COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012
TELEPHONE: 1213) 974-2101 FAX: (213) 626-1812

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

April 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 SAUGUS UNION SCHOOL DISTRICT
(COUNTY OF LOS ANGELES, CALIFORNIA)
2002 ELECTION GENERAL OBLIGATION BONDS, SERIES B
(FIFTH DISTRICT) (3-VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution authorizing the issuance and sale of general obligation bonds of the Saugus Union School District in an aggregate principal amount not to exceed $24,000,196.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On April 10, 2005, the Board of Trustees of the Saugus Union School District adopted a resolution determining that the District needs to borrow funds in an aggregate principal amount not to exceed $24,000,196 to be used for authorized purposes.

On June 4, 2002, an election was held whereby voters residing in the District approved a ballot measure authorizing the -District to issue $48 million in general obligation bonds for various qualifying purposes. This will be the second and final issuance of bonds authorized under this bond measure.

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

Implementation of Strategic Plan Goals

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

FISCAL IMPACT/FINANCING

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

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Resolution provides for issuance of bonds at 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. The term of the bonds will not exceed twenty-five years. Provisions for optional redemption of these bonds will be described in the Contract of Purchase.

The Resolution provides for the negotiated sale of the bonds, with participation by the Treasurer and Tax Collector in pricing the bonds, to the Underwriter. The District has selected George K. Baum & Company, Inc. as Underwriter; the firm of Bowie, Arneson, Wiles & Giannone as Bond Counsel; and U.S. Bank National Association as Paying Agent.

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

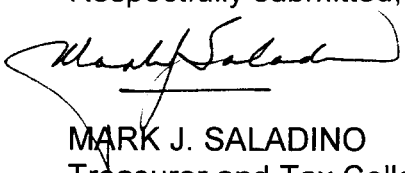
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not Applicable

CONCLUSION

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

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

MJS:GB:CH:pab
pb/bl/saugus

Attachments (2)

c: Chief Administrative Officer
Auditor-Controller
County Counsel
Saugus Union School District
Los Angeles County Office of Education
Bowie, Arneson, Wiles & Giannone
U. S. Bank National Association

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, PROVIDING FOR THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS, 2002 ELECTION, SERIES B, OF THE SAUGUS UNION SCHOOL DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED TWENTY-FOUR MILLION ONE HUNDRED NINETY SIX DOLLARS ($24,000,196) AND TAKING RELATED ACTIONS

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EXHIBITS:

EXHIBIT A - FORM OF BOND PURCHASE AGREEMENT A-1

EXHIBIT B - FORM OF CURRENT INTEREST BOND B-1

EXHIBIT C - FORM OF CAPITAL APPRECIATION BOND C-1

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, PROVIDING FOR THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS, 2002 ELECTION, SERIES B, OF THE SAUGUS UNION SCHOOL DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED TWENTY-FOUR MILLION ONE HUNDRED NINETY SIX DOLLARS ($24,000,196) AND TAKING RELATED ACTIONS

WHEREAS, the Saugus Union School District ("District"), County of Los Angeles ("County"), State of California, is a public school district duly organized and operating pursuant to the Constitution and the laws of the State of California; and

WHEREAS, an election was duly called and regularly held in the District on June 4, 2002 ("Election"), and thereafter canvassed pursuant to law; and

WHEREAS, at such Election there was submitted to and approved by the requisite two-thirds (2/3) vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot submitted to the voters (designated as "Measure E"), in the maximum principal amount of $48,000,000, payable from the levy of an *ad valorem* tax against the taxable property in the District ("Authorization"); and

WHEREAS, pursuant to District Resolution 2002-21, adopted August 6, 2002, and a Resolution of the Los Angeles County Board of Supervisors ("Board of Supervisors") adopted August 20, 2002, the Saugus Union School District (Los Angeles County, California) 2002 General Obligation Bonds, 2002 Election Series A ("Series A Bonds"), in the initial par amount of $23,999,804, were issued dated as of September 25, 2002, leaving $24,000,196 of the bonds authorized and unissued; and

WHEREAS, pursuant to the California Constitution, the Authorization and California law, including, but not limited to, California Education Code Sections 15100 *et seq.*, the Board of Trustees ("District Board") of the District has adopted its Resolution No. 2005-12 on April 19, 2005 ("District Resolution"), a certified copy of which has been received by this Board of Supervisors and filed with the Clerk of the Board of Supervisors, which requests this Board of Supervisors to issue a series of such authorized General Obligation Bonds to be designated "**Saugus Union School District General Obligation Bonds, 2002 Election, Series B**" in an aggregate principal amount not to exceed $24,000,196 ("Bonds" or "Series B Bonds"); and

WHEREAS, the Series B Bonds are authorized to be issued by the County, on behalf of the District, pursuant to the Authorization and Section 15100 *et seq.* and Section 15140 *et seq.* of the Education Code of the State of California; and

WHEREAS, in the District Resolution, the District found and informed this Board of Supervisors that all acts and conditions necessary to be performed by the District or to have been met precedent to and in the issuing and sale of the Series B Bonds in order to make them legal,

valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Series B Bonds have been performed and met, in regular and due form as required by law; and

WHEREAS, the District Board has further requested this Board of Supervisors to sell the Series B Bonds to George K. Baum & Co.("Underwriter"), pursuant to the terms of the proposed form of Bond Purchase Contract ("Purchase Contract") among the County, the District and the Underwriter, subject to the limitations set forth in the District Resolution; and

WHEREAS, this Board of Supervisors desires to make certain determinations and to authorize the issuance of the Series B 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; Incorporation of District Resolution. The foregoing recitals are true and correct and are incorporated herein by this reference. The District Resolution adopted on April 19, 2005, together with the exhibits thereto, is incorporated herein by reference and all of the provisions thereof are made a part hereof and shall be applicable to the Series B Bonds, except as otherwise specified herein.

SECTION 2. Purpose of the Bonds. The Series B Bonds of the District shall be issued in the name and on behalf of the District in an aggregate principal or issue amount of not to exceed Twenty-Four Million One Hundred Ninety Six Dollars ($24,000,196) of General Obligation Bonds of the Saugus Union School District ("District") to be used to finance the design, acquisition, installation, modernization and construction of public schools and school facilities and providing facilities improvements and upgrades, and the acquisition of needed school sites, and related facilities costs, including financing the following: modernization of two schools; acquire school sites for two schools; provide safety and security upgrades to all District school sites and facilities; provide technology infrastructure improvements at District school facilities, and to pay necessary costs of issuing the Series B Bonds, as further specified in the bond proposition submitted at the Election.

SECTION 3. Approval of Purchase Contract. The Series B Bonds will be sold at negotiated sale by the Treasurer pursuant to the terms and conditions set forth in the Purchase Contract, substantially in the form appended hereto as Exhibit "A" and incorporated by reference herein ("Purchase Contract"). 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 Designated Officer (as defined herein), 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 term of the Series B Bonds shall not exceed 25 years, the maximum average annual interest rate on the Series B Bonds shall not exceed seven percent (7.00%) per annum and the Underwriter's

discount, not including any original issue premium or discount, if any, shall not exceed one and one-tenth percent of the aggregate Principal or issue amount of Series B Bonds (1.10%) (exclusive of any original issue discount on the Series B Bonds, which original issue discount shall not exceed five percent (5.00%)), of the aggregate Principal or issue amount of Series B Bonds sold thereunder. The Treasurer, or designated deputy thereof, is further authorized to determine the principal or issue amount of the Series B Bonds of each maturity (including any Capital Appreciation Bonds) to be specified in the Purchase Contract for sale by the County, up to an aggregate principal or issue amount of $24,000,196, to determine, upon consultation with the District, whether to purchase bond insurance, to modify redemption terms for the Series B Bonds and to enter into and execute the Purchase Contract, if the conditions set forth in this Resolution are met.

SECTION 4. **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 interest accreted thereon to such date of calculation, compounded semiannually on each February 1 and August 1 (or as otherwise set forth in the Purchase Contract), with respect to the Capital Appreciation Bonds maturing on those dates specified in the Purchase Contract, and at the stated yield to maturity thereof, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months.

(c) "**Authorized Investments**" means the Los Angeles County Investment Pool (or other investment pools of the County into which the District may lawfully invest its funds), the Local Agency Investment Fund, any investment authorized pursuant to Sections 16429.1 and 53601 of the Government Code, or in shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in investments permitted by Section 53635 of the Government Code, or in guaranteed investment contracts (provided that such contracts comply with the requirements of Section 148 of the Code, and with the requirements of the Bond Insurer, if any, and as shall be applicable).

(d) "**Authorized Newspaper**" means a newspaper selected by the District which is customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, published in the English language, of general circulation in the County of Los Angeles and which has been adjudicated or designated as a "newspaper of general circulation" pursuant to California law.

(e) "**Bond Counsel**" means a firm of nationally recognized bond counsel, initially Bowie, Arneson, Wiles & Giannone.

(f) **"Bond Insurer"** means any insurance company which issues a municipal bond insurance policy insuring of the payment of Principal and Maturity Value of, and interest on, all or a portion of the Series B Bonds.

(g) **"Bond Payment Date"** means, unless otherwise set forth in the Purchase Contract as executed and delivered, with respect to the interest on the Current Interest Bonds, February 1 and August 1, commencing February 1, 2006, and February 1 of each year commencing on the date specified in the Purchase Contract with respect to the principal payments on the Current Interest Bonds. With respect to the Capital Appreciation Bonds, "Bond Payment Date" means the stated maturity dates thereof, as applicable; as stated in the Purchase Contract as executed and delivered.

(h) **"Bond Register"** means the listing of names and addresses of the current registered owners of the Bonds, as maintained by the Paying Agent in accordance with Section 13 hereof.

(i) **"Bonds"** or the **"Series B Bonds"** means the Saugus Union School District General Obligation Bonds, 2002 Election, Series B.

(j) **"Building Fund"** shall have the meaning set forth in Section 9 hereof.

(k) **"Capital Appreciation Bonds"** means those Series B 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.

(l) **"Capital Appreciation Term Bonds"** means those Capital Appreciation Bonds for which mandatory sinking fund redemption dates have been established in the Purchase Contract.

(m) **"Code"** means the Internal Revenue Code of 1986, as amended, and any successor provisions thereto, and applicable regulations of the Department of Treasury thereunder, and any successor provisions thereto.

(n) **"County"** means the County of Los Angeles, a political subdivision of the State of California organized and existing under the Constitution and laws of the State of California.

(o) **"Current Interest Bonds"** means the Series B 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.

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

(q) **"Date of Issuance"** means the delivery date with respect to the Series B Bonds, or such other dates for the Bonds as shall be designated in the Purchase Contract as executed and delivered.

(r) **"Debt Service Fund"** shall have the meaning set forth in Section 9 hereof.

(s) **"Denominational Amount"** means, with respect to the Capital Appreciation Bonds, the initial offering price thereof, which represents the principal amount thereof (exclusive of any initial premium thereon), and, with respect to the Current Interest Bonds, the principal amount thereof.

(t) **"Designated Officers"** means the District's Superintendent, Assistant Superintendent, Business Services, or other persons designated in writing by the District's Superintendent as a Designated Officer of the District.

(u) **"District"** or **"School District"** means the Saugus Union School District, a public school district organized and operating under the Constitution and the laws of the State of California, and any lawful successor thereto.

(v) **"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.

(w) **"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 Broadway, 16th Floor, New York, New York 10006; Standard & Poor's Ratings Group "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; Moody's Investors Service "Municipal and Government", 5250 77 Center Drive, Suite 150, Charlotte, North Carolina, 28217, Attention: Called Bond Department, 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.

(x) **"Letter of Representations"** or **"Representation Letter"** shall have the meaning set forth in Section 14 hereof.

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

(z) **"Nominee"** means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 14 hereof.

(aa) **"Official Statement"** shall have the meaning set forth in Section 21 hereof.

(bb) **"Outstanding"** means all Series B Bonds theretofore issued by the District, except:

(1) Series B Bonds theretofore canceled by the District or surrendered to the District for cancellation;

(2) Series B Bonds for the transfer or exchange of or in lieu of or in substitution for which other Series B Bonds shall have been authenticated and delivered by the District pursuant to the terms hereof; and

(3) Series B Bonds paid and discharged pursuant to Section 16 or 17 hereof.

(cc) **"Owner"** means the current registered holder of a Series B Bond or Series B Bonds to whom payments of principal and interest are made.

(dd) **"Participants"** means those broker-dealers, banks and other financial institutions from time to time for which DTC holds book-entry certificates as securities depository.

(ee) **"Paying Agent"** means the Treasurer and his designated agents or his successors or assigns, acting in the capacity of paying agent, registrar, authenticating agent and transfer agent. The Treasurer is authorized to contract with any third party to perform the services of Paying Agent under this Resolution.

(ff) **"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.

(gg) **"Purchase Contract"** or **"Bond Purchase Contract"** shall have the meaning set forth in Section 3 hereof.

(hh) **"Record Date"** means the close of business on the fifteenth day of the month preceding each Bond Payment Date.

(ii) **"Securities Depositories"** means the following: The Depository Trust Company, with Cede & Co. as its nominee, Call Notification Department, 711 Stewart Avenue, Garden City, New York, 11530, Telecopy: (516)227-4039, (516) 227-4190 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.

(jj) **"State"** means the State of California.

(kk) **"Tax Certificate"** means the document of that name, including all attachments thereto, dated the date of delivery of the Series B Bonds.

(ll) **"Term Bonds"** means, if issued, collectively, the Current Interest Term Bonds and the Capital Appreciation Term Bonds.

(mm) **"Transfer Amount"** means, with respect to any Outstanding Current Interest Bond, the aggregate principal amount thereof and, with respect to any Capital Appreciation Bond, the Maturity Value thereof.

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

(oo) **"Underwriter"** means the initial purchaser of the Series B Bonds as identified in the Purchase contract.

(pp) **"Written Request"** means a written request or directive of the District provided by a Designated Officer.

Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate. Headings of sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

All references herein to "Sections" and other subdivisions are to the corresponding Sections or subdivisions of this Resolution; the words "herein," "hereof," "hereby", "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular Section or subdivision hereof.

SECTION 5. Terms of Bonds. The Series B Bonds shall be issued in one series designated "Saugus Union School District General Obligation Bonds, 2002 Election, Series B." The Series B Bonds shall be Current Interest Bonds, and if issued, Capital Appreciation Bonds.

The Current Interest Bonds shall be dated the Date of Issuance, and shall bear interest at the rate or rates not to exceed a maximum rate of seven percent (7.00%) per annum, payable on February 1 and August 1 of each year commencing on the date specified in the Purchase Contract, through August 1 of a year no later than August 1, 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, and 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 from the 16th day of

the month next preceding any Interest Payment Date to the Interest Payment Date, inclusive, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the first Bond Payment Date, in which event it shall bear interest from the Date of Issuance; provided, however, that if at the time of authentication of any Current Interest Bond, interest is then in default on 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 thereon. The foregoing terms shall be subject to the terms of the Purchase Contract as executed and delivered.

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 consistent with the average annual interest rate limitations set forth in Section 3. The Capital Appreciation Bonds shall be issued in any denominations of their Principal Amounts but shall reflect denominations of $5,000 Maturity Value or any integral multiple thereof; provided that one Capital Appreciation Bond may be issued on an odd Maturity Amount. The Capital Appreciation Bonds shall mature on August 1 of the years designated in the Purchase Contract provided, that in the event that the amount shown in such Accreted Value Table and the Accreted Value calculated by the District and approved by the Bond Insurer, if any, by application of the definition of Accreted Value set forth in Section 4 differ, the latter amount shall be the Accreted Value of such capital Appreciation Bond. Interest on each Capital Appreciation Bond shall be compounded semiannually on February 1 and August 1 of each year until maturity, unless otherwise specified in the Purchase Contract, 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 to their Maturity Amounts or on their redemption date if redeemed prior to their stated maturity dates.

The Series B Bonds will be sold as provided in Purchase Contract; notwithstanding anything herein to the contrary, the terms of the Series B 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.

SECTION 6. Form of Bonds. The Series B Bonds shall be substantially in conformity with the standard form of registered school district bonds, copies of which are attached hereto as Exhibit "B" (as to the Current Interest Bonds) and "C" (as to the Capital Appreciation Bonds) 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 and to conform with the requirements of the Purchase Contract.

The Series B Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Series B Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Treasurer and the District, and may contain such reference to any of the provisions of this Resolution as may be appropriate. Every temporary Series B Bond shall be executed by the County upon the same conditions and in substantially the same manner as the definitive Bonds. If the County issues temporary Series B Bonds it will execute and furnish definitive Series B Bonds without delay,

and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the principal office of the Paying Agent and the Paying Agent shall deliver in exchange for such temporary Series B Bonds an equal aggregate Principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Series B Bonds shall be entitled to the same benefits pursuant to this Resolution as definitive Bonds executed and delivered hereunder.

"CUSIP" identification numbers shall be imprinted on the Series B Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal of the Purchaser to accept delivery of and pay for the Series B Bonds. In addition, failure on the part of the District to use such CUSIP numbers in any notice to Owners of the Series B Bonds shall not constitute an event of default or any violation of the District's contract with such Owners and shall not impair the effectiveness of any such notice.

SECTION 7. Execution of Bonds; Authentication. The Series B Bonds shall be executed by the manual or facsimile signature of the Chair of the Board of Supervisors and by the manual or facsimile signature of the Treasurer, and countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors or any designated deputy. The facsimile signatures of the Chair of the Board of Supervisors, the Treasurer and the Executive Officer-Clerk of the Board of Supervisors may be printed, lithographed, engraved, or otherwise mechanically reproduced. The provisions of Education Code Sections 15181 and 15182 shall apply to such execution of the Series B Bonds.

No Series B Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Bond is signed by the Paying Agent as authenticating agent for the Bonds. Authentication by the Paying Agent shall be conclusive evidence that the Series B Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution.

SECTION 8. Delivery of Bonds. The proper officials of the District shall cause the proper officials of the County to cause the Series B Bonds to be prepared and, following their sale, shall have the Series B Bonds signed and delivered to the original purchaser upon payment of the purchase price in immediately available funds.

SECTION 9. Establishment of Funds; Disposition of Proceeds of the Bonds; Investment.

(a) The net proceeds from the sale of the Series B Bonds, to the extent of the principal amount thereof, shall be paid and credited to the fund established and designated as the "Saugus Union School District General Obligation Bonds, 2002 Election, Series B, Building Fund" ("Building Fund") of the District, and shall be kept separate and distinct from all other District and County funds, and those proceeds shall be used solely for the purpose for which the Series B Bonds are being issued and for payment of permissible costs of issuance and provided

further that such proceeds shall be applied solely to authorized purposes for which the Series B Bonds were authorized as directed in writing by the District. The County shall have no obligation to ensure that the proceeds are applied in accordance with the preceding sentence. The interest earned on the monies deposited to the Building Fund shall be deposited to said Fund and such monies shall be used for any lawful purpose of the District at the direction of the District. The Building Fund will be administered by the Los Angeles County Office of Education, or as otherwise required, and subject to, applicable State law or applicable County requirements.

(b) The accrued interest, if any, and any premium received from the sale of the Series B Bonds (if any after all or a portion of Underwriter's discount or costs of issuance are paid), as well as tax revenues collected by the County pursuant to Section 10 hereof and Sections 15250 *et seq.* of the Education Code, shall be kept separate and apart in the fund established and held by the Treasurer and designated as the "Saugus Union School District General Obligation Bonds, 2002 Election, Series B, Debt Service Fund" ("Debt Service Fund") for the Series B Bonds and used only for payments of Principal and interest on 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 on the Series B Bonds when due. The monies in the Debt Service Fund, to the extent necessary to pay the Principal of, interest on and the Accreted Value on the Series B 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 Series B Bonds. The Debt Service Fund shall be administered by the County Auditor-Controller and shall be kept separate and distinct from all other District and County funds.

(c) The District shall, at such time as shall be necessary, establish and create the "Saugus Union School District General Obligation Bonds, 2002 Election, Series B, Rebate Fund" ("Rebate Fund"), which fund shall be kept separate and distinct from all other District funds, and into which the District shall deposit, or direct deposit of, funds used to satisfy any requirement to make rebate payments to the United States pursuant to Section 148 of the Internal Revenue Code of 1986, as amended and the Treasury Regulations promulgated thereunder ("Code") as shall be applicable to the Series B Bonds. The principal requirements for rebate payments applicable to the Series B Bonds shall be as set forth in the Tax Certificate as executed and delivered by the District. The Rebate Fund (if and when established pursuant to the requirements of the Tax Certificate) may, at the discretion of the District, be held by the Paying Agent or the County. Responsibility for determining and calculating rebate payments, if any, due with regard to the Series B Bonds are the responsibility of the District as further set forth in Section 22. Monies in the Rebate Fund shall be invested in compliance with the limitations of the Code.

(d) Any excess proceeds of the Series B Bonds not needed for the authorized purposes set forth herein for which Series B Bonds are being issued shall, at the direction of the District, be transferred to the Debt Service Fund and applied to the payment of principal and interest on the Series B Bonds. If, after payment in full of the Series B Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District to be applied in accordance with applicable law. The County shall have no obligation to ensure that excess proceeds, if any, are applied in accordance with the preceding two sentences. All

proceeds of the Series B Bonds and interest earnings thereon shall be invested by the County, on behalf of, and pursuant to the written direction(s) of the District, in Authorized Investments.

(e) All proceeds of the Series B Bonds and interest earnings thereon shall be invested by the County, on behalf of, and pursuant to the written direction(s) of, the District, in Authorized Investments. Absent other written investment directions provided to the County from the District, the Treasurer shall invest monies in the Building Fund and the Debt Service Fund pursuant to the State law and the investment policy of the County.

SECTION 10. Security for the Series B Bonds. Pursuant to the California Constitution, the Authorization and California law, there shall be levied by the County, pursuant to Education Code Sections 15250 *et seq.*, 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 Series B Bonds are Outstanding, commencing in Fiscal Year 2005/2006, in an amount sufficient to pay the Principal and Accreted Value of, and interest on, the Series B Bonds when 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, and interest on, the Series B Bonds when and as the same fall due along with administrative costs and expenses for the Series B Bonds including fees and expenses of the Paying Agent.

The monies in the Debt Service Fund, to the extent necessary to pay the Principal and Accreted Value of, and interest on, the Series B Bonds as the same become due and payable, shall be transferred by the Treasurer, or his or her designee or deputy, to the Paying Agent who in turn, shall pay such monies to DTC to pay the Principal and Accreted Value of, and interest on, the Series B Bonds when due. DTC will thereupon make payments of Principal and Accreted Value of, and interest on, the Series B Bonds to the DTC Participants who will thereupon make payments of principal and Accreted Value and interest to the beneficial owners of the Series B Bonds. Any monies remaining in the Debt Service Fund after the Series B Bonds and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the General Fund of the District pursuant to the Education Code Section 15235 or any successor section thereto.

SECTION 11. Payment of Principal and Interest. The principal of and interest on the Bonds shall be payable in lawful money of the United States of America without deduction for the services of the Paying Agent. Interest on Current Interest Bonds shall be paid on each Bond Payment Date by check mailed by first class mail to the person in whose name the Bond is registered, and to that person's address appearing on the Bond Register (as described in Section 13 below) on the Record Date. The Owner of an aggregate Principal Amount or Maturity Value of $1,000,000 or more may request, in writing, prior to the close of business on the fifteenth (15th) day of the month preceding each Interest Payment Date, to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

Payments of principal and redemption premiums, if any, with respect to the Current Interest Bonds, and the payments of Maturity Value and redemption premiums, if any, with respect to Capital Appreciation Bonds, shall be payable at maturity or redemption upon surrender at the office of the Paying Agent in Los Angeles, California or such other location as the Paying Agent shall designate to the County and the District in writing. In the event the Paying Agent shall provide written notice of a change in the location for payment of principal, redemption premiums and maturity value on the Series B Bonds, the Paying Agent shall thereafter provide notice of such change to the Informational Services and Securities Depositories of such change. The Paying Agent is hereby authorized to pay the Series B Bonds when duly presented for payment at maturity, and to cancel all Series B Bonds upon payment thereof.

The Series B Bonds are the general obligations of the District secured by *ad valorem* taxes levied and collected pursuant to the Authorization, the California Constitution and State law and do not constitute an obligation of the County except to provide for the levy and collection of the *ad valorem* taxes and payment of funds to the Paying Agent as set forth in Section 10 hereof. No part of any fund of the County is pledged or obligated to the payment of the Series B Bonds.

SECTION 12. Redemption.

(a) Optional Redemption. The Series B Bonds shall be subject to optional redemption prior to maturity upon the terms and conditions set forth in the Purchase Contract as executed and delivered.

(b) Mandatory Sinking Fund Redemption of Current Interest Terms. The Current Interest Term Bonds, if any, are subject to mandatory sinking fund redemption prior to their maturity, by lot, without premium, on each August 1, in the years and in the amounts as set forth in the Purchase Contract and in the Official Statement. In the event that there are no Current Interest Term Bonds specified in the Purchase Contract, this subsection shall not apply.

(c) Mandatory Sinking Fund Redemption of Capital Appreciation Term Bonds. The Capital Appreciation Term Bonds are subject to mandatory sinking fund redemption prior to their maturity date from monies in the Debt Service Fund established in Section 9 hereof, by lot, without premium, on each August 1 (or other date specified in the Purchase Contract), in the years and in the amounts as set forth in the Purchase Contract and in the Official Statement described below. In the event that there are no Capital Appreciation Term Bonds specified in the Purchase Contract, this subsection shall not apply.

(d) Selection of Bonds for Redemption. Whenever less than all of the outstanding Series B Bonds are to be redeemed, the Paying Agent shall select the Series B Bonds to be redeemed in inverse order of maturity, and within a maturity, the Paying Agent shall select for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Current Interest Bond to be redeemed in part shall be in the Principal Amount of $5,000 or any integral multiple thereof, and the portion

of any Capital Appreciation Bonds to be redeemed in part shall be in integral multiples of the Accreted Value per $5,000 Maturity Value of such Capital Appreciation Bond. The Paying Agent shall promptly notify the District of the Series B Bonds so selected for redemption on such date.

(e) Notice of Redemption. Notice of redemption ("Redemption Notice") shall be mailed, first class postage prepaid, to the respective Owners of any Series B Bonds designated for redemption at their address appearing on the books required to be kept by the Paying Agent, not less than thirty (30) nor more than forty-five (45) days prior to the redemption date, which notice shall specify: (a) the Series B Bonds or designated portions thereof (in the case of redemption of the Series B Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Series B Bonds to be redeemed, (f) the serial or registration numbers of the Series B Bonds to be redeemed in whole or in part and, in the case of any Series B Bond to be redeemed in part only, the Principal Amount of such Series B Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Series B Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Series B Bond or portion thereof being redeemed, the redemption price therefor, together with the interest accrued to the specified redemption date in the case of Capital Appreciation Bonds, and that from and after such date, interest with respect thereto shall cease to accrete in value.

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

Neither the 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 Series B Bonds or the cessation of accrual of interest represented thereby from and after the redemption date.

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

(i) At least thirty (30) but not more than forty-five (45) days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Series B Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the Bond Register.

(ii) At least thirty-two (32) but not more than forty-five (45) days before the redemption date such Redemption Notice shall be given by (i) registered or certified mail, postage

prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to each of the Securities Depositories.

(iii) At least thirty-two (32) days before the redemption date such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services.

Neither failure to receive or failure to send, to the Securities Depositories or Informational Services, any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Series B Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Series B Bonds shall bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(f) Payment of Redeemed Bonds. When a Redemption Notice has been given substantially as provided for herein, and, when the amount necessary for the redemption of the Series B Bonds called for redemption (principal and premium, if any) is set aside for that purpose in the Debt Service Fund, as provided herein, the Bonds designated for redemption shall become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds shall be redeemed and paid at the redemption price out of the Debt Service Fund.

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

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

(h) Effect of Notice of Redemption. Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside in the District's Debt Service Fund, the Series B Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Series B Bonds to be redeemed as provided in this Section 12, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the Series B Bonds to be redeemed shall cease to accrue and become

payable. All money held by or on behalf of the Paying Agent for the redemption of Series B Bonds shall be held in trust for the account of the Owners of the Series B Bonds so to be redeemed.

All Series B Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section 12 shall be canceled upon surrender thereof. All or any portion of a Series B Bond purchased by the County or the District shall be canceled and destroyed by the Paying Agent and the Paying Agent shall provide a written certification of such cancellation and destruction to the District.

(i) Purchase in lieu of Redemption. In lieu of, or partially in lieu of, any mandatory sinking fund redemption of Series B Bonds, monies in the Debt Service Fund may be used to purchase the Outstanding Series B Bonds that were to be redeemed with such funds in the manner hereinafter provided. Purchases of Outstanding Series B Bonds may be made by the District or the County through the Paying Agent prior to the selection of Series B Bonds for redemption at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued interest. Any accrued interest payable upon the purchase of Series B Bonds may be paid from the Debt Service Fund for payment of interest on the next following Interest Payment Date.

(j) Bonds No Longer Outstanding. When any Series B Bonds (or portions thereof), which have been duly called for redemption prior to maturity under the provisions of this Resolution, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held by the Paying Agent irrevocably in trust for the payment of the redemption price of such Series B Bonds or portions thereof, and, in the case of Bonds, accrued interest with respect thereto to the date fixed for redemption, all as provided in this Resolution, then such Bonds shall no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

SECTION 13. Bond Registration; Transfers. As hereinafter provided, the Series B Bonds shall be delivered in a form and with such terms as will permit them to be in book-entry only form, deposited 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 Series B Bonds as provided in this Section ("Bond Register"). While the book-entry only system is in effect, such books need not be kept, as the Series B 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 Series B Bond is registered on the Bond Register shall be regarded as the absolute Owner of that Bond for all purposes of this Resolution. Payment of or on account of the principal of and interest on any Series B 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 Series B Bonds, including interest, to the extent of the amount or amounts so paid.

Any Series B 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 Series B 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 Series B 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.

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

Any Series B Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer shall be canceled by the Paying Agent. The District and the County may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Series B Bonds that the District and the County may have acquired in any manner whatsoever, and those Series B Bonds shall be promptly canceled by the Paying Agent. Written reports of the surrender and cancellation of Series B Bonds shall be made to the District and the County by the Paying Agent and updated annually. The canceled Series B Bonds shall be destroyed by the Paying Agent in accordance with its procedures as confirmed in writing to the District.

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

SECTION 14. Book-Entry System. Except as provided below, the owner of all of the Series B Bonds shall be The Depository Trust Company, New York, New York ("DTC" or "Depository"), and the Series B Bonds shall be registered in the name of Cede & Co., as nominee for DTC. The Series B Bonds shall be initially executed and delivered in the form of a single, fully registered Bond for each maturity (which may be typewritten). Upon initial execution and delivery, as provided for herein, the ownership of such Series B Bond shall be registered in the Bond Register in the name of the Nominee identified below as nominee of The Depository Trust Company, New York, New York, and its successors and assigns. Except as hereinafter provided, all of the Outstanding Bonds shall be registered in the Bond Register in the name of the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to this Section ("Nominee"). With respect to the Series B Bonds registered in the Bond Register in the name of the Nominee, neither the District nor the Paying Agent shall have any responsibility or obligation to any broker-dealers, banks and other financial institutions from time to time for which the Depository holds Series B Bonds as securities depository ("Participant") or to any person on behalf of which such a Participant holds an interest in the Series B Bonds. Without limiting the immediately preceding sentence, neither the District nor the Paying Agent shall have any responsibility or obligation (unless the District is at such time the Depository) with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Series B Bonds, (ii) the delivery to any Participant or any other person, other than an Owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the District redeems the Bonds in part, or (iv) the payment to any Participant or any other person, other than an Owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds. The District and the Paying Agent may treat and consider the person in whose name each Series B Bond is registered in the Bond Register as the holder and absolute Owner of such Series B Bond for the purpose of payment of principal and interest with respect to such Series B Bond, for the purpose of giving notices of redemption, if applicable, and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Series B Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of and interest on the Series B Bonds only to or upon the order of the respective Owner of the Bond, as shown in the Bond Register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of and interest on the Series B Bonds to the extent of the sum or sums so paid. No person other than an Owner of a Series B Bond, as shown in the Bond Register, shall receive a Bond evidencing the obligation of the District to make payments of principal and interest. Upon delivery by the Depository to the Owners of the Series B Bonds, and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Resolution shall refer to such nominee of the Depository.

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

In the event: (i) the Depository determines not to continue to act as securities depository for the Bonds; or (ii) the Depository shall no longer so act and gives notice to the Treasurer and the District of such determination, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered Bond, per maturity, registered in the name of such successor or substitute qualified securities depository or its nominee. If the Treasurer and District fail to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in the Bond Register in the name of the Nominee, but shall be registered in whatever name or names owners of the Bonds transferring or exchanging Bonds shall designate, in accordance with provisions of this Resolution, and the Treasurer, on behalf of the District, shall prepare and deliver Bonds to the owners thereof for such purpose.

In the event of a reduction in aggregate principal amount of Bonds Outstanding or an advance refunding of part of the Bonds Outstanding, DTC in its discretion, (a) may request the District to prepare and issue a new Bond or (b) may make an appropriate notation on the Bond indicating the date and amounts of such reduction in principal, but in such event the District records maintained by the Paying Agent shall be conclusive as to what amounts are Outstanding on the Bond, except in the case of final maturity in which case the Bond must be presented to the Paying Agent prior to payment.

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

SECTION 15. Paying Agent.

(a) The Board of Supervisors does hereby appoint the Treasurer as Paying Agent for the Series B Bonds. All fees and expenses incurred for services of the Paying Agent shall be the sole responsibility of the District. The Treasurer is authorized to contract with any qualified third party to perform the services and duties of Paying Agent on behalf of the Treasurer.

(b) The Paying Agent may resign from service as Paying Agent upon sixty (60) days' written notice to the Treasurer and may be removed at any time by the Treasurer. 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 principal corporate trust office in Los Angeles, California, with at least $50,000,000 in assets. The Paying Agent shall keep accurate records of all funds administered by it and of all Series B 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.

(c) In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign and deliver any monies held by it as Paying Agent to its successor, or, if there is no successor, to the Treasurer. In the event that for any reason there shall be a vacancy in the office of the Paying Agent, the Treasurer shall act as such Paying Agent. The County shall promptly cause to be mailed, at District expense, the name and principal corporate trust office address of the Paying Agent appointed to replace any resigned or removed Paying Agent to the owners of the Series B Bonds, at the addresses appearing on the Bond Register, to the Informational Services and to DTC.

(d) Any company or association into which the Paying Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company or association to which the Paying Agent may sell or transfer all or substantially all of its corporate trust business, provided that such company or association shall be eligible under Section 15(b), shall be the successor to the Paying Agent and vested with all of the title to the trust estate and all of the trust, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding. All costs associated with the Paying Agent's merger or consolidation with another bank or trust company shall be paid by the successor Paying Agent. No expense resulting from such merger or consolidation shall be billed to the District.

SECTION 16. Defeasance. The Series B Bonds may be defeased prior to maturity in the following ways:

(a) Cash: By irrevocably depositing with a bank or trust company, in escrow, an amount of cash which, together with amounts then on deposit in the Debt Service Fund, is sufficient to pay all Bonds Outstanding, including all principal and interest and premium, if any; or

(b) United States Obligations: By irrevocably depositing with a bank or trust company, in escrow, noncallable United States Obligations (as defined below), as permitted under Section 149(d) of the Code, 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 Series B Bonds (including all principal and interest represented thereby and redemption premiums, if any) at or before their maturity date.

Then, notwithstanding that any Series B Bonds shall not have been surrendered for payments, all obligations of the District and the County with respect to all Outstanding Bonds shall cease and terminate, except for the obligation of the Paying Agent to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of this Section 16, to the Owners of the Series B Bonds not so surrendered and paid all sums due with respect thereto.

For purposes of this Section 16, "United States Obligations" shall mean:

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

For purposes of this Section 16, and Section 17, the escrow agent bank and verification agent shall be selected by the District in consultation with the County. Any escrow bank or trust company, other than the County, shall conform to the successor paying agent requirements of Section 15(b) hereof.

SECTION 17. Partial Defeasance. A portion of the then-Outstanding maturities of the Series B Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with a bank or trust company, in escrow, an amount of cash which, together with amounts then on deposit in the Debt Service Fund, is sufficient to pay the designated Outstanding maturities of Series B Bonds, including all principal and interest and premium, if any; or

(b) United States Obligations: by irrevocably depositing with a bank or trust company, in escrow, noncallable United States Obligations, as permitted under Section 149(d) of the Code, together with cash, if required, in such an amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon, be fully

sufficient to pay and discharge the designated maturities of Series B Bonds (including all principal and interest represented thereby and redemption premiums, if any,) at or before their maturity date.

Then, notwithstanding that any of such designated maturities of Series B Bonds shall not have been surrendered for payment, all obligations of the District and the County with respect to such Outstanding maturities of Series B Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of this Section 17, to the Owners of the Series B Bonds of such maturities designated for redemption not so surrendered and paid, all sums due with respect thereto.

For purposes of this Section 17, "United States Obligations" shall have the same meaning as set forth in Section 16 hereof.

SECTION 18. Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate (as defined below), which shall be executed by District and delivered at the time of delivery of the Series B Bonds. Notwithstanding any other provisions 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 Series B Bonds; however, any underwriter or any holder or beneficial Owner of the Series B Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order. The District shall function as the initial dissemination agent and shall perform all duties and obligations as set forth in the Continuing Disclosure Certificate, as described in 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 Series B Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

SECTION 19. County Books and Accounts. The Treasurer, the County and the Paying Agent will keep, or cause to be kept, proper books or record and accounts to record (i) the amount of taxes collected pursuant to Section 10 hereof, (ii) all deposits, expenditure and investment earnings on the Debt Service Fund and any and all accounts or subaccounts thereof, and (iii) all transfers of funds for the payment of Principal, or Maturity Value of, or interest or redemption premiums on, the Series B Bonds. Such books of record and accounts shall, upon two days prior notice, at all times during business hours be subject to the inspection of the District, the Paying Agent (if other than the Treasurer) and the Owners of not less than ten percent (10%) of the Principal amount of the Series B Bonds then Outstanding, or their representatives authorized in writing.

SECTION 20. Bond Insurance. In the event the District purchases bond insurance for the Series B Bonds, and to the extent that the Bond Insurer makes payment of the Principal or interest on the Series B Bonds, it shall become subrogated to the rights of such Owner of such

Series B Bonds with the right to payment of Principal or interest on the Series B Bonds, and the rights of the Owners shall be fully subrogated to all of the Bond Insurer's rights, including the Owners' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims that were past due interest components, the Paying Agent shall note the Bond Insurer's rights as subrogee on the Bond Register upon receipt of a copy of the canceled check issued by the Bond Insurer for the payment of such interest to the Owners of the Series B Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Paying Agent shall note the Bond Insurer as subrogee on the Bond Register upon surrender of the Series B Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer. In the event that the Bond Insurer requires additional agreements, covenants or conditions to the issuance of the bond insurance policy, the Designated Officer may deliver or agree to such; provided, however, that applicable law(s) shall be complied with and any such agreement, covenants or conditions shall be consistent with the provisions of the Resolution and shall be satisfactory to the Designated Officer.

SECTION 21. Official Statement. The District authorized and shall be responsible for preparing a preliminary and final Official Statement meeting the requirements of Securities and Exchange Commission ("SEC") Rule 15c2-12. Such preliminary Official Statement and final Official Statement are collectively referred to herein as the "Official Statement."

SECTION 22. Tax and Arbitrage Matters.

(a) The District has represented that it shall not take any action, or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Series B Bonds under Section 103 of the Code.

(b) The District has covenanted to restrict the use of the proceeds of the Series B Bonds in such manner and to such extent, if any, as may be necessary, so that the Series B Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and the applicable regulations prescribed under that section or any successor section. Calculations for determining arbitrage requirements are the sole responsibility of the District.

(c) The District, in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series B Bonds, has covenanted to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code, as set forth in the nonarbitrage (tax) certificate to be provided to the District by Bowie, Arneson, Wiles & Giannone, Bond Counsel, on the date of initial delivery of the Series B Bonds and incorporated herein by this reference as a source of guidance for compliance with such provisions.

(d) The District shall at all times do and perform all other acts and things necessary or desirable and within its powers to assure, for the purposes of California personal and Federal income taxation, that the tax-exempt status of the interest paid on the Series B Bonds to the recipients thereof will be preserved.

(e) Notwithstanding any other provision of this Resolution to the contrary, upon the District's failure to observe, or refusal to comply with, the above covenant, no person other than the owners of the Series B Bonds shall be entitled to exercise any right or remedy provided to such owners under this Resolution on the basis of the District's failure to observe, or refusal to comply with, the above covenant.

SECTION 23. Unclaimed Monies. Notwithstanding any of the foregoing provisions of this Resolution and subject to State law, any monies held by the Paying Agent for the payment of the Principal of, redemption premium, if any, or interest on the Series B Bonds remaining unclaimed for one year after the corresponding maturity or redemption date for such Series B Bonds shall be returned by the Paying Agent to the Treasurer, with any and all interest accrued thereon, for deposit into the Debt Service Fund. Notwithstanding any other provisions of this Resolution, any monies held in any fund created pursuant to this Resolution, or by the Paying Agent in trust, for the payment of the Principal of, redemption premium, if any, or interest on Series B Bonds and remaining unclaimed for one year after the Principal of all of the Series B Bonds have become due and payable (whether by maturity or upon prior redemption) shall be, after payment in full of the Series B Bonds, transferred to the General Fund of the District to be applied in accordance with law; provided, however, that the Paying Agent, or Treasurer, as may be the case, before making such payment, shall cause notice to be mailed to the Owners of all Series B Bonds that have not been paid, by first-class mail at the addresses on the Bond Register, postage prepaid, not less than 90 days prior to the date of such payment.

SECTION 24. Compliance With Law. All acts, conditions and things required by law to be done and performed in strict conformity with the laws authorizing the issuance of general obligation bonds of the District, and the indebtedness of the District, including this proposed issue of the Series B Bonds, is within all limits prescribed by law.

SECTION 25. Conditions Precedent. This Board of Supervisors determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing of the Series B Bonds, in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Series B Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or Constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Series B Bonds.

SECTION 26. Amendments. The County may from time to time (which may be at the request of the District, made in writing), and at any time, without notice to or consent of any of the Owners, by action of the Board of Supervisors, amend the provisions of this Resolution for any of the following reasons:

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

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

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

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

SECTION 27. Approval of Actions. Officers of the Board and County officials and staff, including the Treasurer or the Treasurer's 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 Series B 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 28. Furnishing of Clerk's Certification. The Executive Officer-Clerk of the Board of Supervisors is hereby authorized to furnish one certified copy of this Resolution to Bowie, Arneson, Wiles & Giannone, District Bond Counsel, at or prior to closing.

[Remainder of the page is blank.]

SECTION 29. **Effective Date.** This Resolution shall take effect immediately upon its passage.

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 said 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

EXHIBIT "A"

FORM OF BOND PURCHASE AGREEMENT

EXHIBIT "B"

FORM OF CURRENT INTEREST BOND

REGISTERED NO. **REGISTERED $**

SAUGUS UNION SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2002 ELECTION, SERIES B
(Los Angeles County, California)

INTEREST RATE:	**MATURITY DATE:**	**DATED AS OF:**	**CUSIP:**
_____%	August 1, 20__	_____, 2005	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The **SAUGUS UNION SCHOOL DISTRICT** ("District") in Los Angeles County, California ("County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 ("Bond Payment Dates"), commencing February 1, 2006. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2006, in which event it shall bear interest from _____, 2005. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this Bond (or, if applicable, on one or more predecessor Bonds) is registered ("Registered Owner") on the Register maintained by the Paying Agent, initially the Treasurer and Tax Collector of Los Angeles County ("Paying Agent"); provided, however, that if at the time of authentication of any Bond, interest is then in default on the Outstanding Bonds, such Bond shall bear interest from the Bond Payment Date to which interest has previously been paid or made available for payment thereon. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal is payable upon presentation and surrender of this bond at the principal office of the Paying Agent in Los Angeles, California. Interest is payable by check or draft mailed by the Paying Agent on each Bond Payment Date to the Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the Register at the close of business on

the 15th day of the calendar month next preceding that Bond Payment Date ("Record Date"). The Owner of an aggregate Principal Amount of $1,000,000 or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

This Bond is one of an aggregate amount of $_____ of Bonds issued to be used to finance the design, acquisition, installation, modernization and construction of certain public schools and school facilities and providing facilities improvements and upgrades, and the acquisition of school sites, and related facilities costs to serve the District under authority of and pursuant to the laws of the State of California, and the requisite two-thirds vote of the electors of the District obtained at an election held on June 4, 2002, upon the question of issuing bonds in the amount of $48,000,000, the resolution of the Board of Trustees of the District adopted on April 19, 2005 ("District Resolution"), and the resolution of the Board of Supervisors of Supervisors adopted on May ___, 2005 ("County Resolution"). This Bond and the issue of which this Bond is one are payable as to both principal and interest from the proceeds of the levy of ad valorem taxes on all property subject to such taxes in the District, which taxes are 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, of which this Bond is a part and Capital Appreciation Bonds, of which $_____ represents the Denominational Amount and $_____ the Maturity Value.

The Bonds of this issue are issuable only as fully registered bonds in the denominations of $5,000 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.

[The Current Interest Bonds maturing on or before August 1, 20__are not subject to redemption prior to maturity. The Current Interest Bonds maturing on or after August 1, 20__, are subject to redemption at the option of the District, as a whole or in part in inverse order of maturity and by lot within each maturity, from any source of available funds, on August 1, 20__, or on any Bond Payment Date thereafter at par value, plus accrued interest represented thereby to the redemption date.]

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

[The Current Interest Bonds maturing on August 1, _____ are subject to mandatory sinking fund redemption in part by lot, on August 1 of each year, commencing August 1, _____ and on each August 1 thereafter in accordance with the schedule set forth below. The Bonds so called for mandatory sinking fund redemption shall be redeemed at the principal amount of such Bonds to be redeemed, plus accrued but unpaid interest, without premium.

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 serial or registration 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 thirty (30) days, but not more than forty-five (45) 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.

Neither the District, the County nor the Paying Agent will be required (a) to issue or transfer any Bond during a period beginning with the opening of business on the 16th day of the month next preceding either any Bond Payment Date or 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 rights and obligations of the District and of the Registered Owners of the Bonds may be amended at any time, and in certain cases without the consent of the Registered Owners to the extent and upon the terms and conditions provided in the County Resolution.

The County Resolution contains provision for the payment of the interest on, and the principal and premium, if any, of any of the Bonds so that the Bonds shall no longer be deemed to be outstanding under the terms of the County Resolution.

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.

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 and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

[SEAL]

LOS ANGELES COUNTY, CALIFORNIA

By: ***-EXHIBIT-***
Chair, Board of Supervisors

By: ***-EXHIBIT-***
Treasurer and Tax Collector

COUNTERSIGNED:

By: ***-EXHIBIT-***
Executive Officer-Clerk of the
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, Paying Agent by: U.S. Bank National Association, as agent of the Treasurer and Tax Collector:

By: ***-EXHIBIT-***
Authorized Signatory

FORM OF ASSIGNMENT

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

_____

_____

_____

(print/type name, address, zip code, tax identification or Social Security number of assignee) the within Bond and do(es) irrevocably constitute and appoint _____ attorney, to transfer the same on the registration books of the Paying Agent, with full power of substitution in the premises.

Date:_____

-EXHIBIT-

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

-EXHIBIT-

_____

Signature must be guaranteed by an eligible guarantor institution.

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

[FORM OF LEGAL OPINION]

[TEXT OF OPINION]

EXHIBIT "C"

FORM OF CAPITAL APPRECIATION BOND

REGISTERED
NO.

REGISTERED
$
(MATURITY VALUE)

SAUGUS UNION SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2002 ELECTION, SERIES B
(Los Angeles County, California)

YIELD TO MATURITY:	MATURITY DATE:	DATE OF IS
_____	August 1, 20__ _____, 2005	_____

REGISTERED OWNER: CEDE & CO.

DENOMINATIONAL AMOUNT:

MATURITY VALUE:

The **SAUGUS UNION SCHOOL DISTRICT** ("District") in Los Angeles County, California ("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 ("Registered Owner") on the Register maintained by the Paying Agent, initially the Treasurer and Tax Collector of the County of Los Angeles ("Paying Agent"). 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 series of $_____ of Bonds issued to be used to finance the design, acquisition, installation, modernization and construction of certain public schools and school facilities and providing facilities improvements and upgrades, and the acquisition of school sites, and related facilities costs to serve the District under authority of and pursuant to the laws of the State of California, and the requisite two-thirds vote of the electors of the District obtained at an election held on June 4, 2002, upon the question of issuing bonds in the amount of $48,000,000, the resolution of the Board of Trustees of the District adopted on April 19, 2005 ("District Resolution"), and the

resolution of the County Board of Supervisors adopted on May ___, 2005 ("County Resolution"). This Bond and the issue of which this Bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are 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 Series B 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 $_____ Maturity Value.

The Bonds of this issue are issuable only as fully registered bonds in the denominations of $5,000 of 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 Series B Bond during a period beginning with the opening of business on the 16th day of the month next preceding either any Bond Payment Date [or 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 optional redemption prior to maturity.]

[Capital Appreciation Term Bonds maturing on August 1, 20__, are subject to mandatory redemption from monies in the Debt Service Fund prior to their stated maturity date, by lot, at the Accreted Value thereof without premium on each August 1, 20__, in the years and in an amount equal to the aggregate Accreted Values set forth below:

[(MANDATORY REDEMPTION TABLE)]

The County Resolution contains provisions permitting the District to make provision for the payment of the interest on, and the principal and premium, if any, of any of the Bonds so that the Bonds shall no longer be deemed to be outstanding under the terms of the County Resolution.

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.

The rights and obligations of the District and of the Registered Owners of the Bonds may be amended at any time, and in certain cases without the consent of the Registered Owners to the extent and upon the terms and conditions provided in 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.

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 and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

[SEAL]

LOS ANGELES COUNTY, CALIFORNIA

By: ***-EXHIBIT-***
Chair, Board of Supervisors

By: ***-EXHIBIT-***
Treasurer and Tax Collector

COUNTERSIGNED:

By: ***-EXHIBIT-***
Executive Officer-Clerk of the
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, Paying Agent by: U.S Bank National Association, agent of the Treasurer and Tax Collector

By: ***-EXHIBIT-***
Authorized Signatory

FORM OF ASSIGNMENT

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

_____

_____

_____

(print/type name, address, zip code, tax identification or Social Security number of assignee) the within Bond and do(es) irrevocably constitute and appoint _____ attorney, to transfer the same on the registration books of the Paying Agent, with full power of substitution in the premises.

Date:_____

-EXHIBIT-

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond is every particular, without alteration or any change whatever.

Signature Guaranteed:

-EXHIBIT-

_____

Signature must be guaranteed by an eligible guarantor institution.

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

[FORM OF LEGAL OPINION]

[TEXT OF OPINION]

EXHIBIT "A"

FORM OF BOND PURCHASE AGREEMENT

$_____

SAUGUS UNION SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2002 ELECTION, SERIES A

BOND PURCHASE CONTRACT

_____, 2005

County of Los Angeles
Treasurer and Tax Collector
500 W. Temple Street
Room 437
Los Angeles, CA 90012

Saugus Union School District
24930 Avenue Stanford
Santa Clarita, California 91355

Ladies and Gentlemen:

The undersigned, on behalf of George K. Baum & Company, Inc. ("Underwriter"), offers to enter into this Bond Purchase Contract ("Purchase Contract") with the County of Los Angeles, California ("County"), and the Saugus Union School District ("District"), which, upon acceptance hereof by the District and the County, will be binding upon the District, the County 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.

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, 2002 Election, Series B ("Bonds"). The Bonds shall bear interest at the rates, and shall mature in the years shown on Exhibit "A" hereto, which is incorporated herein by this reference. The Bonds shall be comprised of Current Interest Bonds and Capital Appreciation Bonds. The Current Interest Bonds (as designated in the Bond Resolution described below) shall be dated the date of delivery, and shall be payable as to interest on February 1, and August 1, commencing February 1, 2006. The Capital Appreciation Bonds shall be dated the date of delivery and shall accrue interest from such date, compounded semi-annually on February 1, and August 1, commencing August 1, 2005, and shall be paid at maturity as shown on Appendix "A" hereto which is incorporated herein by this reference.

The Underwriter agrees to purchase the Bonds at a purchase price equal to $_____ (which represents the aggregate principal amount of the Bonds of $_____, plus a net original issue premium of $_____ and less the underwriter's discount of $_____). Certain costs of issuance shall also be paid by the Underwriter at the direction of the County and District as described in Section 14 hereof (resulting in a net purchase price of $_____).

2. **The Bonds**. The Bonds shall be comprised of Current Interest Bonds and Capital Appreciation Bonds as designated in Appendix "A". The Bonds shall be dated the date of their delivery, and shall otherwise be as described in, and shall be issued and secured pursuant to, the provisions of the Resolution of the District (Resolution No. 2005-12) ("District Resolution") adopted on April 19, 2005, the Resolution adopted by the County Board of Supervisors on _____, 2005 ("County Resolution" and, together with the District Resolution, the "Bond Resolution"), and Sections 15100 *et seq.*, of the California Education Code ("Act") and other applicable State law. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the County Resolution.

Certain provisions for the optional redemption of the Bonds not otherwise specified in the Resolutions are shown in Appendix "A" attached hereto and incorporated herein by reference, all as provided in the County Resolution.

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

The Treasurer and Tax Collector of Los Angeles County, through its agent - U.S. Bank National Association (collectively the "Paying Agent"), shall serve as the initial authenticating agent, bond registrar, transfer agent, and paying agent for the Bonds pursuant to a paying agent agreement with respect to the Bonds, between U.S. Bank National Association and the Treasurer and Tax Collector of Los Angeles County.

The payment of principal of and interest on (but not any prepayment premium) the Bonds will be secured by a municipal bond insurance policy ("Insurance Policy") to be issued simultaneously with the issuance of the Bonds by _____ ("Insurer" or "____").

3. **Use of Documents**. The District and the County hereby authorize the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Contract, an Official Statement (defined below), the Bond Resolution, 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 (except as such documents otherwise provide).

4. **Public Offering of the Bonds**. The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields as set forth in Appendix "A" hereto and incorporated herein by reference. Subsequent to such initial public offering, the

Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds; *provided* that the Underwriter shall not change the interest rates set forth in Appendix "A". The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

The Underwriter hereby represents to the District: (i) that as of the date of sale, all of the Bonds purchased were expected to be reoffered in a bona fide public offering; (ii) that as of the date of the certification, all of the Bonds purchased had actually been offered to the general public at the offering prices shown in Appendix A; and (iii) that the prices given in Appendix A are the maximum initial bona fide offering prices at which a substantial amount (at least 10%) of each maturity of the Bonds purchased was sold or reasonably expected to be sold to the general public.

The Underwriter hereby represents that it will provide, consistent with the requirements of Municipal Securities Rulemaking Board ("MSRB") Rule G-32, for the delivery of a copy of the Official Statement to each customer who purchases any Bonds during the underwriting period (a such term is defined in MSRB Rule G-11), and deliver a copy of the Official Statement to a national repository on or before the Closing Date, and that it will otherwise comply with all applicable statues and regulations in connection with the offering and sale of the Bonds, including, without limitation, MSRB Rule G-32 and 17 CFR Section 240.15c2-12, promulgated by the Securities and Exchange Commission ("Rule 15c2-12").

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

5. **Review of Official Statement**. The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated _____, 2005 ("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 ("Rule").

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

The 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 fully executed, copies of a final Official Statement relating to the Bonds ("Official Statement") substantially in the form of the Preliminary Official Statement, as further provided for in Section 12(e)(18) hereof; *provided, however,* that the failure of the District to comply with this requirement due solely to the

acts of the Underwriter, its counsel or agents, shall not be considered cause for the Underwriter to refuse to accept delivery of and pay for the Bonds.

6. **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 ("Closing"), the District or the County, as appropriate, will deliver to the Underwriter (except as otherwise provided in the Bond Resolution), at the offices of The Depository Trust Company ("DTC") in New York, New York, or at such other place as the parties may agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Bowie, Arneson, Wiles & Giannone ("Bond Counsel"), in Newport Beach, California, the other documents listed in Section 12(e) to be delivered by the District; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by check, draft or wire transfer to or upon the order of the District, and deliver the other documents listed in Section 12(e) to be delivered by the Underwriter.

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

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

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

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby except as provided in the Resolutions. 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) Arbitrage Certificate. The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon.

(h) Continuing Disclosure. To assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5), the District will undertake, pursuant to the Bond Resolution and a Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

(i) 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 statement made therein.

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

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

(b) Due Authorization. (i) At or prior to the Closing, the County will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the County has full legal right, power and authority to enter into this Purchase Contract, to adopt the County Resolution, to issue and deliver the Bonds to the Underwriter on behalf of the District and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract and the Resolutions; (iii) the execution and delivery or adoption of, and the performance by the County of 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) 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. 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 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. To the best knowledge of the County, as of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or 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 Resolutions or contesting the powers of the County or its authority with respect to the Bonds, the Resolutions or this Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the County related to the transactions contemplated by this Purchase Contract or the Resolutions, or (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part.

(f) No Other Debt. Between the date hereof and the closing, without the prior written consent of the Underwriter, the County will not have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such 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.

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

(a) The Underwriter is duly authorized to execute this Purchase Contract and to take any action under the Purchase Contract required to be taken by it.

(b) The Underwriter is in compliance with MSRB Rule G-37 with respect to the District, and is not prohibited thereby from acting as underwriter with respect to securities of the District.

(c) The Underwriter has, and has had, no financial advisory relationship with the District with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship, within the meaning of California Government Code Section 53590, or otherwise.

(d) The Underwriter has reasonably determined that the District's undertaking to provide continuing disclosure with respect to the Bonds pursuant to Section 12(e)(19) hereof is sufficient to effect compliance with the Rule.

10. **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) References. References herein to the Preliminary Official Statement and the Official Statement include the cover page and all appendices, exhibits, maps, reports and statements included therein or attached hereto;

(d) Subsequent Events. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the District until the date which is ninety (90) days following the Closing;

(e) Amendments to Official Statement. For a period of ninety (90) days after the end of the Underwriting Period (as determined in accordance with Section 17, 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;

(f) 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 17 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

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

11. **Division of Responsibility Between District and County**. 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.

12. **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 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 Bowie, Arneson, Wiles & Giannone, bond counsel ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the County and the District shall perform or have performed all of their obligations required under or specified in the District Resolution, the County Resolution, this Purchase Agreement or the Official Statement to be performed at or prior to the Closing;

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

(d) Marketability. Between the date hereof and the Closing, the market price or marketability or the ability of the Underwriter to enforce contracts for the sale of the Bonds, at the initial offering prices set forth in the Official Statement, shall not have been materially adversely affected 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 Closing Date and satisfactory in form and substance to the Underwriter:

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

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

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

(4) Certificates of the District. A certificate(s) signed by appropriate official(s) 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 Bond 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) to the best of such official's knowledge, no litigation is pending (either in state or federal courts) or, to the best knowledge of such official, threatened (A) seeking to restrain or enjoin the execution, sale or delivery of any of the Bonds, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Bonds, the Continuing Disclosure Certificate or this Purchase Contract, or (C) in any way contesting the existence or powers of the District, (v) 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 (vi) 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 Bond Resolution and this Purchase Contract;

(5) Certificate(s) of the County. 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, (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;

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

(5) Municipal Bond Insurance. Evidence satisfactory to the Underwriter that the Bonds shall have received a policy of municipal bond insurance by _____ (____) that unconditionally guarantees the timely payments of all debt service on the Bonds;

(8) Certificate of Insurer. A certificate(s) of the Insurer in form and substance satisfactory to Bond Counsel;

(9) Opinion of Counsel to the Insurer. An opinion of counsel to the Insurer addressed to the District and the Underwriter in form and substance satisfactory to Bond Counsel;

(10) Letter of Representations. A copy of the signed Letter of Representations as filed with The Depository Trust Company (DTC);

(11) Form 8038-G. Evidence that the federal tax information form 8038-G has been prepared by Bond Counsel for filing;

(12) CDIAC Statements. A copy of the filings with the California Debt and Investment Advisory Commission pursuant to the applicable provisions of the California Government Code;

(14) Ratings. Evidence satisfactory to the Underwriter (i) that the Bonds shall have been rated "____" by Standard & Poor's Ratings Service and "____" by Moody's Investors Service as a result of municipal bond insurance provided by the Insurer, (ii) that the Bonds shall have an underlying rating of "___" by Standard & Poor's Ratings Service and "___" by Moody's Investors Service, and (iii) that any such ratings have not been revoked or downgraded;

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

(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;

(16) County Resolution. 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 by Minute Order of the Los Angeles County Board of Supervisors on the date specified therein;

(17) County Counsel Opinion. An opinion of Counsel to the County;

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

(19) Continuing Disclosure Certificate. A Continuing Disclosure Certificate of the District as summarized in the Official Statement and in a form satisfactory to the Underwriter which complies with SEC Rule 15c2-12(b)(5);

(19) Underwriter's Counsel Opinion. An opinion, dated the Closing Date addressed to the District, of Stradling, Yocca, Carlson & Rauth, Underwriter's Counsel, in a form acceptable to the Underwriter;

(21) Underwriter's Certifications. At or before Closing, and contemporaneously with the acceptance of delivery of the Bonds and the payment of the Purchase Price thereof, the Underwriter will provide to the District:

(i) The receipt of the Underwriter, in form satisfactory to the District and signed by an authorized officer of the Underwriter, accepting delivery of the Bonds to the Underwriter and receipt of all documents required by the Underwriter, and the satisfaction or waiver of all conditions and terms of this Purchase Contract by the District, and confirming to the District that as of the Closing Date all of the representations of the Underwriter contained in this Purchase Contract are true, complete and correct in all material respects.

(ii) The certification of the Underwriter, in form satisfactory to Bond Counsel, regarding the prices at which the Bonds have been reoffered to the public, as described in Section 4 hereof.

(iii) the certification of the Underwriter, in form satisfactory to Bond Counsel, that the present value of the interest saved as a result of the policy of municipal bond insurance with respect

to the Bonds issued by the Insurer exceeds the premium paid for said insurance, and said premium is not unreasonable.

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

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriter prior to the close of business, California Time, on _____, 2005, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Sections 5 and 14 hereof.

If the County and/or the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be 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.

The Underwriter shall also have the right to cancel its obligation to purchase the Bonds, by written notice to the County and the District, if between the date hereof and the Closing, (i) any event occurs or information becomes known, which makes untrue any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (ii) the market for the Bonds or the market price of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the reasonable professional judgment of the Underwriter, by (a) legislation enacted by the Congress of the United States, or passed by either House of the Congress, or favorably reported for passage to either House of the Congress, by any Committee of such House to which such legislation has been referred for consideration, or by the legislature of the State, or a decision rendered by a court of the United States or the State or by the United States Tax Court, or a ruling, order, or regulation (final or temporary) made by the Treasury Department of the United States or the Internal Revenue Service or other federal or State authority, which would have the effect of changing, directly or indirectly, the federal income tax consequences or State

tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof, or (b) any new outbreak of hostilities or other national or international calamity or crisis, the effect of such outbreak on the financial markets of the United States being such as, in the judgment of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds, or (c) a general suspension of trading on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction, or (d) a general banking moratorium declared by either federal or State authorities having jurisdiction; or (iii) additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which in the opinion of the Underwriter, materially adversely affect the market price for the Bonds.

13. **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.

14. **Expenses**.

(a) The Underwriter shall pay the following expenses, at the direction of the District, up to a total amount of $_____: (i) the cost of the preparation and reproduction of the Resolutions; (ii) the fees and disbursements of Bond Counsel; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees, if any, for Bond ratings, including all necessary travel expenses; (v) the cost of the printing and distribution of the Official Statement; (vi) the bond insurance premium; and (vii) all other fees and expenses incident to the issuance and sale of the Bonds, exclusive of the fees and expenses set forth in Section 14(b) hereof. All such expenses in excess of $_____ shall be paid by the District.

(b) In addition to the foregoing expenses, Underwriter shall also pay all out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, travel and other expenses (except as provided above) and the fees and disbursements of Underwriter's Counsel, if any, shall be paid by the Underwriter.

(c) If the expenses set forth in subsection (a) above, do not equal or exceed $_____ after the payment of all such expenses, the Underwriter shall remit the difference between $_____ and the total amount paid for such expenses to the District and the District shall deposit such sum into the Series B Bonds Debt Service Fund.

15. **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, CA 90012; if to the District, to the Superintendent (or Superintendent's designee), Saugus Union School District, 24930 Avenue

Stanford, Santa Clarita, California 91355, or if to the Underwriter, to George K. Baum & Company, Inc., 660 "J" Street, Suite 400, Sacramento, CA 95814.

16. **Parties in Interest; Survival of Representations and Warranties**. This Purchase Contract when accepted by the District in writing as heretofore specified shall constitute the entire agreement among the County, the District and the Underwriter. This Purchase Contract is made solely for the benefit of the County, the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All 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.

17. **Determination of End of the Underwriting Period**. For purposes of this Purchase Agreement, 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 ("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.

18. **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.

19. **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 party hereto.

20. **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).

21. **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.

[Remainder of this page is blank]

22. **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, INC.

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: _____
Principal Deputy County Counsel

SAUGUS UNION SCHOOL DISTRICT

By: _____
Authorized Officer

EXHIBIT "A"

SAUGUS UNION SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2002 ELECTION, SERIES B

PURCHASE INFORMATION

Dated: _____, 2005 (Current Interest Bonds)
_____, 2005 (Capital Appreciation Bonds)

Delivery: _____, 2005
First Coupon: February 1, 2006

Ratings: S&P - "___"
Moody's "___"

Current Interest Bonds:

Maturity Date (August 1)	Principal	Interest Rate	Reoffering Yield	Reoffering Price
2006				
2007				
2008				
2009				
2010				
2011				
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
20__				

Capital Appreciation Bonds

Maturity Date (August 1)	Denominational/ Principal Amount	Reoffering Yield	Reoffering Price	Maturity Value	Coupon Yield to Maturity
20__					
20__					
20__					
20__					

Redemption Provisions

The Current Interest Bonds maturing on or after August 1, 20__, are subject to redemption at the option of the District, as a whole or in part in inverse order of maturity and by lot within each maturity, from any source of available funds, on August 1, 20__, or on any Bond Payment Date thereafter at par value, plus accrued interest represented thereby to the redemption date.

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

APPENDIX "B"

FORM OF DISTRICT COUNSEL OPINION

Board of Trustees of the
Saugus Union School District
24930 Avenue Stanford
Santa Clarita, California 91355

George K. Baum & Company
660 "J" Street, Suite 460
Sacramento, CA 95814

Re: $_____ Saugus Union School District General Obligation Bonds, 2002 Election, Series B
Opinion of District Counsel

Ladies and Gentlemen:

We have acted as District Counsel for the Saugus Union School District ("District") in connection with the proceedings for the issuance and sale by the District of $_____ principal amount of Saugus Union School District General Obligation Bonds, 2002 Election, Series B ("Bonds"). The Bonds are being issued pursuant to the Resolution of the Board of Trustees of the District, adopted on April 19, 2005 (Resolution No. 2005-12) ("District Resolution"), and a Resolution of the Board of Supervisors of the County of Los Angeles, adopted on _____, 2005 ("County Resolution" and collectively with the District Resolution, the "Bond Resolution"), the California Constitution and in accordance with the statutory authority set forth in Title 1, Division 1, Part 10, Chapter 1 of the State of California Education Code, commencing with Section 15100.

This letter is delivered to you pursuant to Section 12(e)(3) the Bond Purchase Contract dated _____, 2005 ("Purchase Contract"), between the District and George K. Baum & Company ("Underwriter").

Capitalized terms not otherwise defined herein shall have the meaning(s) ascribed thereto in the Purchase Contract.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. The opinions may be affected by actions or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether (or not) any such actions or events occur. As to questions of fact material to our opinions, we have

relied upon the documents and matters referred to herein, and we have not undertaken by independent investigation to verify the authenticity of signatures or the accuracy of the factual matters represented, warranted or certified therein. In making our examination of the documents referenced herein, we have assumed that each party to one or more of the documents referenced herein, other than the District, has the power to enter into and perform its obligations thereunder, has duly authorized, executed and delivered such documents, and that such documents constitute the legal, valid and binding obligations of such party. Furthermore, we have assumed all compliance with all covenants contained in the Bond Resolution and in certain other documents.

As District Counsel, we have examined a record of the proceedings in connection with the execution and delivery of the Bonds, including, without limitation, the following:

(i) the proceedings relating to the call and conduct of the general obligation bond election conducted on June 2, 2002, within the boundaries of the District ("Election");
(ii) the Bond Resolution;
(iii) the Purchase Contract; and
(iv) such other documents, including, but not limited to, certificates of the District and the County delivered in connection with the issuance of the Bonds, as we have deemed necessary to render the opinions set forth below.

Attention is called to the fact the we have not been requested to examine, and have not examined, any documents or information relating to the District other than the record of proceedings herein referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been, or may be, supplied to any purchaser of the Bonds.

The Bond Resolution and other related documents refer to certain requirements and procedures which may be changed and certain actions which may be taken, in circumstances and subject to terms and conditions set forth in such documents, upon the advice or with an approving opinion of nationally recognized bond counsel. No opinion is expressed herein as to any Bond, or any related document, if any such change is made or action is taken upon the advice or approval of counsel other than ourselves.

It is to be understood that the rights and obligations under the Bond Resolution and related documents are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws heretofore or hereafter enacted, affecting the enforcement of creditors' rights and remedies, to the application of equitable principles when equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases.

Based on and subject to the foregoing, and in reliance thereon and our consideration of such questions of law as we have deemed relevant to the circumstances, and under existing law, we are of the following opinions:

(i) The District is a school district duly organized and existing under the Constitution and the laws of the State of California ("State");

(ii) The District Resolution was duly adopted at a meeting of the Board of Trustees of the District 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 throughout;

(iii) 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 or threatened against or affecting the District which would adversely impact the District's ability to cause the Bonds to be issued or which would restrain or enjoin the levy or collection of tax revenues pledged for the Bonds or in any way contesting or affecting the validity of the Purchase Contract, the Bond Resolution, or the Bonds wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the Purchase Contract, the Bond Resolution or the Bonds; and

(iv) To the best of our knowledge, the obligations of the District under the Bonds, and the approval of the Official Statement and the execution of and performance of the provisions of the Purchase Contract, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the District is subject.

We express no opinion with respect to the effect of laws, other than the laws and regulations of the State in full force and effect on the date hereof, upon the validity and binding effect of the Purchase Contract.

We have not undertaken any duty and expressly disclaim any responsibility to supplement or update this opinion letter nor to advise you or any other party if there is a change in law or facts or new facts come to our attention subsequent to the date hereof which may affect the opinions expressed above and/or which may cause us to amend any portion of this opinion letter in full or in part. Furthermore, future acts or omissions of the parties may serve to modify, alter or change the circumstances under which this opinion letter was prepared and upon which the opinions herein were rendered. Also, actions, conduct or omissions by a party may create a situation of waiver, estoppel or novation which would supplant the opinions set forth in this opinion letter.

The opinions expressed herein are based on the facts (as we know, believe or have assumed them to be) and law as in effect on the date of this opinion and, as such, this opinion shall be effective only as of the date of this letter. This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters expressly so stated. No attorney-client relationship has existed or exists between our firm and George K. Baum & Company, in connection with the authorization, issuance and delivery of the Bonds or related matters thereto. This opinion is issued with all the exclusions and limitations set forth herein. Exclusive of inclusion in the transcript of documents for the Bonds, this letter is not to be used, circulated, quoted, or otherwise referred to by you for any other purpose whatsoever or delivered to any other person without our prior written consent.

Very truly yours,

EXHIBIT "B"

FORM OF CURRENT INTEREST BOND

REGISTERED NO. **REGISTERED $**

SAUGUS UNION SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2002 ELECTION, SERIES B
(Los Angeles County, California)

INTEREST RATE:	MATURITY DATE:	DATED AS OF:	CUSIP:
_____%	August 1, 20__	_____, 2005	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The **SAUGUS UNION SCHOOL DISTRICT** ("District") in Los Angeles County, California ("County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 ("Bond Payment Dates"), commencing February 1, 2006. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2006, in which event it shall bear interest from _____, 2005. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this Bond (or, if applicable, on one or more predecessor Bonds) is registered ("Registered Owner") on the Register maintained by the Paying Agent, initially the Treasurer and Tax Collector of Los Angeles County ("Paying Agent"); provided, however, that if at the time of authentication of any Bond, interest is then in default on the Outstanding Bonds, such Bond shall bear interest from the Bond Payment Date to which interest has previously been paid or made available for payment thereon. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal is payable upon presentation and surrender of this bond at the principal office of the Paying Agent in Los Angeles, California. Interest is payable by check or draft mailed by the Paying Agent on each Bond Payment Date to the Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the Register at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date ("Record Date"). The Owner of an aggregate Principal Amount of $1,000,000 or more may request in writing to the Paying

Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

This Bond is one of an aggregate amount of $_____ of Bonds issued to be used to finance the design, acquisition, installation, modernization and construction of certain public schools and school facilities and providing facilities improvements and upgrades, and the acquisition of school sites, and related facilities costs to serve the District under authority of and pursuant to the laws of the State of California, and the requisite two-thirds vote of the electors of the District obtained at an election held on June 4, 2002, upon the question of issuing bonds in the amount of $48,000,000, the resolution of the Board of Trustees of the District adopted on April 19, 2005 ("District Resolution"), and the resolution of the County Board of Supervisors adopted on May ___, 2005 ("County Resolution"). This Bond and the issue of which this Bond is one are payable as to both principal and interest from the proceeds of the levy of ad valorem taxes on all property subject to such taxes in the District, which taxes are 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, of which this Bond is a part and Capital Appreciation Bonds, of which $_____ represents the Denominational Amount and $_____ the Maturity Value.

The Bonds of this issue are issuable only as fully registered bonds in the denominations of $5,000 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.

[The Current Interest Bonds maturing on or before August 1, 20__are not subject to redemption prior to maturity. The Current Interest Bonds maturing on or after August 1, 20__, are subject to redemption at the option of the District, as a whole or in part in inverse order of maturity and by lot within each maturity, from any source of available funds, on August 1, 20__, or on any Bond Payment Date thereafter at par value, plus accrued interest represented thereby to the redemption date.]

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

[The Current Interest Bonds maturing on August 1, _____ are subject to mandatory sinking fund redemption in part by lot, on August 1 of each year, commencing August 1, _____ and on each

August 1 thereafter in accordance with the schedule set forth below. The Bonds so called for mandatory sinking fund redemption shall be redeemed at the principal amount of such Bonds to be redeemed, plus accrued but unpaid interest, without premium.

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 serial or registration 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 thirty (30) days, but not more than forty-five (45) 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.

Neither the District, the County nor the Paying Agent will be required (a) to issue or transfer any Bond during a period beginning with the opening of business on the 16th day of the month next preceding either any Bond Payment Date or 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 rights and obligations of the District and of the Registered Owners of the Bonds may be amended at any time, and in certain cases without the consent of the Registered Owners to the extent and upon the terms and conditions provided in the County Resolution.

The County Resolution contains provision for the payment of the interest on, and the principal and premium, if any, of any of the Bonds so that the Bonds shall no longer be deemed to be outstanding under the terms of the County Resolution.

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.

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 and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

[SEAL]

LOS ANGELES COUNTY, CALIFORNIA

By: ***-EXHIBIT-***
Chair, Board of Supervisors

By: ***-EXHIBIT-***
Treasurer and Tax Collector

COUNTERSIGNED:

By: ***-EXHIBIT-***
Executive Officer-Clerk of the
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, Paying Agent by: U.S. Bank National Association, as authenticating agent:

By: ***-EXHIBIT-***
Authorized Signatory

FORM OF ASSIGNMENT

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

_____

_____

_____

(print/type name, address, zip code, tax identification or Social Security number of assignee) the within Bond and do(es) irrevocably constitute and appoint _____ attorney, to transfer the same on the registration books of the Paying Agent, with full power of substitution in the premises.

Date:_____

-EXHIBIT-

_____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

-EXHIBIT-

_____

Signature must be guaranteed by an eligible guarantor institution.

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

[FORM OF LEGAL OPINION]

[TEXT OF OPINION]

EXHIBIT "C"

FORM OF CAPITAL APPRECIATION BOND

REGISTERED NO.

REGISTERED $ (MATURITY VALUE)

SAUGUS UNION SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2002 ELECTION, SERIES B
(Los Angeles County, California)

YIELD TO MATURITY:	MATURITY DATE:	DATE OF ISSUANCE:	CUSIP:
_____	August 1, 20__	_____, 2005	_____

REGISTERED OWNER: CEDE & CO.

DENOMINATIONAL AMOUNT:

MATURITY VALUE:

The **SAUGUS UNION SCHOOL DISTRICT** ("District") in Los Angeles County, California ("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 ("Registered Owner") on the Register maintained by the Paying Agent, initially the Treasurer and Tax Collector of the County of Los Angeles ("Paying Agent"). 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 series of $_____ of Bonds issued to be used to finance the design, acquisition, installation, modernization and construction of certain public schools and school facilities and providing facilities improvements and upgrades, and the acquisition of school sites, and related facilities costs to serve the District under authority of and pursuant to the laws of the State of California, and the requisite two-thirds vote of the electors of the District obtained at an election held on June 4, 2002, upon the question of issuing bonds in the amount of $48,000,000, the resolution of the Board of Trustees of the District adopted on April 19, 2005 ("District Resolution"),

and the resolution of the County Board of Supervisors adopted on May ___, 2005 ("County Resolution"). This Bond and the issue of which this Bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are 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 Series B 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 $_____ Maturity Value.

The Bonds of this issue are issuable only as fully registered bonds in the denominations of $5,000 of 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 Series B Bond during a period beginning with the opening of business on the 16th day of the month next preceding either any Bond Payment Date [or 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 optional redemption prior to maturity.]

[Capital Appreciation Term Bonds maturing on August 1, 20__, are subject to mandatory redemption from monies in the Debt Service Fund prior to their stated maturity date, by lot, at the Accreted Value thereof without premium on each August 1, 20__, in the years and in an amount equal to the aggregate Accreted Values set forth below:

(MANDATORY REDEMPTION TABLE)]

The County Resolution contains provisions permitting the District to make provision for the payment of the interest on, and the principal and premium, if any, of any of the Bonds so that the Bonds shall no longer be deemed to be outstanding under the terms of the County Resolution.

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.

The rights and obligations of the District and of the Registered Owners of the Bonds may be amended at any time, and in certain cases without the consent of the Registered Owners to the extent and upon the terms and conditions provided in 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.

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 and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

[SEAL]

LOS ANGELES COUNTY, CALIFORNIA

By: ***-EXHIBIT-***
Chair, Board of Supervisors

By: ***-EXHIBIT-***
Treasurer and Tax Collector

COUNTERSIGNED:

By: ***-EXHIBIT-***
Executive Officer-Clerk of the
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, Paying Agent by: U.S Bank National Association, authenticating agent

By: ***-EXHIBIT-***
Authorized Signatory

FORM OF ASSIGNMENT

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

_____

_____

_____

(print/type name, address, zip code, tax identification or Social Security number of assignee) the within Bond and do(es) irrevocably constitute and appoint _____ attorney, to transfer the same on the registration books of the Paying Agent, with full power of substitution in the premises.

Date:_____

-EXHIBIT-

_____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond is every particular, without alteration or any change whatever.

Signature Guaranteed:

-EXHIBIT-

_____

Signature must be guaranteed by an eligible guarantor institution.

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

[FORM OF LEGAL OPINION]

[TEXT OF OPINION]

RESOLUTION NO. 2005-12

RESOLUTION OF THE BOARD OF TRUSTEES OF THE SAUGUS UNION SCHOOL DISTRICT AUTHORIZING ISSUANCE OF NOT TO EXCEED $24,000,196 PRINCIPAL AMOUNT OF SAUGUS UNION SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2002 ELECTION, SERIES B AND TAKING RELATED ACTIONS

WHEREAS, the issuance of not to exceed $48,000,000 aggregate principal amount of general obligation bonds of the Saugus Union School District ("District"), County of Los Angeles ("County"), State of California, was authorized ("Authorization") at an election ("Election") duly and regularly held within the District on June 4, 2002 (further identified as "Measure E"), the proceeds of which are to be used to finance the acquisition and construction of schools and school facilities of the District, including, but not limited to, modernization of existing schools and facilities of the District; and

WHEREAS, the Authorization was made under the provisions of California law as set forth in Article 1 of Chapter 1 of Part 10 of Division 1 of Title 1 of the California Education Code and the California Constitution; and

WHEREAS, the District, acting through the County and the County Board of Supervisors ("County Board"), has previously authorized the issuance of, and did issue, its Saugus Union School District (Los Angeles County, California) General Obligation Bonds, 2002 Election, Series A ("Series A Bonds"), in the total initial par amount of $23,999,804, leaving bonds of the Authorization in the principal amount of $24,000,196 unsold; and

WHEREAS, the District has determined that it is in the best interests of the District to issue the remaining portion of the bonds provided under the Authorization in the total principal amount not to exceed $24,000,196 at this time; and

WHEREAS, Section 15140 of the Education Code of the State of California authorizes the County Board to borrow funds through the issuance of general obligation bonds in the name and for the benefit of the District pursuant to a resolution adopted by the District; and

WHEREAS, this Board of Trustees ("District Board" or "Board") hereby determines that not to exceed Twenty-Four Million One Hundred Ninety Six Dollars ($24,000,196) in principal amount of the District's authorized general obligation bonds ("Bonds" or "Series B Bonds") should be issued and offered for sale at this time and hereby requests the County Board to issue and offer the Series B Bonds for sale; and

WHEREAS, California statutory provisions require that the District comply with various accountability measures, as further described below, which the District has either previously complied with, is complying with or will comply with, during the course of issuing the Series B Bonds and/or expending the Series B Bond proceeds; and

complied with, is complying with or will comply with, during the course of issuing the Series B Bonds and/or expending the Series B Bond proceeds; and

WHEREAS, the District Board has retained George K. Baum & Company, Inc., as its Underwriter ("Underwriter") and Bowie, Arneson, Wiles & Giannone as Bond Counsel ("Bond Counsel") to the District in connection with the issuance of the Bonds; and

WHEREAS, the District Board desires that the Series B Bonds be sold by negotiated sale and may involve the purchase of a municipal bond insurance policy; and

WHEREAS, the District Board requests that the Tax Collector and Auditor-Controller of the County levy on the County's 2005/2006 tax roll, and all subsequent tax rolls, taxes to be levied only against property within the boundaries of the District, pursuant to State law, in an amount sufficient to pay the principal and interest on the Series B Bonds.

NOW, THEREFORE, THE BOARD OF TRUSTEES OF THE SAUGUS UNION SCHOOL DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. Incorporation of Recitals. The foregoing recitals are true and correct and are incorporated herein by this reference.

SECTION 2. 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 for the issuance and sale of the Series B Bonds in order to make them legal, valid and binding general obligations of the District, secured by the levy of *ad valorem* taxes have been performed and have been met, or will at the time of delivery of the Series B Bonds have been performed and met, in regular and due form as required by law; that the County Board has the power and is obligated to levy *ad valorem* taxes for the payment of the Series B Bonds and the interest thereon without limitation as to rate or amount upon all property within the District subject to taxation (except for certain classes of personal property); and that no statutory or Constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Series B Bonds.

SECTION 3. Purpose of the Bonds. The Series B Bonds of the District in the aggregate principal amount of not to exceed $24,000,196 shall be offered for sale, the proceeds of which are to be used to finance the acquisition and construction of schools and school facilities, including, but not limited to, modernization of existing schools and facilities of the District, as authorized by the within-referenced ballot measure.

SECTION 4. Statutory Authority. That the Series B Bonds shall be issued and offered for public sale by the District pursuant to and in accordance with this Resolution, the County Resolution (as defined below) and Education Code Sections 15100 *et seq.* and Sections 15140 *et seq.*

SECTION 5. Sale of Bonds; Designation. That the County Board is hereby requested to issue and sell an aggregate principal amount of not to exceed Twenty-Four Million One Hundred Ninety Six Dollars ($24,000,196) of Series B Bonds authorized at the aforementioned election to be designated as "**Saugus Union School District General Obligation Bonds, 2002 Election, Series B**" or another designation as the District's Superintendent ("Superintendent") or the Superintendent's designee(s) may approve. The resolution of the County Board providing for the issuance and sale of the Series B Bonds is in certain instances herein referred to as the "County Resolution." The proceeds of the Series B Bonds shall be expended for the purposes set forth in the ballot submitted to the voters and approved in the Election. The Series B Bonds shall otherwise conform to the requirements forth herein and in the County Resolution.

SECTION 6. Negotiated Sale. The County Board is hereby requested to issue the Bonds to be sold at a negotiated sale in accordance with the terms and conditions, including provisions for the optional redemption of the Series B Bonds, set forth in the Bond Purchase Contract ("Purchase Contract") by and among the County, the District and the Underwriter, a form of which is attached hereto as Exhibit "A" and incorporated herein by this reference.

SECTION 7. Form of the Purchase Contract. The form of the Purchase Contract is hereby approved. The Superintendent, the Assistant Superintendent, Business Services, and such other officers of the District as may be authorized by the District Board or Superintendent (each a "Designated Officer") are, and each of them acting alone hereby is, authorized to execute and deliver with the County Treasurer to the Underwriter the Purchase Contract on behalf of the District, with such changes therein as the Designated Officer executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District and subject to the terms and conditions as set forth in the County Resolution. Such approval is to be conclusively evidenced by such Designated Officer's execution and delivery thereof. The Designated Officer, in consultation with the Underwriter, Bond Counsel and County Treasurer, is authorized and directed to establish or modify the terms of redemption of the Series B Bonds and establish the final principal amount of the Bonds, provided, however, that such principal amount shall not exceed $24,000,196. The Designated Officer is also authorized and directed to negotiate, in cooperation with the Treasurer and with the Underwriter the interest rates and terms of sale for the Series B Bonds. The Series B Bonds shall bear interest at a rate of not to exceed seven percent (7.00%) per annum and the Underwriter's discount, excluding original issue discount, if any, shall be one and one-tenth percent (1.10%) of the aggregate principal or issue amount of the Bonds (exclusive of any original issue discount on the Series B Bonds, which original issue discount shall not exceed five percent (5.00%)). The term of the Series B Bonds shall be for not more than 25 years from the date of issuance.

The Designated Officer is also authorized, in consultation with the County, the Underwriter and Bond Counsel, to elect to purchase a policy of bond insurance for the Series B Bonds to the extent such action is determined to be in the best interests of the District.

SECTION 8. Official Statement. A Preliminary Official Statement relating to the Series B Bonds is hereby authorized to be prepared, and the use and distribution of the Preliminary Official Statement and a final Official Statement in connection with the sale of the Bonds is hereby

authorized. The Designated Officer is authorized to approve and deliver copies of the Preliminary Official Statement and the final Official Statement, with such changes therein as such officer shall approve, in his or her discretion as being in the best interests of the District. Upon approval of such changes by such officer, the Preliminary Official Statement shall be deemed final as of its date, except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The Board hereby authorizes and directs the Designated Officer to deliver to the Underwriter a certificate to the effect that the District deems the Preliminary Official Statement, in the form approved by the Designated Officer, to be final as of its date, within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (except for the omission of certain final pricing, rating and related information as permitted under such Rule).

SECTION 9. Book-Entry Form. The Series B Bonds shall be issued in book-entry form, to be lodged with The Depository Trust Company ("DTC") in New York, New York, which, through its nominee, Cede & Co., shall be the registered owner of the Series B Bonds issued at the closing in the form of a single, certificated Series B Bond for each maturity. The Underwriter and Bond Counsel are directed to assist the District and the County in qualifying the Series B Bonds for deposit with DTC.

SECTION 10. Paying Agent. The District requests that the County designate the Treasurer and Tax Collector of the County ("Treasurer") as the Paying Agent for the Series B Bonds. The Treasurer is authorized to contract with any qualified third party to perform the services of Paying Agent. The first annual fees of the Fiscal Agent shall be paid from proceeds of the Series B Bonds. Subsequent annual fees of the Paying Agent and any other ongoing fees and expenses of administering the Bonds shall be paid from the general fund of the District or other funding sources available therefor.

SECTION 11. Collection of Taxes. Pursuant to Education Code Sections 15250 *et seq.* (or any successor sections thereto) the District, upon sale and delivery of the Series B Bonds, requests that the County Board take action to levy, or cause to be levied, on all the taxable property in the District commencing with the 2005-2006 tax year, and subsequent tax years, in addition to all other taxes, a continuing direct *ad valorem* tax annually during the period the Series B Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Series B Bonds when due in accordance with the terms of this Resolution, the Series B Bonds and the County Resolution.

SECTION 12. Tax Covenants.

(a) The District, in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series B Bonds, hereby covenants to comply with each applicable requirements of Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended ("Code"), as set forth in the nonarbitrage (tax) certificate to be provided to the District by Bond Counsel, and executed by the District, on the date of initial delivery of the Series B Bonds and incorporated herein by this reference, as a source of guidance for compliance with such provisions.

(b) The District hereby covenants that it shall not, directly or indirectly, use or permit the use of any proceeds of any of the Series B Bonds, or of any of the property financed or refinanced with the proceeds of the Series B Bonds, or other funds of the District, or take or omit to take any action that would cause the Series B Bonds to be deemed "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the District shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of the Treasury promulgated under that section or any successor section to the extent that such requirements are in effect and applicable to the Series B Bonds.

(c) The District represents that it shall not take any action, or fail to take any action if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Series B Bonds under Section 103 of the Code.

SECTION 13. Expenditure of Bond Proceeds. The District hereby covenants to expend all Bond proceeds in accordance with applicable law, including, but not limited to, Chapter 1 of Part 10 of Division 1 of Title 1 of the California Education Code of the State of California (commencing with Section 15100), as amended, and Article XIIIA of the California Constitution.

SECTION 14. Continuing Disclosure. The District does hereby covenant and agree that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate (as defined below). Notwithstanding any other provisions of this Resolution, failure of the District to comply with the provisions of the Continuing Disclosure Certificate shall not be considered a default by the District hereunder or under the Series B Bonds; however, any underwriter or any holder or beneficial owner of the Series B Bonds may take such actions as may be necessary and appropriate to compel performance therewith, including seeking mandate or specific performance by court order.

For purposes of 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 Series B Bonds, as originally executed and delivered as it may be amended from time to time in accordance with the terms thereof. A form of the Continuing Disclosure Certificate is attached hereto as Exhibit "B" and incorporated by reference herein. The Designated Officer(s) are hereby authorized to approve, execute and deliver the final form of the Continuing Disclosure Certificate with such changes, insertions and deletions as may be approved by the Superintendent and Bond Counsel, which approval shall be conclusively evidenced by execution and delivery thereof.

SECTION 15. Compliance with State Law. That pursuant to Government Code Section 53410, the Board hereby finds, determines and directs as follows:

(a) The Series B Bond Proceeds shall be used only for the purposes set forth in the School Facilities Project List.

(c) The District's Assistant Superintendent, Business Services shall have the responsibility no less often than annually, to provide to the Board a written report which shall contain at least the following information:

(i) The amount of the Series B Bond Proceeds received and expended during the applicable reporting period; and

(ii) The status of the acquisition, construction or financing of the school facility projects, as identified in the School Facilities Project List, with the Series B Bond Proceeds.

The report(s) required by this Section 15(c) may be combined with other periodic reports which include the same information, including, but not limited to, periodic reports made to the California Debt and Investment Advisory Commission, continuing disclosure reports or other reports made in connection with the Series B Bonds. The requirements of this Section 16(c) shall apply only until all the Series B Bonds are redeemed or defeased, but if the Series B Bonds, or any series of bonds, are refunded, such provisions shall apply until all such refunding bonds are redeemed or defeased.

SECTION 16. Approval of Actions. All actions heretofore taken by officers and agents of the District with respect to the sale and issuance of the Series B Bonds are hereby approved, confirmed and ratified. The President and Clerk of the Board and the Superintendent are each authorized and directed in the name and on behalf of the District to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, which they, or any of them, might deem necessary or appropriate in order to consummate the lawful issuance, sale and delivery of the Series B Bonds. Whenever in this Resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in case such officer shall be absent or unavailable.

SECTION 17. Other Actions. The President and Clerk of the Board, and the Designated Officers of the District are authorized and directed to take all actions necessary to cause or facilitate the issuance and delivery of the Series B Bonds as set forth herein and in the County Resolution.

SECTION 18. Effective Date. This Resolution shall take effect immediately upon adoption.

SECTION 19. County Filing. The Clerk of the District Board is hereby directed to promptly file, or cause to be filed, a certified copy of this Resolution with the Executive Officer-Clerk of the County Board, the Treasurer and Tax Collector of the County and the Superintendent of Schools of the County.

SECTION 19. County Filing. The Clerk of the District Board is hereby directed to promptly file, or cause to be filed, a certified copy of this Resolution with the Executive Officer-Clerk of the County Board, the Treasurer and Tax Collector of the County and the Superintendent of Schools of the County.

[Remainder of this page is blank.]

ADOPTED, SIGNED AND APPROVED this 19th day of April, 2005, by the Board of Trustees of the Saugus Union School District of the County of Los Angeles, State of California.

BOARD OF TRUSTEES OF THE SAUGUS UNION SCHOOL DISTRICT

By _____
President of the Board of Trustees of the Saugus Union School District

ATTEST:

By _____
Clerk of the Board of Trustees of the Saugus Union School District

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, Rose Koscielny, Clerk of the Board of Trustees of the Saugus Union School District, do hereby certify that the foregoing Resolution No. 2005-12, which was duly adopted by the Board of Trustees of the Saugus Union School District at a meeting held on the 19th day of April, 2005, at which meeting a quorum of such Board was present and acting throughout and for which notice and an agenda was prepared and posted as required by law, and that such Resolution was so adopted by the following vote:

AYES: Mrs. Diaz, Mrs. Koscielny, Mr. Murr, Mr. Myl and Mrs. Umeck

NOES: None

ABSTAIN: None

ABSENT: None

By: _____
Clerk of the Board of Trustees of the Saugus Union School District

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

I, Rose Koscielny, Clerk of the Board of Trustees of the Saugus Union School District do hereby certify that the foregoing is a true and correct copy of Resolution No. 2005-12, which was duly adopted by the Board of Trustees of the Saugus Union School District at a meeting thereof held on the 19th day of April, 2005.

Dated: April 19, 2005

By: _____
Clerk of the Board of Trustees of the Saugus Union School District

EXHIBIT "A"

PROPOSED FORM OF BOND PURCHASE CONTRACT

$_____

SAUGUS UNION SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2002 ELECTION, SERIES A

BOND PURCHASE CONTRACT

_____, 2005

County of Los Angeles
Treasurer and Tax Collector
500 W. Temple Street
Room 437
Los Angeles, CA 90012

Saugus Union School District
24930 Avenue Stanford
Santa Clarita, California 91355

Ladies and Gentlemen:

The undersigned, on behalf of George K. Baum & Company, Inc. ("Underwriter"), offers to enter into this Bond Purchase Contract ("Purchase Contract") with the County of Los Angeles, California ("County"), and the Saugus Union School District ("District"), which, upon acceptance hereof by the District and the County, will be binding upon the District, the County 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.

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, 2002 Election, Series B ("Bonds"). The Bonds shall bear interest at the rates, and shall mature in the years shown on Exhibit "A" hereto, which is incorporated herein by this reference. The Bonds shall be comprised of Current Interest Bonds and Capital Appreciation Bonds. The Current Interest Bonds (as designated in the Bond Resolution described below) shall be date the date of delivery, and shall be payable as to interest on February 1, and August 1, commencing February 1, 2006. The Capital Appreciation Bonds shall be dated the date of delivery and shall accrue interest from such date, compounded semi-annually on February 1, and August 1, commencing August 1, 2005, and shall be paid at maturity as shown on Appendix "A" hereto which is incorporated herein by this reference.

The Underwriter agrees to purchase the Bonds at a purchase price equal to $_____ (which represents the aggregate principal amount of the Bonds of $_____, plus a net original issue premium of $_____ and less the underwriter's discount of $_____). Certain costs of issuance shall also be paid by the Underwriter at the direction of the County and District as described in Section 14 hereof (resulting in a net purchase price of $_____).

2. **The Bonds**. The Bonds shall be comprised of Current Interest Bonds and Capital Appreciation Bonds as designated in Appendix "A". The Bonds shall be dated the date of their delivery, and shall otherwise be as described in, and shall be issued and secured pursuant to, the provisions of the Resolution of the District (Resolution No. 2005-12) ("District Resolution") adopted on April 19, 2005, the Resolution adopted by the County Board of Supervisors on _____, 2005 ("County Resolution" and, together with the District Resolution, the "Bond Resolution"), and Sections 15100 *et seq.*, of the California Education Code ("Act") and other applicable State law. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the County Resolution.

Certain provisions for the optional redemption of the Bonds not otherwise specified in the Resolutions are shown in Appendix "A" attached hereto and incorporated herein by reference, all as provided in the County Resolution.

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

The Treasurer and Tax Collector of Los Angeles County, through its agent - U.S. Bank National Association (collectively the "Paying Agent"), shall serve as the initial authenticating agent, bond registrar, transfer agent, and paying agent for the Bonds pursuant to a paying agent agreement with respect to the Bonds, between the District and the Treasurer and Tax Collector of Los Angeles County.

The payment of principal of and interest on (but not any prepayment premium) the Bonds will be secured by a municipal bond insurance policy ("Insurance Policy") to be issued simultaneously with the issuance of the Bonds by _____ ("Insurer" or "____").

3. **Use of Documents**. The District and the County hereby authorize the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Contract, an Official Statement (defined below), the Bond Resolution, 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 (except as such documents otherwise provide).

4. **Public Offering of the Bonds**. The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields as set forth in Appendix "A" hereto and incorporated herein by reference. Subsequent to such initial public offering, the

Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds; *provided* that the Underwriter shall not change the interest rates set forth in Appendix "A". The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

The Underwriter hereby represents to the District: (i) that as of the date of sale, all of the Bonds purchased were expected to be reoffered in a bona fide public offering; (ii) that as of the date of the certification, all of the Bonds purchased had actually been offered to the general public at the offering prices shown in Appendix A; and (iii) that the prices given in Appendix A are the maximum initial bona fide offering prices at which a substantial amount (at least 10%) of each maturity of the Bonds purchased was sold or reasonably expected to be sold to the general public.

The Underwriter hereby represents that it will provide, consistent with the requirements of Municipal Securities Rulemaking Board ("MSRB") Rule G-32, for the delivery of a copy of the Official Statement to each customer who purchases any Bonds during the underwriting period (a such term is defined in MSRB Rule G-11), and deliver a copy of the Official Statement to a national repository on or before the Closing Date, and that it will otherwise comply with all applicable statues and regulations in connection with the offering and sale of the Bonds, including, without limitation, MSRB Rule G-32 and 17 CFR Section 240.15c2-12, promulgated by the Securities and Exchange Commission ("Rule 15c2-12").

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

5. **Review of Official Statement**. The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated _____, 2005 ("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 ("Rule").

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

The 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 fully executed, copies of a final Official Statement relating to the Bonds ("Official Statement") substantially in the form of the Preliminary Official Statement, as further provided for in Section 12(e)(18) hereof; *provided, however,* that the failure of the District to comply with this requirement due solely to the

acts of the Underwriter, its counsel or agents, shall not be considered cause for the Underwriter to refuse to accept delivery of and pay for the Bonds.

6. **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 ("Closing"), the District or the County, as appropriate, will deliver to the Underwriter (except as otherwise provided in the Bond Resolution), at the offices of The Depository Trust Company ("DTC") in New York, New York, or at such other place as the parties may agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Bowie, Arneson, Wiles & Giannone ("Bond Counsel"), in Newport Beach, California, the other documents listed in Section 12(e) to be delivered by the District; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by check, draft or wire transfer to or upon the order of the District, and deliver the other documents listed in Section 12(e) to be delivered by the Underwriter.

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

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

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

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby except as provided in the Resolutions. 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) Arbitrage Certificate. The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon.

(h) Continuing Disclosure. To assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5), the District will undertake, pursuant to the Bond Resolution and a Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

(i) 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 statement made therein.

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

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

(b) Due Authorization. (i) At or prior to the Closing, the County will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the County has full legal right, power and authority to enter into this Purchase Contract, to adopt the County Resolution, to issue and deliver the Bonds to the Underwriter on behalf of the District and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Contract and the Resolutions; (iii) the execution and delivery or adoption of, and the performance by the County of 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) 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. 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 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 Resolutions or contesting the powers of the County or its authority with respect to the Bonds, the Resolutions or this Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the County related to the transactions contemplated by this Purchase Contract or the Resolutions, or (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part.

(f) No Other Debt. Between the date hereof and the closing, without the prior written consent of the Underwriter, the County will not have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such 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.

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

(a) The Underwriter is duly authorized to execute this Purchase Contract and to take any action under the Purchase Contract required to be taken by it.

(b) The Underwriter is in compliance with MSRB Rule G-37 with respect to the District, and is not prohibited thereby from acting as underwriter with respect to securities of the District.

(c) The Underwriter has, and has had, no financial advisory relationship with the District with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship, within the meaning of California Government Code Section 53590, or otherwise.

(d) The Underwriter has reasonably determined that the District's undertaking to provide continuing disclosure with respect to the Bonds pursuant to Section 12(e)(19) hereof is sufficient to effect compliance with the Rule.

10. **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) References. References herein to the Preliminary Official Statement and the Official Statement include the cover page and all appendices, exhibits, maps, reports and statements included therein or attached hereto;

(d) Subsequent Events. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the District until the date which is ninety (90) days following the Closing;

(e) Amendments to Official Statement. For a period of ninety (90) days after the end of the Underwriting Period (as determined in accordance with Section 17, 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;

(f) 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 17 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

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

11. **Division of Responsibility Between District and County**. 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.

12. **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 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 Bowie, Arneson, Wiles & Giannone, bond counsel ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the County and the District shall perform or have performed all of their obligations required under or specified in the District Resolution, the County Resolution, this Purchase Agreement or the Official Statement to be performed at or prior to the Closing;

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

(d) Marketability. Between the date hereof and the Closing, the market price or marketability or the ability of the Underwriter to enforce contracts for the sale of the Bonds, at the initial offering prices set forth in the Official Statement, shall not have been materially adversely affected 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 Closing Date and satisfactory in form and substance to the Underwriter:

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

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

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

(4) Certificates of the District. A certificate(s) signed by appropriate official(s) 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 Bond 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) to the best of such official's knowledge, no litigation is pending (either in state or federal courts) or, to the best knowledge of such official, threatened (A) seeking to restrain or enjoin the execution, sale or delivery of any of the Bonds, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Bonds, the Continuing Disclosure Certificate or this Purchase Contract, or (C) in any way contesting the existence or powers of the District, (v) 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 (vi) 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 Bond Resolution and this Purchase Contract;

(5) Certificate(s) of the County. 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, (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;

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

(5) Municipal Bond Insurance. Evidence satisfactory to the Underwriter that the Bonds shall have received a policy of municipal bond insurance by _____ (____) that unconditionally guarantees the timely payments of all debt service on the Bonds;

(8) Certificate of Insurer. A certificate(s) of the Insurer in form and substance satisfactory to Bond Counsel;

(9) Opinion of Counsel to the Insurer. An opinion of counsel to the Insurer addressed to the District and the Underwriter in form and substance satisfactory to Bond Counsel;

(10) Letter of Representations. A copy of the signed Letter of Representations as filed with The Depository Trust Company (DTC);

(11) Form 8038-G. Evidence that the federal tax information form 8038-G has been prepared by Bond Counsel for filing;

(12) CDIAC Statements. A copy of the filings with the California Debt and Investment Advisory Commission pursuant to the applicable provisions of the California Government Code;

(14) Ratings. Evidence satisfactory to the Underwriter (i) that the Bonds shall have been rated "____" by Standard & Poor's Ratings Service and "____" by Moody's Investors Service as a result of municipal bond insurance provided by the Insurer, (ii) that the Bonds shall have an underlying rating of "___" by Standard & Poor's Ratings Service and "___" by Moody's Investors Service, and (iii) that any such ratings have not been revoked or downgraded;

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

(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;

(16) County Resolution. 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 by Minute Order of the Los Angeles County Board of Supervisors on the date specified therein;

(17) County Counsel Opinion. An opinion of Counsel to the County;

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

(19) Continuing Disclosure Certificate. A Continuing Disclosure Certificate of the District as summarized in the Official Statement and in a form satisfactory to the Underwriter which complies with SEC Rule 15c2-12(b)(5);

(19) Underwriter's Counsel Opinion. An opinion, dated the Closing Date addressed to the District, of Stradling, Yocca, Carlson & Rauth, Underwriter's Counsel, in a form acceptable to the Underwriter;

(21) Underwriter's Certifications. At or before Closing, and contemporaneously with the acceptance of delivery of the Bonds and the payment of the Purchase Price thereof, the Underwriter will provide to the District:

(i) The receipt of the Underwriter, in form satisfactory to the District and signed by an authorized officer of the Underwriter, accepting delivery of the Bonds to the Underwriter and receipt of all documents required by the Underwriter, and the satisfaction or waiver of all conditions and terms of this Purchase Contract by the District, and confirming to the District that as of the Closing Date all of the representations of the Underwriter contained in this Purchase Contract are true, complete and correct in all material respects.

(ii) The certification of the Underwriter, in form satisfactory to Bond Counsel, regarding the prices at which the Bonds have been reoffered to the public, as described in Section 4 hereof.

(iii) the certification of the Underwriter, in form satisfactory to Bond Counsel, that the present value of the interest saved as a result of the policy of municipal bond insurance with respect

to the Bonds issued by the Insurer exceeds the premium paid for said insurance, and said premium is not unreasonable.

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

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriter prior to the close of business, California Time, on _____, 2005, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Sections 5 and 14 hereof.

If the County and/or the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be 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.

The Underwriter shall also have the right to cancel its obligation to purchase the Bonds, by written notice to the County and the District, if between the date hereof and the Closing, (i) any event occurs or information becomes known, which makes untrue any statement of a material fact set forth in the Official Statement or results in an omission to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; (ii) the market for the Bonds or the market price of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds shall have been materially and adversely affected, in the reasonable professional judgment of the Underwriter, by (a) legislation enacted by the Congress of the United States, or passed by either House of the Congress, or favorably reported for passage to either House of the Congress, by any Committee of such House to which such legislation has been referred for consideration, or by the legislature of the State, or a decision rendered by a court of the United States or the State or by the United States Tax Court, or a ruling, order, or regulation (final or temporary) made by the Treasury Department of the United States or the Internal Revenue Service or other federal or State authority, which would have the effect of changing, directly or indirectly, the federal income tax consequences or State

tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof, or (b) any new outbreak of hostilities or other national or international calamity or crisis, the effect of such outbreak on the financial markets of the United States being such as, in the judgment of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds, or (c) a general suspension of trading on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction, or (d) a general banking moratorium declared by either federal or State authorities having jurisdiction; or (iii) additional material restrictions not in force or being enforced as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which in the opinion of the Underwriter, materially adversely affect the market price for the Bonds.

13. **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.

14. **Expenses**.

(a) The Underwriter shall pay the following expenses, at the direction of the District, up to a total amount of $_____: (i) the cost of the preparation and reproduction of the Resolutions; (ii) the fees and disbursements of Bond Counsel; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees, if any, for Bond ratings, including all necessary travel expenses; (v) the cost of the printing and distribution of the Official Statement; (vi) the bond insurance premium; and (vii) all other fees and expenses incident to the issuance and sale of the Bonds, exclusive of the fees and expenses set forth in Section 14(b) hereof. All such expenses in excess of $_____ shall be paid by the District.

(b) In addition to the foregoing expenses, Underwriter shall also pay all out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, travel and other expenses (except as provided above) and the fees and disbursements of Underwriter's Counsel, if any, shall be paid by the Underwriter.

(c) If the expenses set forth in subsection (a) above, do not equal or exceed $_____ after the payment of all such expenses, the Underwriter shall remit the difference between $_____ and the total amount paid for such expenses to the District and the District shall deposit such sum into the Series B Bonds Debt Service Fund.

15. **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, CA 90012; if to the District, to the Superintendent (or Superintendent's designee), Saugus Union School District, 24930 Avenue

Stanford, Santa Clarita, California 91355, or if to the Underwriter, to George K. Baum & Company, Inc., 660 "J" Street, Suite 400, Sacramento, CA 95814.

16. **Parties in Interest; Survival of Representations and Warranties**. This Purchase Contract when accepted by the District in writing as heretofore specified shall constitute the entire agreement among the County, the District and the Underwriter. This Purchase Contract is made solely for the benefit of the County, the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All 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.

17. **Determination of End of the Underwriting Period**. For purposes of this Purchase Agreement, 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 ("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.

18. **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.

19. **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 party hereto.

20. **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).

21. **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.

[Remainder of this page is blank]

22. **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, INC.

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:
LLOYD W. PELLMAN
County Counsel

By: _____
Deputy County Counsel

SAUGUS UNION SCHOOL DISTRICT

By: _____
Authorized Officer

EXHIBIT "A"

SAUGUS UNION SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2002 ELECTION, SERIES B

PURCHASE INFORMATION

Dated: _____, 2005 (Current Interest Bonds)
_____, 2005 (Capital Appreciation Bonds)

Delivery: _____, 2005
First Coupon: February 1, 2006

Ratings: S&P - "___"
Moody's "___"

Current Interest Bonds:

Maturity Date (August 1)	Principal	Interest Rate	Reoffering Yield	Reoffering Price
2006				
2007				
2008				
2009				
2010				
2011				
2012				
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
20__				

Capital Appreciation Bonds

Maturity Date (August 1)	Denominational/ Principal Amount	Reoffering Yield	Reoffering Price	Maturity Value	Coupon Yield to Maturity
20__					
20__					
20__					
20__					

Redemption Provisions

The Current Interest Bonds maturing on or after August 1, 20__, are subject to redemption at the option of the District, as a whole or in part in inverse order of maturity and by lot within each maturity, from any source of available funds, on August 1, 20__, or on any Bond Payment Date thereafter at par value, plus accrued interest represented thereby to the redemption date.

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

APPENDIX "B"

FORM OF DISTRICT COUNSEL OPINION

Board of Trustees of the
Saugus Union School District
24930 Avenue Stanford
Santa Clarita, California 91355

George K. Baum & Company
660 "J" Street, Suite 460
Sacramento, CA 95814

Re: $_____ Saugus Union School District General Obligation Bonds, 2002 Election, Series B
Opinion of District Counsel

Ladies and Gentlemen:

We have acted as District Counsel for the Saugus Union School District ("District") in connection with the proceedings for the issuance and sale by the District of $_____ principal amount of Saugus Union School District General Obligation Bonds, 2002 Election, Series B ("Bonds"). The Bonds are being issued pursuant to the Resolution of the Board of Trustees of the District, adopted on April 19, 2005 (Resolution No. 2005-12) ("District Resolution"), and a Resolution of the Board of Supervisors of the County of Los Angeles, adopted on _____, 2005 ("County Resolution" and collectively with the District Resolution, the "Bond Resolution"), the California Constitution and in accordance with the statutory authority set forth in Title 1, Division 1, Part 10, Chapter 1 of the State of California Education Code, commencing with Section 15100.

This letter is delivered to you pursuant to Section 12(e)(3) the Bond Purchase Contract dated _____, 2005 ("Purchase Contract"), between the District and George K. Baum & Company ("Underwriter").

Capitalized terms not otherwise defined herein shall have the meaning(s) ascribed thereto in the Purchase Contract.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. The opinions may be affected by actions or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether (or not) any such actions or events occur. As to questions of fact material to our opinions, we have

relied upon the documents and matters referred to herein, and we have not undertaken by independent investigation to verify the authenticity of signatures or the accuracy of the factual matters represented, warranted or certified therein. In making our examination of the documents referenced herein, we have assumed that each party to one or more of the documents referenced herein, other than the District, has the power to enter into and perform its obligations thereunder, has duly authorized, executed and delivered such documents, and that such documents constitute the legal, valid and binding obligations of such party. Furthermore, we have assumed all compliance with all covenants contained in the Bond Resolution and in certain other documents.

As District Counsel, we have examined a record of the proceedings in connection with the execution and delivery of the Bonds, including, without limitation, the following:

(i) the proceedings relating to the call and conduct of the general obligation bond election conducted on June 2, 2002, within the boundaries of the District ("Election");
(ii) the Bond Resolution;
(iii) the Purchase Contract; and
(iv) such other documents, including, but not limited to, certificates of the District and the County delivered in connection with the issuance of the Bonds, as we have deemed necessary to render the opinions set forth below.

Attention is called to the fact the we have not been requested to examine, and have not examined, any documents or information relating to the District other than the record of proceedings herein referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been, or may be, supplied to any purchaser of the Bonds.

The Bond Resolution and other related documents refer to certain requirements and procedures which may be changed and certain actions which may be taken, in circumstances and subject to terms and conditions set forth in such documents, upon the advice or with an approving opinion of nationally recognized bond counsel. No opinion is expressed herein as to any Bond, or any related document, if any such change is made or action is taken upon the advice or approval of counsel other than ourselves.

It is to be understood that the rights and obligations under the Bond Resolution and related documents are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws heretofore or hereafter enacted, affecting the enforcement of creditors' rights and remedies, to the application of equitable principles when equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases.

Based on and subject to the foregoing, and in reliance thereon and our consideration of such questions of law as we have deemed relevant to the circumstances, and under existing law, we are of the following opinions:

(i) The District is a school district duly organized and existing under the Constitution and the laws of the State of California ("State");

(ii) The District Resolution was duly adopted at a meeting of the Board of Trustees of the District 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 throughout;

(iii) 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 or threatened against or affecting the District which would adversely impact the District's ability to cause the Bonds to be issued or which would restrain or enjoin the levy or collection of tax revenues pledged for the Bonds or in any way contesting or affecting the validity of the Purchase Contract, the Bond Resolution, or the Bonds wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the Purchase Contract, the Bond Resolution or the Bonds; and

(iv) To the best of our knowledge, the obligations of the District under the Bonds, and the approval of the Official Statement and the execution of and performance of the provisions of the Purchase Contract, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument to which the District is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the District is subject.

We express no opinion with respect to the effect of laws, other than the laws and regulations of the State in full force and effect on the date hereof, upon the validity and binding effect of the Purchase Contract.

We have not undertaken any duty and expressly disclaim any responsibility to supplement or update this opinion letter nor to advise you or any other party if there is a change in law or facts or new facts come to our attention subsequent to the date hereof which may affect the opinions expressed above and/or which may cause us to amend any portion of this opinion letter in full or in part. Furthermore, future acts or omissions of the parties may serve to modify, alter or change the circumstances under which this opinion letter was prepared and upon which the opinions herein were rendered. Also, actions, conduct or omissions by a party may create a situation of waiver, estoppel or novation which would supplant the opinions set forth in this opinion letter.

The opinions expressed herein are based on the facts (as we know, believe or have assumed them to be) and law as in effect on the date of this opinion and, as such, this opinion shall be effective only as of the date of this letter. This opinion is limited to the matters expressly set forth above, and no opinion is implied or may be inferred beyond the matters expressly so stated. No attorney-client relationship has existed or exists between our firm and George K. Baum & Company, in connection with the authorization, issuance and delivery of the Bonds or related matters thereto. This opinion is issued with all the exclusions and limitations set forth herein. Exclusive of inclusion in the transcript of documents for the Bonds, this letter is not to be used, circulated, quoted, or otherwise referred to by you for any other purpose whatsoever or delivered to any other person without our prior written consent.

Very truly yours,

EXHIBIT "B"

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_____
SAUGUS UNION SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2002 ELECTION, SERIES B
(Los Angeles County, California)

CONTINUING DISCLOSURE CERTIFICATE

This **CONTINUING DISCLOSURE CERTIFICATE** ("Disclosure Certificate") is executed and delivered by the Saugus Union School District ("District"), Riverside County, California, in connection with the issuance of $_____ Saugus Union School District General Obligation Bonds, 2002 Election, Series B ("Bonds"). The Bonds are being issued pursuant to the Constitution and laws of the State of California, and a Resolution of the Governing Board of the District (Resolution No. 2005-12), adopted on April 19, 2005 ("District Resolution"), and a resolution of the Board of Supervisors of the County of Los Angeles, adopted on _____, 2005 ("County Resolution") and pursuant to State law. The District covenants and agrees as follows:

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

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

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

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

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

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

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Information on the National Repositories as of a particular date is available on the Internet at **www.sec.gov/info/municipal/nrmsir.htm**.

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

"Repository" shall mean each National Repository and each State Repository, if any.

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

"State" shall mean the State of California.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule. As of the date of this Certificate, there is no State Repository.

"Tax-exempt" shall mean that interest on the Bonds are excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent (if other than the District) to, not later than nine months after the end of each fiscal year (which fiscal year currently ends on June 30), commencing no later than March 31, 2006, for the 2004/2005 fiscal year (which ends on June 30, 2005), provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate.

Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). If the Dissemination Agent has not received a copy of the Annual Report on or before fifteen (15) Business Days prior to March 31 in any year, the Dissemination Agent shall notify the District of such failure to receive the Annual Report. The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the District and shall have no duty or obligation to review such Annual Report. The

Annual Report may be provided in electronic format to the Repositories, and as otherwise required hereunder, and may be provided through the services of a "central post office" approved by the Securities and Exchange Commission.

(b) If the District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the District shall send a notice to each National Repository, or, in the alternative, the Municipal Securities Rulemaking Board, and the State Repository, if any, in substantially the form attached as Attachment "A."

(c) The Dissemination Agent shall:

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

(ii) Provide any Annual Report received by it to each Repository as provided for herein; and

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

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

Annual Financial Information

- The audited financial statements of the District for the most recent ended fiscal year, prepared in accordance with generally accepted accounting principles applicable from time to time to the District. In the event that audited financial statements are not available at the time the Annual Report is to be provided or made available, unaudited financial statements will be provided or made available by the District, and the audited financial statements will be provided or made available when complete.

- The approved budget for the District for the then-current fiscal year.

Operating Data

- The following information for the most recently ended fiscal year and the current fiscal year, to the extent not provided above, will be updated annually: information concerning the Board of Trustees, Average Daily Attendance and Annual Revenue Limit, Summary of General Fund Revenues, Expenditures and Fund Balances, Secured Tax Charges and Delinquencies, Assessed Valuations, and District Developer Fees.

Any or all of the items listed above may be incorporated by reference from other documents, including, but not limited to, official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so incorporated by reference. If audited financial statements are not available at the time required for filing, unaudited financial statements shall be submitted with the Annual Report and audited financial statements shall be submitted once available.

A form of information cover sheet for municipal secondary market disclosure recommended by the Municipal Securities Rulemaking Board is attached hereto as Attachment B.

Section 5. <u>Reporting of Significant Events</u>.

(a) This Section shall govern the giving of notices of the occurrence of any of the following events:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity provides, or their failure to perform;

6. Adverse tax opinions or events affecting the tax-exempt status of the security;

7. Modifications to rights of security holders;

8. Bond calls;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the securities; and

11. Rating changes.

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

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall, or cause the Dissemination

Agent to, promptly file a notice of such occurrence with the Repositories. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Bond Resolution.

Section 6. **Termination of Reporting Obligation**. The District's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5.

Section 7. **Dissemination Agent**. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. Further responsibilities of the Dissemination Agent shall be set forth in an agreement between the District and the Dissemination Agent providing for such services.

Section 8. **Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

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

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

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories in the same manner as for a Listed Event under Section 5(c).

Section 9. **Additional Information**. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. **Default**. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. **Duties, Immunities and Liabilities of Dissemination Agent**. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or wilful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. **Beneficiaries**. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter(s) and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. **Future Determination of Obligated Persons**. In the event the Securities and Exchange Commission amends, clarifies or supplements the Rule in such a manner that requires any landowner within the District to be an obligated person as defined in the Rule, nothing contained

herein shall be construed to require the District to meet the continuing disclosure requirements of the Rule and with respect to such obligated person and nothing in this Disclosure Certificate shall be deemed to obligate the District to disclose information concerning any owner of land within the District except as required as part of the information required to be disclosed by the District pursuant to Section 4 and Section 5 hereof.

Section 14. **Severability.** In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

[Remainder of this page is blank]

Section 15. **State of California Law Governs.** The validity, interpretation and performance of this Disclosure Certificate shall be governed by the laws of the State of California.

Date: _____, 2005

SAUGUS UNION SCHOOL DISTRICT

By:_____

Title:_____

ATTACHMENT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of District: SAUGUS UNION SCHOOL DISTRICT

Name of Bond Issue: SAUGUS UNION SCHOOL DISTRICT GENERAL OBLIGATION BONDS, 2002 ELECTION, SERIES B

Date of Issuance: _____, 2005

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 14 of the District Resolution dated April 19, 2005, and the terms of the Continuing Disclosure Certificate, dated _____, 2005, provided by the District in connection with the issuance of the Bonds. The District anticipates that the Annual Report will be filed by _____.

Date:_____

SAUGUS UNION SCHOOL DISTRICT:

-ATTACHMENT-

By:_____

Title: _____

ATTACHMENT B

Municipal Secondary Market Disclosure Information Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board, Nationally Recognized Municipal Securities Information Repositories, and any applicable State Information Depository, whether the filing is voluntary or made pursuant to Securities and Exchange Commission rule 15c2-12 or any analogous state statute.

See www.sec.gov/info/municipal/nrmsir.htm for list of current NRMSIRs and SIDs

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IF THIS FILING RELATES TO A SINGLE BOND ISSUE:

Provide name of bond issue exactly as it appears on the cover of the Official Statement
(Please include name of state where issuer is locate):

SAUGUS UNION SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2002 ELECTION, SERIES B
(Los Angeles County, California)

Provide nine-digit CUSIP* numbers if available, to which the information relates:

Maturity (August 1)	CUSIP Number	Maturity (August 1)	CUSIP Number
2006		2018	
2007		2019	
2008		2020	
2009		2021	
2010		2022	
2011		2023	
2012		2024	
2013		2025	
2014		2026	
2015		2027	
2016		2028	
2017		2029	

IF THIS FILING RELATES TO ALL SECURITIES ISSUED BY THE ISSUER OR ALL SECURITIES OF ALL SPECIFIC CREDIT OR ISSUED UNDER A SINGLE INDENTURE:

Issuer's Name (please include name of state where Issuer is located): _____

Other Obligated Person's Name (if any): _____
(Exactly as it appears on the Official Statement Cover)

Provide six-digit CUSIP* number(s), if available, of Issuer: _____

*(Contact CUSIP's Municipal Disclosure Assistance Line at 212.438.6518 for assistance with obtaining the proper CUSIP numbers.)

TYPE OF FILING:

☐ Electronic (number of pages attached) _____ ☐ Paper (number of pages attached) _____

If information is also available on the Internet, give URL: _____

WHAT TYPE OF INFORMATION ARE YOU PROVIDING? (Check all that apply)

A. ☐ Annual Financial Information and Operating Date pursuant to Rule 15c2-12
(Financial information and operating data should not be files with the MSRB.)

Fiscal Period Covered: _____

B. ☐ Audited Financial Statements or CAFR pursuant to Rule 15c2-12

Fiscal Period Covered: _____

C. ☐ Notice of a Material Event pursuant to Rules 15c2-12 (Check as appropriate)

1. ☐ Principal and interest payment delinquencies
2. ☐ Non-payment related defaults
3. ☐ Unscheduled draws on debt service reserves reflecting financial difficulties
4. ☐ Unscheduled draws on credit enhancements reflecting financial difficulties
5. ☐ Substitution of credit or liquidity providers, or their failure to perform.
6. ☐ Adverse tax opinions or events affecting the tax exempt status of the security
7. ☐ Modifications to the rights of security holders
8. ☐ Bond calls
9. ☐ Defeasances
10. ☐ Release, substitution, or sale of property securing repayment of the securities
11. ☐ Rating changes

D. ☐ Notice of Failure to Provide Annual Financial Information as Required

E. ☐ Other Secondary Market Information (Specify): _____

I hereby represent that I am authorized by the issuer or obligor or its agent to distribute this information publicly:

Issuer Contact:

Name _____ Title _____

Employer _____

Address _____ City _____ State _____ Zip Code _____

Telephone _____ Fax _____

Email Address _____ Issuer Web Site Address _____

Dissemination Agent Contact, if any:

Name _____ Title _____

Employer _____

Address _____ City _____ State _____ Zip Code _____

Telephone _____ Fax _____

Email Address _____ Relationship to Issuer _____

Obligor Contact, if any:

Name _____ Title _____

Employer _____

Address _____ City _____ State _____ Zip Code _____

Telephone _____ Fax _____

Email Address _____ Obligor Web Site Address _____

Investor Relations Contact, if any:

Name _____ Title _____

Telephone _____ Fax _____