper fees, compensation and expenses of the Paying Agent with respect to such deposit have been paid or the payment thereof has been provided for to the satisfaction of the Paying Agent. For the purposes of this Section, the term "Government Obligations" shall mean any of the following which are noncallable and which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein: (x) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), or obligations, the principal of and interest on which are unconditionally guaranteed by the United States of America; or (y) bonds, debentures or notes issued by any of the following: Banks for Cooperatives, Federal Intermediate Credit Banks, Federal Home Loan Bank System, Federal Land Banks or Federal Farm Credit Banks.

At such time as a Bond is deemed to be no longer outstanding hereunder, such Bond shall cease to accrue interest or accrete value from the due date thereof (whether such due date be by reason of maturity or acceleration as aforesaid, or otherwise), and except for any payment from such moneys or Governmental Obligations set aside as aforesaid, shall no longer be secured by or entitled to the benefits of this Resolution.

SECTION 15. Arbitrage and other Tax Matters.

(a) Private Activity Bond Limitation. The District has covenanted that it shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(b) Federal Guarantee Prohibition. The District has covenanted that it shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(c) Rebate Requirement. The District has covenanted that it shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

(d) No Arbitrage. The District has covenanted that it shall not take, or permit or suffer to be taken any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(e) Maintenance of Tax Exemption. The District has covenanted that it shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

SECTION 16. Approval of Purchase Contract. The Bonds will be sold at negotiated sale by the Treasurer pursuant to the terms and conditions set forth in the Purchase Contract (the "Purchase Contract"), substantially in the form appended hereto as Exhibit "A" and incorporated by reference herein. The form of the Purchase Contract is hereby approved and the Treasurer, or any designated deputy thereof, is hereby authorized to execute and deliver the Purchase Contract and the Superintendent or other authorized representative of the District is hereby requested to execute the Purchase Contract, with such changes therein, deletions therefrom and modifications thereto as the Treasurer, or designated deputy thereof, and the District may approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the maximum net interest cost on the Bonds shall not exceed seven percent per annum (7%) and the Underwriter's discount (without regard to an original issue discount, if any) shall equal one and ten hundredths percent (1.10%) of the aggregate principal or issue amount of Bonds sold thereunder. The Treasurer, or designated deputy thereof, is further authorized to determine the principal or issue amount of the Bonds to be specified in the Purchase Contract for sale by the County, up to an aggregate principal or issue amount of $14,000,000, to modify redemption terms and to enter into and execute the Purchase Contract, if the conditions set forth in this Resolution are met.

If, upon consultation with the authorized representative of the District, it appears in the best interests of the District to acquire municipal bond insurance to secure the Bonds, the Treasurer may so provide in the Purchase Contract.

SECTION 17. 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 (as defined below). 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.

"Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate executed by the District and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

SECTION 18. Conditions Precedent. This Board determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing of the Bonds, in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law, that the full faith, credit and revenues of the District are pledged for the timely payment of the Principal and Accreted Value of and interest on the Bonds; and that no statutory or Constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

SECTION 19. Approval of Actions. Officers of the District and County officials and staff, including the Treasurer or his designee, 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 and sale 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 20. Furnishing of Clerk Certification. The Executive Officer-Clerk of the Board is hereby authorized to furnish at least one (1) certified copy of this Resolution to Burke, Williams & Sorensen, LLP, Bond Counsel, at or prior to closing.

SECTION 21. Effective Date. This Resolution shall take effect immediately upon its adoption.

The foregoing resolution was on the ____ day of _____, 2005, adopted by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which the Board so acts.

[SEAL]

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

By: _____
Deputy

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By: _____
Deputy County Counsel

EXHIBIT "A"

$_____
BASSETT UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, ELECTION OF 2004, SERIES 2005 A

FORM OF BOND PURCHASE CONTRACT

_____, 2005

County of Los Angeles
Board of Supervisors
500 West Temple Street
Los Angeles, California 90012

Bassett Unified School District
904 North Willow Avenue
La Puente, California 91746

Ladies and Gentlemen:

The undersigned, on behalf of George K. Baum & Company (the "Underwriter"), offers to enter into this Bond Purchase Contract (the "Purchase Contract") with the County of Los Angeles, California (the "County") and the Bassett Unified School District (the "District"), which, upon acceptance hereof by the District and the County, will be binding upon the District and the Underwriter. By execution of this Purchase Contract, the County acknowledges its terms and recognizes that it will be bound by certain of the provisions hereof, and to the extent binding on the County acknowledges and agrees to such terms. This offer is made subject to the written acceptance of this Purchase Contract by the County and the District and delivery of such acceptance to us at our office prior to 11:59 p.m., California Time, on the date hereof.

Capitalized terms used herein and not defined shall have the meaning given in the County Resolution (as defined

1. **Purchase and Sale of the Bonds**. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the County for reoffering to the public, and the County hereby agrees to sell in the name and on behalf of the District to the Underwriter for such purpose, all (but not less than all) of $_____ in aggregate principal amount of the District's General Obligation Bonds, Election of 2004, Series 2005 A (the "Bonds"). The Bonds shall bear interest at the rates, and shall mature in the years shown on **Appendix A** attached hereto, which is fully incorporated into this Purchase Contract by this reference ("**Appendix A**"). The Bonds will be issued as Current Interest Bonds in the aggregate principal amount of $_____ and Capital Appreciation Bonds in the aggregate denominational amount of $_____.

The Underwriter shall purchase the Bonds at a price of $_____, consisting of the aggregate principal amount of the Bonds, plus an original issue premium of $_____, less an Underwriter's discount of $_____, and less the combined insurance premium and other costs of issuance in the amount of $_____, which will be wired and paid directly by the Underwriter to the Bond Insurer (as defined in the Resolutions defined below) and for costs of issuance, as provided in Section 15 below.

2. **The Bonds**. The Current Interest Bonds shall be dated the date of their delivery and shall otherwise be as described in **Appendix A**. The Bonds shall be issued and secured pursuant to, the provisions of the Resolution of the Board of Education of the District adopted on January 20, 2005 authorizing the issuance of not to exceed $14,000,000 of general Obligation bonds of the District (the "District Resolution"), the Resolution of the Board of Supervisors of the County adopted on _____, 2005 authorizing the levy and directing the imposition of *ad valorem* taxes to secure the Bonds (the "County Resolution" and, collectively with the District Resolution, the "Resolutions"), and pursuant to the provisions of Chapter 1.5 of Part 10 of Division 1 of Title I of the *Education Code of the State of California*, as amended, and other applicable law (the "Act").

Each Current Interest Bond shall bear interest at interest rates set forth by the purchaser (provided that the maximum interest rate shall not exceed seven percent per annum (7%)), first payable on August 1, 2005, and thereafter on February 1 and August 1 in each year, computed on the basis of a 360-day year of twelve (12) 30-day months. Each Current Interest Bond shall bear interest from the interest payment date next preceding the date of authentication thereof, unless it is authenticated as of a day during the period after the Record Date (as defined in the County Resolution) immediately preceding any interest payment date to and including such interest payment date, in which event it shall bear interest from such interest payment date, or unless it is authenticated on or before the Record Date preceding the first interest payment date, in which event it shall bear interest from its date; provided, that if, at the time of authentication of any Current Interest Bond, interest is in default on any outstanding Current Interest Bonds, such Current Interest Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on the outstanding Current Interest Bonds.

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

3. **Redemption**.

a. *Optional Redemption*. The Capital Appreciation Bonds are not subject to optional redemption prior to maturity.

The Current Interest Bonds maturing on or before August 1, _____ are not subject to optional redemption prior to their maturity dates. The Current Interest Bonds maturing on or after August 1, _____ are subject to redemption at the option of the District, as a whole or in part by inverse order of maturity and by lot within each maturity, from any source of available funds,

on August 1, _____ or on any date thereafter at the following prices, expressed as a percentage of the principal amount to be redeemed, plus accrued interest thereon to the redemption date:

Redemption Date	Redemption Price
August 1, 20__ to July 31, 20__	101%
August 1, 20__ and thereafter	100

b. *Mandatory Sinking Fund Redemption.* The Capital Appreciation Bonds are not subject to mandatory sinking fund redemption.

The Current Interest Term Bonds maturing on August 1, 20__ are also subject to mandatory sinking fund redemption at a redemption price equal to the principal amount to be redeemed together with accrued interest thereon to the redemption date, without premium, in part, by lot, in the amounts and at the times set forth below:

Mandatory Redemption Date	Mandatory Sinking Fund Payment

c. *Selection of Bonds for Redemption.* Whenever less than all of the outstanding Bonds are to be redeemed, the Paying Agent shall select the Bonds to be redeemed in inverse order of maturity (or as otherwise directed by the District) and within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that 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. The Paying Agent shall promptly notify the District of the Bonds so selected for redemption on such date.

d. *Notice of Redemption.* Notice of redemption of Bonds will be given by the Paying Agent as provided in the County Resolution.

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

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 price or yields set forth in **Appendix A**. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering price or yield as it deems necessary in connection with the marketing of the Bonds.

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

_____, 2005 (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, Underwriter's discount, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule").

The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

7. **Closing**. At 8:00 a.m., California Time, on _____, 2005, 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"), the District will deliver to the Underwriter, at the offices of The Depository Trust Company ("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 in Los Angeles, California, the other documents hereinafter mentioned, and the Underwriter will accept such delivery and pay the purchase price thereof, of $_____, in immediately available funds by check, draft or wire transfer to or upon the order of the District.

8. **Representations, Warranties and Agreements of the District**. The District hereby represents, warrants and agrees with the Underwriter as follows:

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

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

c. *Consents*. Except as such as have been obtained, no consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court

or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby. The District gives no representation or warranty with regard to compliance with Blue Sky or similar securities requirements.

d. *No Conflicts*. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Contract, the District Resolution and the Bonds, and the compliance with the provisions hereof, do not conflict with or constitute on the part of the District a violation of or material 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 material 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 or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or of the title 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 of and interest on the Bonds, or the pledge thereof, or the levy of any taxes contemplated by the Resolutions or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract or the Resolutions or contesting the powers of the District or the Resolutions or this Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Purchase Contract or the Resolutions, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

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

g. *Reliance on Tax Certificate*. The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose tax and or arbitrage certificates may not be relied upon.

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

i. *Continuing Disclosure Actions*. To assist the Underwriter in complying with Rule 15c2-12(b)(5), the District will undertake, pursuant to the District Resolution and a Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking will be set forth in the Official Statement.

j. *Preparation of Official Statement*. The preparation and distribution of the Official Statement pertaining to the Bonds has been duly authorized by the District, and the information contained therein (excluding the statements and information in "Appendix B- BOOK - ENTRY ONLY SYSTEM," any information relating to the Bond Insurers or the Insurance Policies and any information provided by the Underwriters for inclusion in the Official Statement) is true and correct in all material respects and such information does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

k. *No Untrue Statements*. The District agrees that if at any time before the date of the Closing any event occurs as a result of which the Official Statement as then in effect would include any untrue statement of a material fact or omit to state any fact necessary to make the statements made therein not misleading in any material respect, the District shall promptly prepare an amendment or supplement that will correct such statement or omission. The District will advise the Underwriter promptly of any proposal to so amend or supplement the Official Statement and will effect such amendment or supplement in a form and manner approved by the Underwriter.

9. **Representations, Warranties and Agreements of the County**.

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

b. *Due Authorization*. (i) At or prior to the Closing, the County will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the County has full legal right, power and authority to enter into this Purchase Contract, to adopt the County Resolution, to issue and deliver the Bonds to the Underwriter on behalf of the District and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract and the Resolutions; (iii) the execution and delivery or adoption of, and the performance by the County of the obligations contained in the Bonds, the County Resolution and this Purchase Contract have been duly authorized and such authorization shall be in full force and effect at the time of the closing; (iv) assuming due authorization, execution and delivery by the other parties thereto 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. *Consents*. Except for such as have been obtained, no consent, approval, authorization, order, filing, registration, qualification, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby.

The County gives no representation or warranty with regard to compliance with Blue Sky or similar securities requirements.

d. *No Conflicts*. To the best knowledge of the County, the issuance of the Bonds, the execution, delivery and performance of this Purchase Contract, the County Resolution and the Bonds, and the compliance with the provisions hereof, do not conflict with or constitute on the part of the County a violation of or material 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 material default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party or by which it is bound or to which it is subject.

e. *Litigation*. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the County, threatened against the County: (i) in any way affecting the existence of the County or in any way challenging the respective powers of the several offices or of the titles of the officials of the County to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the pledge thereof, or the levy of any taxes contemplated by the Resolutions, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract or the County Resolution or contesting the powers of the County or their authority with respect to the Bonds, the County Resolution or this Purchase Contract.

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

g. *Certificates*. Except as specifically provided, 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. **Representations, Warranties and Agreements of the Underwriter**. The Underwriter represents, warrants to and agrees with the District and the County that, as of the date hereof and as of the Date of the Closing:

a. The execution and delivery hereof and the consummation of the transactions contemplated hereto does not and will not violate any of the prohibitions set forth in Rule G-37 promulgated by the Municipal Securities Rulemaking Board (the "MSRB");

b. All reports required to be submitted to the MSRB pursuant to Rule G-37 have been and will be submitted to the MSRB;

c. The Underwriter has not paid or agreed to pay, nor will it pay or agree to pay, any entity, company, firm, or person (including, but not limited to the Issuer's Municipal Financing Consultant, or any officer, agent or employee thereof), other than a bona fide officer, agent or

employee working for Underwriter, any compensation, fee, gift or other consideration contingent upon or resulting from the award of or entering into this Purchase Contract; and

d. The Underwriter agrees to provide to the District and to the County written notice of the commencement of the period specified in Section 18 hereof.

11. **Covenants of the County and the District**. The County and the District respectively covenant and agree with the Underwriter that:

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

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

c. *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 ninety (90) days following the Closing;

d. *Amendments to Official Statement*. For a period of ninety (90) days after the end of the Underwriting Period (as determined in accordance with Section 18, hereof), the District will not adopt any amendment of or supplement to the Official Statement to which, 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 make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser, the Underwriter 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 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 necessary in order to make the statements therein, in the

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

e. *Supplement or Amendment of Official Statement.* If between the date of this Purchase Contract and that date which is 25 days after the end of the Underwriting Period (as determined in accordance with Section 18 hereof) any event known to the District shall occur affecting the District which might adversely affect the marketability of the Bonds or the market prices thereof, or cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer shall notify the Underwriter thereof, and if in the reasonable opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will assist in supplementing or amending the Official Statement in a form and in a manner approved by the Underwriter; and

f. *Application of Proceeds.* The District will apply the proceeds from the sale of the Bonds for the purposes specified in the District Resolution.

12. **Division of Responsibility Between the County and the District**. It is specifically acknowledged and agreed by and between the District and the County that the County shall have no responsibility or liability to ensure or provide compliance with those provisions of this Purchase Contract which are to be performed solely by the District.

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

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

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

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

d. *Marketability*. The market price or marketability or the ability of the Underwriter to enforce contracts for the sale of the Bonds, at the initial offering prices set forth in the Official Statement, shall not have been materially adversely affected by reason of any of the following:

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

(i) by or on behalf of the United States Treasury Department or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds; or

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

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

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

(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;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the

Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

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

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

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

(1) An approving opinion of Bond Counsel dated the date of the Closing, addressed to the County and the District and substantially in the form attached to the Official Statement;

(2) A reliance letter from Bond Counsel to the effect that the Underwriter may rely upon the approving opinion described above, together with a supplemental opinion in a form acceptable to the Underwriter, dated the date of the Closing and addressed to the Underwriter, to the effect that:

(i) this Purchase Contract has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the Underwriters, constitutes a valid and binding agreement of the District, enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, moratorium or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against school districts in the State of California and except that no opinion is expressed with respect to any indemnification or contribution provisions obtained in this Purchase Contract;

(ii) the statements contained in the Official Statement in the sections entitled "The Bonds," (excluding the section entitled " - Application and Investment of Bond Proceeds") and "Tax Matters" insofar as such statements purport to expressly summarize certain provisions of the District Resolution, the Bonds and the tax matters relating to the Bonds, including the exclusion of interest on the Bonds from gross income for federal income tax purposes and the exemption of such interest from State of California personal income taxes, are accurate in all material respects; and

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

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

(4) A Continuing Disclosure Certificate signed by an authorized officer of the District, in form and substance satisfactory to the Underwriter;

(5) A non-arbitrage certificate of the District in form satisfactory to Bond Counsel;

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

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

(ii) 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;

(7) An opinion of District Counsel in the form attached as **Appendix B**;

(8) 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, (iv) the Bonds being delivered on the date of Closing to the Underwriter under this Purchase Contract substantially conform to the descriptions thereof contained in the County Resolution;

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

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

(ii) the County Resolution was duly adopted;

(10) An opinion of Counsel to the County in the form attached hereto as **Appendix C**;

(11) A certificate of the Paying Agent dated the date of the Closing, signed by a duly authorized officer of the Paying Agent, and in form and substance satisfactory to the Underwriter, to the effect that:

(i) to the best of such officer's knowledge, the representations and agreements of the Paying Agent in the Paying Agent Agreement are true and correct in all material respects as of the date of the Closing; and

(ii) to the best of such officer's knowledge, no litigation is pending or threatened (either in state or federal courts) (A) seeking to restrain or enjoin the delivery by the Paying Agent of any of the Bonds, or (B) in any way contesting or affecting any authority of the Paying Agent for the delivery of the Bonds or the validity or enforceability of the Bonds or the Paying Agent Agreement;

(12) A certificate of the Escrow Agent dated the date of the Closing, signed by a duly authorized officer of such Escrow Agent, and in form and substance satisfactory to the Underwriter, to the effect that:

(i) to the best of such officer's knowledge, the representations and agreements of the Escrow Agent in the Escrow Agreement are true and correct in all material respects as of the date of the Closing;

(ii) the Escrow Agreement has been duly authorized, executed and delivered and, assuming due execution by the other parties thereto, is enforceable against such Escrow Agent in accordance with its terms; and

(iii) to the best of such officer's knowledge, no litigation is pending or threatened (either in state or federal courts) in any way contesting or affecting any authority of the Escrow Agent for or in connection with its performance of the Escrow Agreement.

(13) Evidence satisfactory to the Underwriter that the underlying ratings on the Bonds are "_____" by Standard & Poor's Ratings Services, "_____" by Moody's Investor Service and "_____" by Fitch Ratings (or such other ratings as such rating agencies may assign so long as such ratings are in the investment grade category of such rating agency) and that such ratings have not been revoked or downgraded;

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

(15) Copies of the insurance policy, if any;

(16) A certificate of the bond insurer in form and substance satisfactory to Bond Counsel and counsel for the Underwriter;

(17) An opinion of legal counsel for the bond insurer addressed to the District and the Underwriter in form and substance satisfactory to Bond Counsel and counsel to the Underwriter;

(18) An opinion of Bond Counsel, dated the date of the Closing, with respect to the 1999 Certificates and addressed to the paying agent for such certificates to the effect that such 1999 Certificates have been prepaid;

(19) A verification report of Causey, Demgen & Moore, Inc., or other verification agent acceptable to the County, the District and the Underwriter, stating that the amounts uninvested and investments placed in escrow under the Escrow Agreement are sufficient, as of the date of the Closing, to pay principal and interest on the 1999 Certificates as it becomes due and to prepay, on the date established for prepayment, the 1999 Certificates scheduled for prepayment; and

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

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

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

15. **Expenses**. The Underwriter shall pay certain expenses from the premium, including, but not limited to the following (i) the costs of the preparation and reproduction of the Resolutions; (ii) the fees of Bond Counsel; (iii) the cost of preparation, printing and delivery of the Bonds; (v) the fees, if any, for Bond ratings, including all necessary travel expenses; (vi) the cost of the printing and distribution of the Official Statement; (vii) the initial fees of the Paying Agent; (viii) the cost of municipal bond insurance on the Bonds; and (ix) all other fees and expenses incident to the issuance and sale of the Bonds. If the aggregate amount of the foregoing expenses to be paid by the Underwriter shall not exceed $_____, then the remaining amount of the original issue premium shall be paid by the Underwriter to the District for deposit into the District's Debt Service Fund.

The Underwriter shall pay, and the District has no obligation to pay, all expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, including, but not limited to (i) all advertising expenses in connection with the offering of the Bonds; (ii) the fees and disbursements of Underwriter's Counsel; (iii) all out-of-pocket disbursements and expenses incurred by the Underwriter in connection with the offering and distribution of the Bonds, except as provided in the preceding paragraph or as otherwise agreed to by the Underwriter and the District; (iv) the fees of the California Debt and Investment Advisory Commission.

16. **Notices**. Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the County, to the Treasurer and Tax Collector of the County of Los Angeles, 500 West Temple Street, Room 437, Los Angeles, California 90012; if to the District, to the Superintendent (or Superintendent's designee), Bassett Unified School District, 904 North Willow Avenue, La Puente, California 91746 or if to the Underwriter, to George K. Baum & Company, 660 J Street, Suite 460, Sacramento, California 95814.

17. **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 County, the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties and agreements of the County and the District in this Purchase Contract shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Bonds hereunder, and (c) any termination of this Purchase Contract.

18. **Determination of End of the Underwriting Period**. For purposes of this Purchase Contract, the "end of the underwriting period" for the Bonds shall mean the earlier of (a) the day of the Closing unless the District and the County have been notified in writing by the Underwriter, on or prior to the day of the Closing, that the "end of the underwriting period" for the Bonds for all purposes of Rule 15c2-12 of the Securities and Exchange Act of 1934 (the "Rule") will not occur on the day of the Closing, or (b) the date on which notice is given to the District and the County pursuant to clause (a) above that the "end of the underwriting period" for the Bonds will not occur on the day of the Closing, the Underwriter agrees to notify the District

and the County in writing as soon as practicable following the "end of the underwriting period" for the Bonds for all purposes of the Rule.

19. **Severability**. In the event any provision of this Purchase Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable and other provision hereof.

20. **Nonassignment**. Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder. without the prior written consent of the other parties hereto.

21. **Entire Agreement**. This Purchase Contract, when executed by the parties hereto, shall constitute the entire agreement of the parties hereto) including their permitted successors and assigns, respectively).

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

23. **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,

GEORGE K. BAUM & COMPANY

By: _____
Authorized Officer

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

COUNTY OF LOS ANGELES

By: _____
Treasurer and Tax Collector

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.
County Counsel

By: _____
Deputy County Counsel

BASSETT UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

Maturity Schedule

Current Interest Bonds

Maturity Date	Principal Amount	Coupon	Rate Price
August 1, 2005			
August 1, 2006			
August 1, 2007			
August 1, 2008			
August 1, 2009			
August 1, 2010			
August 1, 2011			
August 1, 2012			
August 1, 2013			
August 1, 2014			
August 1, 2015			
August 1, 2018 (term)			

Capital Appreciation Bonds

Maturity Date	Principal Amount	Approximate Reoffering Yield To Maturity	Maturity Value

APPENDIX B

DISTRICT COUNSEL OPINION

$_____
BASSETT UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, ELECTION OF 2004, SERIES 2005 A

(Introduction)

1. The District is a school district duly organized and validly existing and in good standing under the Constitution and the laws of the State of California.

2. The District has duly adopted a resolution authorizing the issuance of the Bonds (the "District Resolution"). The District Resolution remains in full force and effect and has not been amended, modified or rescinded.

3. The obligations of the District under the Bonds, and the approval of the Official Statement and compliance with the provisions of the District Resolution and this Purchase Contract, under the circumstances contemplated thereby, do not and will not in any material respect conflict with any existing law or regulation to which the District is subject.

4. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending (in which service of process has been completed against the District) or threatened against the District seeking to restrain or enjoin the levy or collection of tax revenues pledged for the Bonds, the execution and delivery of the Bonds or any bond-related document, including but not limited to the Escrow Agreement, or contesting the validity of the District Resolution or the Bonds or the transactions described in and contemplated by the Official Statement. In addition, there is no breach or default under any other instruments or obligation of the District which is caused by the issuance of the Bonds or the entering into the Purchase Contract, the Escrow Agreement or the Continuing Disclosure Certificate.

Very truly yours,

APPENDIX C

OPINION OF COUNTY COUNSEL

$_____
BASSETT UNIFIED SCHOOL DISTRICT
LOS ANGELES COUNTY, CALIFORNIA
GENERAL OBLIGATION BONDS, ELECTION OF 2004, SERIES 2005 A

Ladies and Gentlemen:

This opinion is rendered as counsel to the County of Los Angeles (the "County") delivered in connection with the issuance by the Board of Supervisors of the County on behalf of the Bassett Unified School District (the "District") of $_____ aggregate principal amount of bonds designated "Bassett Unified School District General Obligations Refunding Bonds, Election of 2004, Series 2005 A" (the "Bonds").

In rendering this opinion, we have examined the resolution of the Board of Supervisors of the County adopted on _____, 2005 (the "County Resolution"), and the resolution of the District adopted by the Board of Education of the District on _____, 2005. In addition, we have examined such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

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

2. The County Resolution was duly adopted at meetings of the governing body of the County which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption.

3. To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending (in which service of process has been completed against the County) or threatened against the County, seeking to restrain or enjoin the levy or collection of tax revenues pledged for the Bonds or in any way contesting the validity of the County Resolution or the Bonds or the transactions described or contemplated therein or challenging the respective powers of the several offices or of the title of the officials of the County to such offices to enter into or perform obligations thereunder.

4. To the best of our knowledge, the obligations of the County under the County Resolution and the Bonds, and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument to which the County is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the County is subject.

With respect to the opinions we have expressed, the rights and obligations under the County Resolution or the Bonds and the enforceability thereof may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights in general, and by the application of equitable principles if equitable remedies are sought. We express no opinion as to the availability of equitable remedies.

Very truly yours,

Raymond G. Fortner, Jr
County Counsel

By: _____

EXHIBIT "B"

FORM OF CURRENT INTEREST BOND

REGISTERED NO. **REGISTERED $**

BASSETT UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
GENERAL OBLIGATION BOND, ELECTION OF 2004, SERIES 2005 A

INTEREST RATE:	**MATURITY DATE:**	**DATED AS OF:**	**CUSIP:**
_____	_____	_____, 2005	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

Bassett Unified School District, County of Los Angeles, State of California (herein called the "District"), acknowledges itself indebted to and promises to pay to the registered owner identified above or registered assigns, on the maturity date set forth above or upon prior redemption hereof, the principal sum specified above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this bond (unless this bond is authenticated as of a date during the period from the Record Date (as defined herein) next preceding any interest payment date to such interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless this bond is authenticated on or before July 15, 2005, in which event it shall bear interest from the date hereof) at the interest rate per annum stated above, payable commencing on August 1, 2005, and thereafter on February 1 and August 1 in each year, until payment of the principal sum hereof.

The principal hereof is payable to the registered owner hereof upon the surrender hereof at the principal corporate trust office (as defined in the Resolution) of U.S. Bank National Association, the paying agent/registrar and transfer agent of the District (herein called the "Paying Agent"). The interest hereon is payable to the person whose name appears on the bond registration books of the Paying Agent as the registered owner hereof as of the close of business on the 15th day of the month preceding an interest payment date (the "Record Date"), whether or not such day is a business day, such interest to be paid by check or draft mailed to such registered owner at the owner's address as it appears on such registration books, or at such other address filed with the Paying Agent for that purpose. Upon written request, given no later than the Record Date immediately preceding an interest payment date, of the owner of Bonds (hereinafter defined) aggregating at least $1,000,000 in principal amount, interest will be paid in immediately available funds (e.g., by wire transfer) to an account maintained in the United States as specified by the owner in such request. So long as Cede & Co. or its registered assigns shall be the registered owner of this bond, payment shall be made in immediately available funds as provided in the Resolution hereinafter described.

This bond is one of a duly authorized issue of bonds of like tenor amounting in the aggregate to $_____, and designated as "Bassett Unified School District General Obligation Bonds, Election of 2004, Series 2005 A" (the "Bonds"). The Bonds were authorized by a vote of at least 55% of the voters voting at an election duly and legally called, held and conducted in the District on November 2, 2004, for the purpose of refunding certain outstanding debt of the District. The Bonds are issued and sold by the Board of Supervisors of the County of Los Angeles, State of California, pursuant to and in strict conformity with the provisions of the Constitution and laws of the State, and of a resolution (herein called the "County Resolution") adopted by the Board of Supervisors on _____, 2005, and a Bond Purchase Contract relating to the offer and purchase of the Bonds.

This bond and the issue of which this bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount. The Bonds of this issue are general obligations of the District and do not constitute an obligation of the County. No part of any fund of the County is pledged or obligated to the payment of the bonds of this issue.

The Bonds are issuable as fully registered bonds without coupons in the denomination of $5,000 principal amount or any integral multiple thereof, provided that no Bond shall have principal maturing on more than one principal maturity date. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the County Resolution, Bonds may be exchanged for a like aggregate principal amount of Bonds of the same series, interest payment mode, and maturity of other authorized denominations at the principal corporate trust office of the Paying Agent, by the Registered Owner or by a person legally empowered to do so, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent. Any tax or governmental charges shall be paid by the transferor. The District, the County and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary.

Neither the District, the County nor the Paying Agent will be required to issue or transfer any bond during a period beginning with the opening of business on the 15th day of the month next preceding any Bond Payment Date or 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 of this issue are comprised of $_____ principal amount of Current Interest Bonds, of which this bond is a part and Capital Appreciation Bonds, of which $_____ represents the Denominational Amount and $_____ represents the Maturity Value.

The Current Interest Bonds maturing on or before August 1, _____ are not subject to optional redemption prior to their maturity dates. The Current Interest Bonds maturing on or after August 1, _____ are subject to redemption at the option of the District, as a whole or in part

by inverse order of maturity (or as otherwise directed by the District) and by lot within each maturity, from any source of available funds, on August 1, _____ or on any date thereafter at the following prices, expressed as a percentage of the principal amount to be redeemed, plus accrued interest represented thereby to the redemption date:

Redemption Date	Redemption Price
August 1, 20__ to July 31, 20__	101%
August 1, 20__ and thereafter	100

[THE FOLLOWING TO APPEAR ON THE FACE OF TERM BONDS, IF ANY:]

The Current Interest Term Bonds maturing on August 1, 20__ are also subject to mandatory sinking fund redemption at a redemption price equal to the principal amount to be redeemed together with accrued interest thereon to the redemption date, without premium, in part, by lot, in the amounts and at the times set forth below.

Redemption Year	Principal Amount

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot by the District in such manner as the District in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of $5,000 or some multiple thereof and that, in selecting Bonds for redemption, the Paying Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by $5,000. If less than all of the Bonds shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be called by lot in any manner which the District in its discretion shall determine.

The Paying Agent shall give notice of the redemption of the Bonds at the expense of the District. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers, if any, of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the issue of Bonds and the specific bonds redeemed, including the dated date, interest rate and stated maturity date of each. Such notice shall further state that on the specified date there shall become due and payable upon each bond to be redeemed, together with interest accrued to said date, the redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue.

Notice of redemption shall be registered or otherwise secured mail or delivery service, postage prepaid, to the registered owner of the Bonds, or if the original purchaser is a syndicate, to the managing member of such syndicate, to a municipal registered securities depository and to

a national information service that disseminates securities redemption notices and. by first class mail, postage prepaid, to the District, the County and the respective owners of any registered Bonds designated for redemption at their addresses appearing on the Bond registration books, in every case at least 30 days, but not more than 60 days, prior to the redemption date; provided that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds, nor entitle the owner thereof to interest beyond the date given for redemption.

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

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

This bond shall not be valid or obligatory for any purpose and shall not be entitled to any security or benefit under the County 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 County Treasurer and Tax Collector, and to be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

[SEAL}

LOS ANGELES COUNTY, CALIFORNIA

By_____(SPECIMEN)_____
Chair, Board of Supervisors

By_____(SPECIMEN)_____
Treasurer and Tax Collector

COUNTERSIGNED:

By _____(SPECIMEN)_____
Executive Officer-Clerk, Board of Supervisors

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the County Resolution referred to herein.

Date of Registration and Authentication:

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

By: U.S. Bank National Association, as
Paying Agent

_____
Authorized Signatory

DTC LEGEND

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

(FORM OF ASSIGNMENT)

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

_____

I.D. Number

_____

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

Dated: _____

Signature Guarantee:_____

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

FORM OF CAPITAL APPRECIATION BOND

REGISTERED NO. **REGISTERED $ (MATURITY VALUE)**

BASSETT UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
GENERAL OBLIGATION BONDS, ELECTION OF 2004, SERIES 2005 A

YIELD TO MATURITY:	MATURITY DATE:	DATE OF ISSUANCE:	CUSIP:
_____	_____	_____, 2005	_____

REGISTERED OWNER: CEDE & CO.

DENOMINATIONAL AMOUNT:

MATURITY VALUE:

The BASSETT UNIFIED SCHOOL DISTRICT (the "District") in Los Angeles County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Maturity Value on the Maturity Date, each as stated above, which Maturity Value is comprised of the Denominational Amount specified above plus interest compounded from the Date of Issuance at the Yield to Maturity specified above, assuming that the sum of such compounded interest and the Denominational Amount hereof increases in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months (interest, together with the Denominational Amount hereof, being herein called the "Accreted Value").

Accreted Value is payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond is registered (the "Registered Owner") on the Register maintained by the Paying Agent, initially the Treasurer and Tax Collector of the County of Los Angeles. Accreted Value is payable upon presentation and surrender of this bond at the principal office of the Paying Agent in Los Angeles, California.

This bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying series, numbers, denominations, interest rates, interest payment modes, maturities and redemption provisions), amounting in the aggregate to $_____, and designated as "Bassett Unified School District General Obligation Bonds, Election of 2004, Series 2005 A" (the "Bonds"). The Bonds were authorized by a vote of at least 55% of the voters voting at an election duly and legally called, held and conducted in the District on November 2, 2004, for the purpose of refunding certain outstanding debt of the District, and to pay for new construction, acquisition, rehabilitation, refinancing and upgrading of new and existing facilities and equipment. The Bonds are issued and sold by the Board of Supervisors of the County of Los Angeles, State of California, pursuant to and in strict

conformity with the provisions of the Constitution and laws of the State, and of a resolution (herein called the "County Resolution") adopted by the Board of Supervisors on _____, 2005, and a Bond Purchase Contract relating to the offer and purchase of the Bonds.

This bond and the issue of which this bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount. The Bonds of this issue are general obligations of the District and do not constitute an obligation of the County. No part of any fund of the County is pledged or obligated to the payment of the bonds of this issue.

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

The bonds of this issue are issuable only as fully registered bonds in the denominations of $5,000 Maturity Value or any integral multiple thereof. This bond is exchangeable and transferable for bonds of other authorized denominations at the principal corporate trust office of the Paying Agent, by the Registered Owner or by a person legally empowered to do so, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the County Resolution. Any tax or governmental charges shall be paid by the transferor. The District, the County and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary.

Neither the District, the County nor the Paying Agent will be required (a) to issue or transfer any Bond during a period beginning with the opening of business on the 15th day of the month 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 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 are not subject to redemption prior to maturity.

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

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the bonds in order to make them legal, valid and binding general obligations

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

This bond shall not be valid or obligatory for any purpose and shall not be entitled to any security or benefit under the County 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 County Treasurer and Tax Collector, and to be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

[SEAL]

LOS ANGELES COUNTY, CALIFORNIA

By _____(SPECIMEN)_____
Chair, Board of Supervisors

By_____(SPECIMEN_____
Treasurer and Tax Collector

COUNTERSIGNED:

By _____(SPECIMEN)_____
Executive Officer-Clerk, Board of Supervisors

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the County Resolution referred to herein.

Date of Registration and Authentication:

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

By: U.S. Bank National Association, as
Paying Agent

_____
Authorized Signatory

DTC LEGEND

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

(FORM OF ASSIGNMENT)

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

_____

I.D. Number

_____

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

Dated: _____

Signature Guarantee:_____

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

BASSETT UNIFIED SCHOOL DISTRICT
904 N. Willow Avenue
La Puente, CA 91746
(626) 931-3000

Students First!"

AGENDA ITEM CERTIFICATION
for the
Regular Board Meeting of January 20, 2005

X. BUSINESS AND FINANCE

239. 13. Approve Resolution #15-05 prescribing the terms of sale of bonds of the District, requesting the Board of Supervisors of the County of Los Angeles to issue and sell said bonds in an amount not to exceed $14,000,000 by negotiated sale pursuant to a purchase contract.

Action:	Carried				Motion:	Robert Fuentes
Vote:	5	Ayes	0	Noes	Second:	Rosaura Alvarado

This is an official certification of the above item being Board approved by the Board of Education of the Bassett Unified School District at its Regular Board Meeting of January 20, 2005.

Robert Fuentes
Board Clerk

BASSETT UNIFIED SCHOOL DISTRICT
COUNTY OF LOS ANGELES, STATE OF CALIFORNIA

RESOLUTION NO. #15-05

RESOLUTION PRESCRIBING THE TERMS OF SALE OF GENERAL OBLIGATION BONDS OF THE BASSETT UNIFIED SCHOOL DISTRICT, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES TO ISSUE AND SELL SAID BONDS IN AN AMOUNT NOT TO EXCEED $14,000,000 BY NEGOTIATED SALE PURSUANT TO A BOND PURCHASE CONTRACT, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF SAID BOND PURCHASE CONTRACT, APPROVING THE FORM AND AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT FOR SAID BONDS AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND CERTIFICATES RELATED TO SAID BONDS.

WHEREAS, an election was duly called and regularly held in the Bassett Unified School District, County of Los Angeles, California (the "District"), on November 2, 2004, in accordance with Section 1(b)(3) of Article XIIIA of the California Constitution at which the following proposition ("Measure E") was submitted to the electors of the District:

> "To improve student safety, repair and upgrade every neighborhood school in the Bassett Unified School District by: fixing leaky roofs; upgrading outdated plumbing/sewer systems, installing fire safety equipment, upgrading heating/ventilation systems and electrical wiring for technology; acquire school facilities the District is currently leasing; repairing/constructing/equipping classrooms, libraries and facilities, shall the Bassett Unified School District issue $23,000,000 in bonds at legal rates, with guaranteed annual independent financial audits, citizen's oversight, and no money for administrators' salaries?"

; and

WHEREAS, it has been certified that at least 55% of the votes cast on said proposition were in favor of issuing said bonds (the "Authorization"); and

WHEREAS, the District is authorized to cause the issuance of the Bonds under Chapter 1.5 of Part 10, Division 1, Title 1 of the Education Code of the State of California (the "Bond Law"), commencing with Section 15264 of the *California Education Code* (the "Education Code"), which requires that general obligation bonds of the District be offered for sale by the Board of Supervisors of the County of Los Angeles as soon as possible following receipt of a resolution adopted by the Board of Education (the "Board") of the District; and

WHEREAS, Section 15266(b) of the Education Code provides that, where not inconsistent, the provisions of Chapter 1, commencing with Section 15100, of the Education Code shall apply to the Bond Law; and

WHEREAS, no portion of the authorized bonds have heretofore been issued and sold; and

WHEREAS, this Board of Education deems it necessary and desirable that the Board of Supervisors of the County of Los Angeles (the "County") shall authorize and consummate the sale of a portion of the bonds authorized pursuant to the Authorization in one series designated the "Bassett Unified School District General Obligation Bonds, Election of 2004, Series 2005 A" in an aggregate principal amount not exceeding $14,000,000, which may consist of current interest bonds and capital appreciation bonds, according to the terms and in the manner hereinafter set forth; and

WHEREAS, this Board of Education further deems it necessary and desirable to authorize the sale of the Bonds by a negotiated sale pursuant to a Purchase Contract (as defined below) between the District and George K. Baum & Company, as the Underwriter therein; and

WHEREAS, the proceeds of the sale of the Bonds shall be applied to: (i) prepay the base rental with respect to certain outstanding Refunding Certificates of Participation, 1999 Series A of the District (the "1999 Certificates"), which were delivered (pursuant to the provisions of a Trust Agreement dated as of February 1, 1999 by and among the District, the Bassett Unified School District Leasing Corporation (the "Corporation") and U.S. Bank Trust National Association, as Trustee thereunder, and pursuant to the provisions of a Lease Agreement dated as of February 1, 1999 between the District and the Corporation) to prepay the District's obligations under a Lease Agreement, dated as of May 1, 1997 between the District and the Corporation, concerning the District's Variable Rate Demand Certificates of Participation (1997 Capital Improvement Project); (ii) finance the construction, acquisition, equipping, repair, rehabilitation and upgrading of school facilities; and (iii) pay all necessary legal, financial and contingent costs in connection therewith; and

WHEREAS, all acts, conditions and things required by law to have been done or performed to date in the issuance of the Bonds have been done and performed in strict conformity with the laws authorizing the issuance thereof, and the indebtedness of the District herein proposed is within all limits prescribed by law.

NOW, THEREFORE, THE BOARD OF EDUCATION OF BASSETT UNIFIED SCHOOL DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER, AS FOLLOWS:

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

Section 2. Request for Sale of Bonds. The Board of Supervisors (the "Board of Supervisors") of the County is hereby requested to cause to be issued, sold and delivered on behalf of the District, under the Bond Law and by negotiated sale, not to exceed $14,000,000 aggregate principal amount of general obligation bonds of the District and to designate said bonds to be sold as the "Bassett Unified School District General Obligation Bonds, Election of

2004, Series 2005 A" (the "Bonds") for the purpose of refinancing the 1999 Certificates and raising money to finance certain projects authorized pursuant to Measure E. The Bonds shall be issued upon the terms and conditions hereinafter provided, and subject to any provisions of a Resolution of the Board of Supervisors of the County entitled "Authorizing the Issuance and Sale of Bonds on Behalf of the Bassett Unified School District in an Aggregate Principal Amount not to Exceed $14,000,000 by a Negotiated Sale" to be hereafter adopted in connection with the Bonds (the "County Resolution").

Section 3. Terms of Bonds.

(a) Date of Bonds. The Bonds shall be dated Date of Delivery, or such other date as shall be set forth in the Bond Purchase Contract described in Section 5 hereof (the "Purchase Contract").

(b) Maturity. The Bonds shall mature on the dates, in each of the years, in the principal amounts or accreted values and in the aggregate principal amount or accreted values as shall be set forth in the Purchase Contract. No Bond shall mature later than a date which is 25 years from the date of the Bonds.

(c) Interest Payment. The Bonds shall bear interest or accrete interest computed on the basis of a 360-day year of twelve (12) 30-day months (or computed on such other basis as shall be set forth in the Purchase Contract), first payable on August 1, 2005, and thereafter on February 1 and August 1 in each year (or on such other interest payment dates as shall be set forth in the Purchase Contract).

(d) Obligation. The obligation to pay principal and interest represented by the Bonds is a statutory obligation of the District and the County, payable as described in the Purchase Contract. The District hereby requests the Board of Supervisors to annually levy a tax upon all taxable property in the District sufficient to pay the principal, redemption premium, if any, and interest on the Bonds as and when the same become due.

Section 4. Redemption Provisions. All or a portion of the Bonds may be subject to redemption prior to their respective stated maturity dates at the option of the District as set forth in the County Resolution, the Purchase Contract and in the Bonds. All or a portion of the Bonds may also be subject to mandatory sinking fund redemption, as specified in the County Resolution, the Purchase Contract and in the Bonds. The Purchase Contract may provide that the Bonds or any portion thereof shall not be subject to optional or mandatory sinking fund redemption. The Purchase Contract may also provide separate and distinct redemption provisions for the Current Interest Bonds and Capital Appreciation Bonds (as defined in the Purchase Contract).

Section 5. Purchase Contract; Sale of Bonds. The Bonds shall be sold at a negotiated sale upon the terms and conditions set forth in the Purchase Contract, substantially in the form on file with the Executive Officer and hereby approved. The Assistant Superintendent of Business Services or Chief Financial Officer of the District (the "Chief Financial Officer"), the Director of Fiscal Services or Controller of the District (the "Controller"), or any other officer of the District authorized by the Chief Financial Officer (each, an "Authorized Officer" or, collectively, the

"Authorized Officers") is hereby authorized and directed on behalf of the District to cause the sale of the Bonds through a negotiated sale to George K. Baum & Company (the "Underwriter"), and to approve, execute and deliver the final form of the Purchase Contract; provided, that (i) the Chief Financial Officer or the Controller may authorize the sale of all or a portion of the Bonds as current interest or capital appreciation bonds; (ii) the maximum interest rate (coupon) on the Bonds shall not be in excess of the legal limit; (iii) the underwriter's discount shall be equal to 1.10% of the principal amount of the Bonds, excluding any costs of issuance paid by the Underwriter on behalf of the District; and (iv) the Bonds shall otherwise conform to the limitations specified herein. Such execution and delivery shall constitute conclusive evidence of the approval by the District of the Purchase Contract in the form finally executed. The Board of Supervisors of the County is hereby requested to cause the Purchase Contract to be approved, executed and delivered on behalf of the County, subject to such changes or revisions therein as may be acceptable to the District and to the Board of Supervisors of the County.

Section 6. Building Fund. The District hereby requests the County to establish, hold and maintain a fund to be known as the "Bassett Unified School District General Obligation Bond Series 2005 A Building Fund" to be maintained by the Treasurer and Tax Collector of the County or an authorized representative (the "Treasurer") as a separate account, distinct from all other funds of the County and the District. The proceeds of the sale of the Bonds shall, to the extent required by the County Resolution and to the extent not needed in connection with the refinancing of the 1999 Certificates, be deposited in and credited to said fund and shall be expended by the District solely for the purposes for which the Bond proceeds are authorized to be expended under Measure E, including payment of the costs of issuance of the Bonds. All interest and other gain arising from the investment of amounts so deposited shall be retained in such fund and used for the purposes thereof.

Section 7. Debt Service Fund. The District hereby requests the County to establish, hold and maintain a fund to be known as the "Bassett Unified School District General Obligation Bond Series 2005 A Debt Service Fund" to be maintained by the Treasurer as a separate account, distinct from all other funds of the County and the District. All taxes levied by the County, at the request of the District, for the payment of the principal and accreted value of and interest and premium (if any) on the Bonds in accordance with the County Resolution shall be deposited in the Debt Service Fund by the County promptly upon apportionment of said levy. The Debt Service Fund shall be pledged for the payment of the principal and accreted value of and interest and premium (if any) on the Bonds when and as the same become due, including the principal of any term Bonds required to be paid upon the mandatory sinking fund redemption thereof. The moneys in the Debt Service Fund, to the extent necessary to pay the principal and accreted value of and interest and premium (if any) on the Bonds as the same become due and payable, shall be transferred by the County to the Paying Agent upon the written request of the District filed with the County, as required to pay the principal of and interest and accreted value of and interest and premium (if any) on the Bonds.

Section 8. Investment of Proceeds. Proceeds of the Bonds held by the Treasurer shall be invested at the Treasurer's discretion pursuant to law and the investment policy of the County, unless otherwise directed in writing by the District.

(i) At the written direction of the District, given by an Authorized Officer, who is hereby expressly authorized to give such direction, all or any portion of the proceeds of the Bonds deposited in the Building Fund described above may be invested on behalf of the District in the Local Agency Investment Fund in the treasury of the State of California.

(ii) At the written direction of the District, given by an Authorized Officer, who is hereby expressly authorized to give such direction, all or any portion of the Building Fund may be invested on behalf of the District, in investment agreements, including guaranteed investment contracts, which comply with the requirements of each rating agency then rating the Bonds necessary in order to maintain the then-current rating on the Bonds.

Proceeds of the Bonds deposited into escrow for the prepayment of the base rental with respect to the 1999 Certificates shall be invested in accordance with one or more Escrow Agreements (as defined below) governing the use of such proceeds. Any amounts remaining on deposit under any Escrow Agreements after the prepayment of the 1999 Certificates and payment of all amounts owed in connection with said prepayment shall be transferred to the Debt Service Fund.

Section 9. Tax Covenants.

(a) General. The District shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Bonds under Section 103 of the *Internal Revenue Code* of 1986, as hereafter amended (the "Code"). Without limiting the generality of the foregoing, the District hereby covenants that it will comply with the requirements of the Tax Certificate of the District with respect to the Bonds (the "Tax Certificate"), to be entered into by the District on the date of issuance of the Bonds. The provisions of this subsection (a) shall survive payment in full or defeasance of the Bonds.

(b) Private Activity Bond Limitation. The District shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business test of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(c) Rebate Requirement. The District shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent such section is applicable to the Bonds.

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

(e) Reliance on Opinion of Bond Counsel. Notwithstanding any provision of this Section, if the District shall provide to the Treasurer an opinion of counsel of nationally recognized standing in the field of law relating to municipal bonds (an "Opinion of Bond Counsel") that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Treasurer may conclusively rely on such Opinion of Bond Counsel in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

Section 10. Official Statement. The Board hereby approves the Official Statement describing the Bonds, in substantially the form on file with the Clerk of the Board, with such changes thereto as deemed advisable by the Superintendent or any other Authorized Officer. The Board authorizes and directs the Superintendent and every Authorized Officer, each individually, as appropriate, on behalf of the District, to "deem final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") a Preliminary Official Statement prior to its distribution by the Underwriter (excepting therefrom only certain final pricing, rating and related information as permitted by the Rule). The Board also approves and authorizes the distribution by the Underwriter of a preliminary form of the Official Statement and the final form of the Official Statement to prospective purchasers of the Bonds. The execution and delivery of the Official Statement, in final form, with such changes and additions thereto as deemed advisable by the Superintendent or other Authorized Officer shall be conclusive evidence of the approval of the Official Statement by the District.

Each Authorized Officer, as applicable, is authorized and directed to execute the Official Statement and a statement that the facts contained in the Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Bonds, true and correct in all material respects and that the Official Statement did not, on the date of sale of the Bonds, and does not, as of the date of delivery of the Bonds, contain any untrue statement of a material fact with respect to the District or omit to state material facts with respect to the District required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made. The Authorized Officer shall take such further actions prior to the signing of the Official Statement as are deemed necessary or appropriate to verify the accuracy thereof.

Section 11. Continuing Disclosure: Any Authorized Officer is hereby authorized on behalf of the District to execute and deliver a Continuing Disclosure Certificate in substantially the form attached to the Official Statement and on file with the Clerk of the Board, with such changes thereto as deemed necessary in order to permit the Underwriter to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered a default by the District hereunder or under the Bonds; however, any Participating Underwriter (as such term is defined in the Continuing Disclosure Certificate) or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Section 12. Approval of Execution and Delivery of other Documents and Actions. The President of this Board of Education, the Executive Officer of this Board of Education, the Superintendent, the Chief Financial Officer, the Controller, or any other Authorized Officer, each individually and as appropriate, is hereby authorized and directed to negotiate, execute and deliver, as appropriate, any and all certificates and representations and other documents necessary to accomplish the issuance and delivery of the Bonds and the completion of other transactions contemplated hereunder, including, but not limited to: (i) signature certificates, no-litigation certificates and certificates concerning the contents of the Official Statement; (ii) representation letters to The Depository Trust Company; (iii) the Tax Certificate, (iv) one or more escrow agreements providing for the prepayment of base rental with respect to the 1999 Certificates and the payment and redemption of the 1999 Certificates (the "Escrow Agreement"), which Escrow Agreement the Superintendent and the Chief Financial Officer are each, individually and as appropriate, authorized and directed, on behalf of the District, to negotiate, execute and deliver, and any Authorized Officer's execution of the Escrow Agreement shall constitute conclusive evidence of the District's approval of the Escrow Agreement, and, if required and appropriate, the County is hereby requested to cause the escrow account to be funded in accordance with a written request from the District; (v) any investment agreements entered into pursuant to the authority granted hereunder, which any Authorized Officer deems necessary and desirable to accomplish the transactions authorized herein; and (vi) any other certificates or agreements proposed to be distributed in connection with the sale of the Bonds and the prepayment of base rental with respect to the 1999 Certificates, including in connection with any policy of municipal bond insurance, surety bond or other credit enhancement. All actions heretofore taken by any Authorized Officer or any agents of the Board with respect to the Bonds and the transactions contemplated herein are hereby approved, confirmed and ratified.

Section 13. Notice to California Debt and Investment Advisory Commission. The Executive Officer of this Board of Education is hereby authorized and directed to cause notices of the proposed sale and final sale of the Bonds to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to *California Government Code* Section 8855.

Section 14. Filing with Board of Supervisors. Pursuant to Section 15140(c) of the *Education Code*, the Executive Officer of this Board is hereby authorized and directed to file a certified copy of this Resolution with the Executive Officer-Clerk of the Board of Supervisors of the County.

Section 15. Filing with Auditor-Controller and Treasurer of the County. Pursuant to Section 15140(c) of the *Education Code*, the Executive Officer of this Board of Education or any Authorized Officer is also directed to cause a certified copy of this Resolution, and a copy of the debt service schedule, to be provided to Treasurer and the Auditor-Controller of the County.

Section 16. Other District Bonds. The issuance and sale of the Bonds may be combined with the issuance and sale of any other bonds of the District.

Section 17. Effective Date. This resolution shall take effect from and after its adoption.

Adopted and signed this 20th day of January, 2005, by the Board of Education of the Bassett Unified School District.

Paul Solano, President of the Board of Education

EXECUTIVE OFFICER'S CERTIFICATE

I, Paul Solano, President of the Board of Education of the Bassett Unified School District, County of Los Angeles, California, hereby certify as follows:

The attached is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Education of said District duly and regularly held at the regular meeting place thereof on January 20, 2005, and entered in the minutes thereof, of which meeting all of the members of said Board of Education had due notice and at which a quorum thereof was present; and at said meeting said resolution was adopted by the following vote:

AYES: 5

NOES: 0

ABSTAIN: 0

ABSENT: 0

An agenda of said meeting was posted at least 72 hours before said meeting at 904 North Willow Avenue, La Puente, California 91746, a location freely accessible to members of the public, and a brief description of said resolution appeared on said agenda. A copy of said agenda is attached hereto.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office. 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.

WITNESS my hand this 20th day of January, 2005.

President of the Board of Education of
Bassett Unified School District