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

WILLIAM T FUJIOKA
Chief Executive Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

September 4, 2007

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

Dear Supervisors:

DEPARTMENT OF TREASURER AND TAX COLLECTOR:
ISSUANCE AND SALE OF
COVINA-VALLEY UNIFIED SCHOOL DISTRICT
2006 ELECTION GENERAL OBLIGATION BONDS, 2007 SERIES B
(FIRST AND FIFTH DISTRICTS) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution authorizing the issuance and sale of general obligation bonds of the Covina-Valley Unified School District (the "District") in an aggregate principal amount not to exceed $19,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The governing board of the District adopted a resolution on August 6, 2007 and determined that the District needs to borrow funds in an aggregate principal amount not to exceed $19,000,000 to be used for authorized purposes.

On June 6, 2006, an election was held whereby voters residing in the District approved a ballot measure authorizing the District to issue $66,000,000 in general obligation bonds to fund various capital improvements. The District has previously issued $47,000,000 of bonds authorized under this ballot measure.

Pursuant to Section 15100 *et seq.* of the California Education Code, the Board of Supervisors is responsible for offering the District's bonds for sale. The bonds are to be issued in the name and on behalf of the 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 the County.

FISCAL IMPACT/FINANCING

There will be no fiscal impact to the County.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Resolution provides for the issuance of bonds at an interest rate not to exceed the maximum rate permitted by law. The final structure will be determined at the time of pricing to achieve the lowest cost of financing within the limits of the proposition's tax levy. The final maturity of the bonds will not exceed twenty-five (25) years. Provisions for optional redemption of the bonds will be described in the Notice Inviting Bids.

The Resolution provides for the competitive sale of the bonds, with participation by the Treasurer and Tax Collector in pricing the bonds. The District has selected Government Financial Strategies inc. as financial advisor, and the firm of Fulbright & Jaworski, L.L.P. as bond counsel. U.S. Bank National Association will be appointed as the paying agent.

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

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Not Applicable.

CONCLUSION

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

Respectfully submitted,

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:LN:MJS
LM:dc

Attachments (2)

c: Treasurer and Tax Collector
Auditor-Controller
County Counsel
Covina-Valley Unified School District
Los Angeles County Office of Education
Fulbright & Jaworski, L.L.P.
Government Financial Strategies inc.
U.S. Bank National Association

Covina-Valley.bl

RESOLUTION OF THE BOARD OF SUPERVISORS OF
THE COUNTY OF LOS ANGELES, CALIFORNIA,
AUTHORIZING THE ISSUANCE AND SALE OF
2006 ELECTION GENERAL OBLIGATION BONDS, 2007 SERIES B,
OF THE COVINA-VALLEY UNIFIED SCHOOL DISTRICT
IN AN AGGREGATE PRINCIPAL AMOUNT
NOT TO EXCEED NINETEEN MILLION DOLLARS

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RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF 2006 ELECTION GENERAL OBLIGATION BONDS, 2007 SERIES B OF THE COVINA-VALLEY UNIFIED SCHOOL DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED NINETEEN MILLION DOLLARS

WHEREAS, a duly called election was held within the Covina-Valley Unified School District (the "District"), County of Los Angeles (the "County"), on June 6, 2006 and thereafter canvassed pursuant to law; and

WHEREAS, at such election there was submitted to and approved by the requisite fifty-five percent (55%) 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, in the maximum principal amount of $66,000,000, payable from the levy of an *ad valorem* tax against the taxable property in the District (the "Authorization"); and

WHEREAS, Section 15140 of the Education Code of the State of California (the "Education Code") requires that general obligation bonds of a school district shall be offered for sale by the Board of Supervisors of the County (the "Board"), as soon as possible following receipt of a resolution adopted by the governing board of such district; and

WHEREAS, the Los Angeles County Superintendent of Schools has jurisdiction over the District; and

WHEREAS, $47,000,000 aggregate principal amount of general obligation bonds authorized under the Authorization have heretofore been issued and sold; and

WHEREAS, the Board has received a resolution of the Governing Board of the District (the "District Resolution") requesting the issuance of the second series of such bonds within the Authorization, in the aggregate principal amount of not to exceed Nineteen Million Dollars ($19,000,000) (the "Bonds") in order to finance and refinance the acquisition, improvement, furnishing and equipping of District facilities;

NOW THEREFORE, IT IS ORDERED by the Board of Supervisors of the County as follows:

SECTION 1. Definitions. The following terms shall for all purposes of this Resolution have the following meanings:

"Accreted Value" shall mean with respect to any Capital Appreciation Bond, as of any date of calculation, the sum of the initial Principal Amount thereof on said date of issuance and the interest accrued thereon to such date of calculation, compounded from the date of initial

issuance at the stated accretion rate thereof on each February 1 and August 1, or as otherwise set forth in the Successful Bid, 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.

"Authorized Investments" shall mean legal investments authorized by Section 53601 of the Government Code of the State of California.

"Authorizing Law" shall mean, collectively, (i) Title 1, Division 1, Part 10, Chapter 1.5 of the California Education Code of the State of California (commencing with Section 15264), as amended, and (ii) Article XIIIA of the California Constitution.

"Board" shall mean the Board of Supervisors of the County.

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

"Bond Register" shall mean the books referred to in Section 15 of this Resolution.

"Bonds" shall mean the Covina-Valley Unified School District 2006 Election General Obligation Bonds, 2007 Series B, issued and delivered pursuant to this Resolution.

"Bond Year" shall mean the twelve-month period commencing August 1 in any year and ending on the last day of July in the next succeeding year, both dates inclusive, as set forth in the Notice Inviting Bids; provided, however, that the first Bond Year shall commence on the day the Bonds are issued and shall end on July 31, 2008, both dates inclusive, or as otherwise established by the District.

"Building Fund" shall mean the General Obligation Building Fund (2007 Series B) of the District established by the Superintendent of Schools at the direction of the District and administered by the County Office of Education.

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

"Capital Appreciation Bonds" shall mean the Bonds designated as such in Section 10 of this Resolution.

"Chair of the Board of Supervisors" shall mean the Chair, Chairman or Mayor of the Board of Supervisors of the County of Los Angeles.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement of the District for the benefit of the Owners of the Bonds.

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

"County" shall mean the County of Los Angeles, California.

"County Office of Education" shall mean the Office of Education of the County and such other persons as may be designated by the County Office of Education to perform the operational and disbursement functions hereunder.

"Current Interest Bonds" shall mean the Bonds designated as such in Section 9 of this Resolution.

"Debt Service" shall have the meaning given to that term in Section 19(c) of this Resolution.

"Debt Service Fund" shall mean the Debt Service Fund established pursuant to Section 19(a) of this Resolution.

"Depository" shall mean DTC and its successors and assigns or if (a) the then Depository resigns from its functions as securities depository of the Bonds, or (b) the County discontinues use of the Depository pursuant to this Resolution, any other securities depository which agrees to follow procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Treasurer.

"District" shall mean Covina-Valley Unified School District.

"DTC" shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

"Excess Earnings Fund" shall mean the Excess Earnings Fund established pursuant to Section 20 of this Resolution.

"Fiscal Year" shall mean the twelve-month period commencing on July 1 of each year and ending on the following June 30 or any other fiscal year in effect for the District.

"Financial Advisor" shall mean Government Financial Strategies inc.

"Information Services" shall mean Financial Information, Inc.'s "Daily Called Special Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Mergent/FIS, Inc., 5250 77 Center Drive, Suite 150, Charlotte, North Carolina 28217, Attention: Municipal News Reports; and Kenny S&P, 55 Water Street, 45th Floor, New York,

New York 10041, Attention: Notification 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 County may designate in a Certificate of the County delivered to the Paying Agent.

"Interest Payment Date" shall mean with respect to (i) any Current Interest Bond, February 1 and August 1 in each year, or as otherwise specified in the Notice Inviting Bids, commencing on the date specified in the Notice Inviting Bids, and (ii) any Capital Appreciation Bond, the maturity or prior redemption date thereof.

"Maturity Amount" shall mean the Accreted Value of any Capital Appreciation Bond on its maturity date.

"Nominee" shall mean the nominee of the Depository which may be the Depository, as determined from time to time by the Depository.

"Notice Inviting Bids" shall mean that certain Notice Inviting Bids, inviting the submission of bids to purchase the Bonds.

"Original Purchaser" shall mean an underwriting firm or firms submitting the Successful Bid.

"Outstanding" when used with reference to the Bonds, shall mean, as of any date, Bonds theretofore issued or thereupon being issued under this Resolution except:

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

(ii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Section 14 hereof,

(iii) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Bonds), in accordance with Section 39 of this Resolution.

"Owner" shall mean the registered owner, as indicated in the Bond Register, of any Bond.

"Participant" shall mean a member of or participant in the Depository.

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

"Pledged Moneys" shall have the meaning given to that term in Section 18 of this Resolution.

"Principal" or "Principal Amount" shall mean, as of any date of calculation, with respect to (i) any Current Interest Bond, the principal amount thereof, and (ii) any Capital Appreciation Bond, the Accreted Value thereof.

"Principal Payment Date" shall mean August 1 in each year, commencing on the date specified in the Notice Inviting Bids.

"Projects" shall have the meaning given to that term in Section 7 of this Resolution.

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

"Record Date" shall mean the close of business on the fifteenth calendar day of the month next preceding an Interest Payment Date.

"Regulations" shall mean the regulations of the United States Department of the Treasury proposed or promulgated under Sections 103 and 141 through 150 of the Code which by their terms are effective with respect to the Bonds and similar Treasury Regulations to the extent not inconsistent with Sections 103 and 141 through 150 of the Code, including regulations promulgated under Section 103 of the Internal Revenue Code of 1954, as amended.

"Resolution" shall mean this Resolution.

"S&P" shall mean Standard & Poor's, a division of the McGraw-Hill Companies, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

"Securities Depositories" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041, Fax (212) 855-1000 or 7320; and, in accordance with then current guidelines of the securities and Exchange Commission, such other addresses and/or such other securities depositories as the County may designate in a Certificate of the County delivered to the Paying Agent.

"State" shall mean the State of California.

"Successful Bid" shall mean the bid submitted in response to the Notice Inviting Bids, accepted by the County as the lowest responsible bid for the Bonds.

"Superintendent of Schools" shall mean the Superintendent of Schools of the County.

"Supplemental Resolution" shall mean any resolution supplemental to or amendatory of this Resolution, adopted by the County in accordance with Section 36 or Section 37 hereof.

"Tax Certificate" shall mean the Tax Certificate of the District delivered in connection with the issuance of the Bonds.

"Transfer Amount" shall mean, with respect to (i) any Outstanding Current Interest Bond, the aggregate Principal Amount thereof, and (ii) any Outstanding Capital Appreciation Bond, the Maturity Amount thereof.

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

SECTION 2. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and vice versa. Except where the context otherwise requires, words importing the singular shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

SECTION 3. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Authorizing Law.

SECTION 4. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall own the same from time to time, this Resolution shall be deemed to be and shall constitute a contract among the County, the District and the Owners from time to time of the Bonds; and the pledge made in this Resolution shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof.

SECTION 5. Manner of Sale. The Treasurer, or his deputy, and such other officers of the County as shall be authorized by the Board, in consultation with the Financial Advisor and bond counsel and such officers of the District as shall be authorized by the governing body of the District, are hereby authorized and directed to issue and deliver the Bonds and to establish the final Principal Amount thereof, provided, however, that such combined Principal Amount (in one or two series) shall not exceed the maximum aggregate Principal Amount of $19,000,000. The Notice Inviting Bids shall propose maturities and Principal or issue amounts of the Bonds and shall be distributed in such manner as the Treasurer shall direct. The Treasurer shall cause the District to publish in *The Bond Buyer* a Notice of Sale respecting the Bonds, no later than the day which is five (5) days prior to the opening of bids. At the date and time, and in the place, specified in the Notice of Sale, the Treasurer shall accept bids for the purchase of the Bonds and shall determine the lowest responsible bidder. Within 24 hours of the opening of said bids, the Treasurer shall execute a certificate awarding the Bonds to the Original Purchaser (the "Certificate of Award"). The Treasurer, or his deputy, and such other officers of the County as may be authorized by the Board are, and each of them acting alone is, authorized and directed to execute and deliver the Certificate of Award for and in the name and on behalf of the County. The Treasurer, or his deputy, and such other officers of the County as may be authorized by the Board are, and each of them acting alone hereby is, in consultation with such authorized officers of the District and the Financial Advisor, authorized and directed to select an

Original Purchaser based on the interest rates on the Bonds and the purchase price of the Bonds to be paid by the Original Purchaser, which purchase price shall be no less than the par amount of the Bonds and shall reflect an underwriter's discount, net of costs of issuance and the premium for a municipal bond insurance policy, if any, of not to exceed two percent (2.0%) (not including original issue discount) of the Principal Amount thereof. The interest rate or Accretion Rate on the Bonds shall not exceed the maximum rate permitted by law. Final terms of the Bonds shall be as set forth in the Successful Bid.

SECTION 6. Authorization of Officers. The officers of the County and their authorized representatives are, and each of them acting alone is, hereby authorized to execute any and all documents and do and perform any and all acts and things, from time to time, consistent with this Resolution and necessary or appropriate to carry the same into effect and to carry out its purpose.

SECTION 7. Use of Bond Proceeds. Bonds of the District shall be issued in the name and on behalf of the District in an aggregate Principal Amount not to exceed $19,000,000, for the financing and refinancing of the acquisition, construction, furnishing and equipping of District facilities for some or all of the purposes authorized at the Election, the bond proposition approved at which shall be incorporated herein by this reference as though fully set forth in this Resolution (the "Projects"). The County makes no assurance regarding the use of the proceeds of the Bonds.

SECTION 8. Designation and Form; Payment.

(a) An issue of Bonds of one or two series entitled to the benefit, protection and security of this Resolution is hereby authorized in an aggregate Principal Amount not to exceed $19,000,000. Such Bonds shall be general obligations of the District, payable as to Principal, premium, if any, and interest from *ad valorem* taxes to be levied upon all of the taxable property in the District. The Bonds shall be designated "Covina-Valley Unified School District 2006 Election General Obligation Bonds, 2007 Series B" with such additional series designations as may be necessary or advisable in order to market the Bonds, as set forth in the Notice Inviting Bids. The Bonds may be issued as Current Interest Bonds and/or Capital Appreciation Bonds and shall be subject to redemption as further set forth in the Notice Inviting Bids and pursuant to this Resolution.

(b) The forms of the Bonds shall be substantially in conformity with the standard forms of registered school district bonds, copies of which are attached hereto as Exhibit A-1 and Exhibit A-2 and incorporated herein by this reference.

(c) Principal, premium, if any, and interest with respect to any Bond are payable in lawful money of the United States of America. Principal and premium, if any, is payable upon surrender thereof at maturity or earlier redemption at the office designated by the Paying Agent in Los Angeles County, California.

SECTION 9. Description of Current Interest Bonds.

(a) The Bonds issued as Current Interest Bonds shall be issued in fully registered form, without coupons, in denominations of $5,000 or any integral multiple thereof,

provided that one such Bond may be in an irregular denomination. The Current Interest Bonds shall be dated and shall mature on the dates, in the years and in the Principal Amounts, and interest shall be computed at the rates, set forth in the Successful Bid.

(b) Interest on each Current Interest Bond shall accrue from its dated date as set forth in the Successful Bid. Interest on Current Interest Bonds shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the Record Date. Interest with respect to each Current Interest Bond will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest with respect thereto shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date, in which event, interest shall be payable from its dated date; provided, however, that if at the time of registration of any Current Interest Bond, interest thereon is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest on the Current Interest Bonds will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of $1,000,000 or more of such Current Interest Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Current Interest Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

SECTION 10. Description of Capital Appreciation Bonds.

(a) The Bonds issued as Capital Appreciation Bonds shall be issued in fully registered form in any denominations of their Principal Amounts but shall reflect denominations of $5,000 Maturity Amount or any integral multiple thereof, except that one such Bond may reflect an irregular denomination. The Capital Appreciation Bonds shall be dated as of the date of their issuance, shall be issued in the aggregate Principal Amounts, shall mature on the dates, in the years and in the Maturity Amounts, and shall accrete interest at the Accretion Rate, all as set forth in the Successful Bid.

(b) Interest on each Capital Appreciation Bond, if any, shall be compounded semiannually on February 1 and August 1 of each year until maturity, and commencing on the date set forth in the Notice Inviting Bids, computed using a year of 360 days comprised of twelve 30-day months and shall be payable only at maturity as part of the Maturity Amount.

SECTION 11. Book-Entry System.

(a) The Bonds shall be initially issued in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds within each series, except that one or more maturities with different tranches and interest rates may be represented by separate Bonds, and that separate Bonds may be issued to represent Current

Interest Bonds and Capital Appreciation Bonds maturing in the same years, if any. Upon initial issuance, the ownership of each such Bond certificate shall be registered in the Bond Register in the name of the Nominee as nominee of the Depository. Except as provided in subsection (c) hereof, all of the Outstanding Bonds shall be registered in the Bond Register in the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the Depository, to a successor Depository or to another nominee of the Depository or of a successor Depository. Each Bond certificate shall bear a legend substantially to the following effect: "UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

With respect to Bonds registered in the Bond Register in the name of the Nominee, the County and the District shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the County and the District shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any Participant, beneficial owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any redemption notice, (iii) the selection by the Depository and the Participants of the beneficial interests in the Bonds to be redeemed in part, or (iv) the payment to any Participant, beneficial owner or any other person, other than the Depository, of any amount with respect to Principal of, premium, if any, and interest on the Bonds. The County and the District may treat and consider the person in whose name each Bond is registered in the Bond Register as the absolute Owner of such Bond for the purpose of payment of Principal of, premium, if any, and interest on such Bond, for the purpose of giving Redemption Notices and other notices with respect to such Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

The Paying Agent shall pay all Principal of, premium, if any, and interest on the Bonds only to the respective Owners, as shown in the Bond Register, and all such payments shall be valid hereunder with respect to payment of Principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner, as shown in the Bond Register, shall receive a Bond evidencing the obligation to make payments of Principal of, premium, if any, and interest, pursuant to this Resolution. Upon delivery by the Depository to the Paying Agent and the County 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 hereof with respect to Record Dates, the word Nominee in this Resolution shall refer to such new nominee of the Depository.

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

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

(c) Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to Principal of, premium, if any, and interest on such 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.

(d) The initial Depository under this Resolution shall be DTC. The initial Nominee shall be Cede & Co., as nominee of DTC.

SECTION 12. Execution of the Bonds.

(a) The Bonds shall be executed in the name of the District by the County by the manual or facsimile signature of the Chairman of the Board and the manual or facsimile signature of the Treasurer, and shall be countersigned by the manual or facsimile signature of the Executive Officer-Clerk of the Board or by a deputy of either of such officers. The County's seal (or a facsimile thereof) shall be impressed, imprinted, engraved or otherwise reproduced on each Bond. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been issued by the County on behalf of the District, such Bonds may, nevertheless, be issued, as herein provided, as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any of the Bonds may be signed and sealed on behalf of the County by such persons as at the time of the execution of such Bonds shall be duly authorized to hold or shall hold the proper offices in the County, although at the date borne by the Bonds such persons may not have been so authorized or have held such offices.

(b) The Bonds shall bear thereon a certificate of authentication executed manually by the Paying Agent. Only such Bonds as shall bear thereon such certificate of authentication duly executed by the Paying Agent shall be entitled to any right or benefit under this Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Paying Agent. Such certificate of the Paying Agent upon any Bond shall be conclusive evidence that the Bond so authorized has been duly authenticated and delivered under this Resolution and that the Owner thereof is entitled to the benefits of this Resolution.

SECTION 13. Transfer and Exchange. The registration of any Bond may be transferred upon the Bond Register upon surrender of such Bond to the Paying Agent. Such Bond shall be endorsed or accompanied by delivery of the written instrument of transfer shown in Exhibit A-1 or A-2 hereto, duly executed by the Owner or his duly authorized attorney, and payment of such reasonable transfer fees as the Paying Agent may establish. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in authorized denominations or Maturity Amounts, will be executed and delivered to the transferee in exchange therefor.

The Paying Agent shall deem and treat the person in whose name any Outstanding Bond shall be registered upon the Bond Register as the absolute owner of such Bond, whether the Principal, premium, if any, or interest with respect to such Bond shall be overdue or not, for the purpose of receiving payment of Principal, premium, if any, and interest with respect to such Bond and for all other purposes, and any such payments so made to any such Owner or upon his order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and the County, the District or the Paying Agent shall not be affected by any notice to the contrary.

Bonds may be exchanged at the office of the Paying Agent for Bonds of like tenor, maturity and Transfer Amount of other authorized denominations or Maturity Amounts. All Bonds surrendered in any such exchange shall thereupon be cancelled by the Paying Agent. The Paying Agent may charge the Owner a reasonable sum for each new Bond executed and delivered upon any exchange (except in the case of the first exchange of any Bond in the form in which it is originally delivered, for which no charge shall be imposed) and the Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Paying Agent shall not be required to register the transfer or exchange of any Bond (i) during the period beginning at the close of business on any Record Date through the close of business on the immediately following Interest Payment Date, or (ii) that has been called or is subject to being called for redemption, during a period beginning at the opening of business 15 days before any selection of Bonds to be redeemed through the close of business on the applicable redemption date, except for the unredeemed portion of any Bond to be redeemed only in part.

SECTION 14. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated, the Paying Agent, at the expense of the Owner, shall deliver a new Bond of like date, interest rate, maturity, Transfer Amount, series and tenor as the Bond so mutilated in

exchange and substitution for such mutilated Bond, upon surrender and cancellation thereof. All Bonds so surrendered shall be cancelled. If any Bond shall be destroyed, stolen or lost, evidence of such destruction, theft or loss may be submitted to the Paying Agent and if such evidence is satisfactory to the Paying Agent that such Bond has been destroyed, stolen or lost, and upon furnishing the Paying Agent with indemnity satisfactory to the Paying Agent and complying with such other reasonable regulations as the Paying Agent may prescribe and paying such expenses as the Paying Agent may incur the Paying Agent shall, at the expense of the Owner, execute and deliver a new Bond of like date, interest rate, maturity, Transfer Amount and tenor in lieu of and in substitution for the Bond so destroyed, stolen or lost. Any new Bonds issued pursuant to this Section 14 in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the District, whether or not the Bonds so alleged to be destroyed, stolen or lost are at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Resolution in any moneys or securities held by the Paying Agent for the benefit of the Owners of the Bonds.

SECTION 15. Bond Register. The Paying Agent shall keep or cause to be kept at its office sufficient books for the registration and registration of transfer of the Bonds. Upon presentation for registration of transfer, the Paying Agent shall, as above provided and under such reasonable regulations as it may prescribe subject to the provisions hereof, register or register the transfer of the Bonds, or cause the same to be registered or cause the registration of the same to be transferred, on such books.

SECTION 16. Unclaimed Money. All money which the Paying Agent shall have received from any source and set aside for the purpose of paying or redeeming any of the Bonds shall be held in trust for the respective Owners of such Bonds, but any money which shall be so set aside or deposited by the Paying Agent and which shall remain unclaimed by the Owners of such Bonds for a period of one year after the date on which any payment or redemption with respect to such Bonds shall have become due and payable shall be transferred to the General Fund of the District; provided, however, that the Paying Agent, before making such payment, shall cause notice to be mailed to the Owners of such Bonds, by first class mail, postage prepaid, not less than 90 days prior to the date of such payment to the effect that said money has not been claimed and that after a date named therein any unclaimed balance of said money then remaining will be transferred to the General Fund of the District. Thereafter, the Owners of such Bonds shall look only to the General Fund of the District for payment of such Bonds.

SECTION 17. Application of Proceeds. Upon the sale of the Bonds, the Treasurer is hereby directed to deposit or cause to be deposited the proceeds thereof, exclusive of accrued interest and any original issue premium, into the Building Fund established for the account of the District which shall be administered by the County Office of Education for the account of the District and which shall be kept separate and apart from all other accounts held hereunder. The District shall, from time to time, disburse from the Building Fund to pay Project Costs, including a deposit to a lease payment fund in order to refund certain lease obligations of the District. Amounts in the Building Fund shall be invested so as to be available for the aforementioned disbursements. The District shall keep a written record of disbursements from the Building Fund.

Any amounts that remain in the Building Fund at the completion of the Projects shall be transferred to the Debt Service Fund to be used to pay the Principal of, premium, if any, and interest on the Bonds, subject to any conditions set forth in the Tax Certificate.

SECTION 18. Payment and Security for the Bonds. The Board shall annually at the time of making the levy of taxes for County purposes, levy a continuing direct *ad valorem* tax for the Fiscal Year upon the taxable property in the District in an amount at least sufficient, together with moneys on deposit in the Debt Service Fund and available for such purpose, to pay the Principal of, premium, if any, and interest on each Bond as each becomes due and payable in the next succeeding Bond Year. The tax levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The County, on behalf of the District, hereby pledges as security for the Bonds and the interest thereon, and the Treasurer is directed to deposit or cause to be deposited in the District's Debt Service Fund, the proceeds from the levy of the aforementioned tax which the County receives (the "Pledged Moneys"). The Pledged Moneys shall be used to pay the Principal of, premium, if any, and interest on the Bonds when and as the same shall become due and payable. The Bonds are the general obligations of the District and do not constitute an obligation of the County except as provided in this Resolution. No part of any fund or account of the County is pledged or obligated to the payment of the Bonds or the interest thereon.

SECTION 19. Debt Service Fund.

(a) The County is hereby directed to deposit or cause to be deposited any accrued interest and any original issue premium received by the County from the sale of the Bonds in the fund established for the account of the District and designated as the "Covina-Valley Unified School District 2006 Election General Obligation Bonds, Debt Service Fund" (the "Debt Service Fund") to be administered by the County and used only for the payment of the Principal of, premium, if any, and interest on the Bonds.

(b) All Pledged Moneys shall be deposited upon collection by the County into the Debt Service Fund and used for the payment of the Principal of, premium, if any, and interest on the Bonds.

(c) The District shall transfer or cause to be transferred from the Debt Service Fund to the Paying Agent, an amount, in immediately available funds, sufficient to pay all the Principal of, premium, if any, and interest on the Bonds (collectively, the "Debt Service") on such Interest Payment Date. Debt Service on the Bonds shall be paid by the Paying Agent in the manner provided by law for the payment of Debt Service.

(d) The District shall cause moneys to be transferred to the extent needed to comply with the Tax Certificate. Any amounts on deposit in the Debt Service Fund when there are no longer any Bonds Outstanding shall be transferred to the General Fund of the District subject to any conditions set forth in the Tax Certificate.

SECTION 20. Establishment and Application of Excess Earnings Fund. There is hereby established a special fund designated "Covina-Valley Unified School District 2006 Election General Obligation Bonds, 2007 Series B, Excess Earnings Fund" (the "Excess

Earnings Fund") which shall be administered by the County Office of Education for the account of the District and which shall be kept separate and apart from all other funds and accounts held hereunder. The District shall transfer, or cause to be transferred, moneys from the Building Fund to the Excess Earnings Fund in accordance with the provisions of the Tax Certificate. Amounts on deposit in the Excess Earnings Fund shall only be applied to payments made to the United States or otherwise transferred to other accounts or funds established hereunder in accordance with the Tax Certificate.

SECTION 21. Payments of Costs of Issuance. The District shall pay, or cause to be paid, Costs of Issuance not directly paid by the Original Purchaser using moneys disbursed from time to time, as appropriate, from the Building Fund.

SECTION 22. Establishment of Additional Funds and Accounts. If at any time it is deemed necessary or desirable by the District, the County Office of Education may establish additional funds under this Resolution or accounts within any of the funds or accounts established hereunder.

SECTION 23. Redemption. The Bonds shall be subject to redemption as provided in the Notice Inviting Bids.

SECTION 24. Selection of Bonds for Redemption. Whenever provision is made in this Resolution or in the Notice Inviting Bids for the redemption of the Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least 60 days prior to the Interest Payment Date designated for such redemption, shall select Bonds for redemption in such order as the District may direct, or, in the absence of such direction, in inverse order of maturity within a series. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Current Interest Bond to be redeemed in part shall be in the Principal Amount of $5,000 or any integral multiple thereof and the portion of any Capital Appreciation Bond to be redeemed in part shall be in the Maturity Amount of $5,000 or any integral multiple thereof.

SECTION 25. Notice of Redemption. When redemption is authorized or required pursuant to this Resolution or the Notice Inviting Bids, the Paying Agent, upon written instruction from the District given at least 60 days prior to the Interest Payment Date designated for such redemption, shall give notice (a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (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 Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date in

the case of Current Interest Bonds, and that from and after such date interest with respect thereto shall cease to accrue or accrete and be payable.

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

(a) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register.

(b) In the event that the Bonds shall no longer be held in book-entry only form, at least two days before the date of the notice required by clause (a) of this Section 25, such Redemption Notice shall be given by (i) first class mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to each of the Securities Depositories.

(c) In the event that the Bonds shall no longer be held in book-entry only form, at least two days before the date of the notice required by clause (a) of this Section, such Redemption Notice shall be given by (i) first class mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services.

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

SECTION 26. Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of Authorized Denominations equal in Transfer Amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the County and the District shall be released and discharged thereupon from all liability to the extent of such payment.

SECTION 27. 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 for the payment of their redemption price, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in Section 23 hereof, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the 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 Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of Sections 23, 24 and 25 shall be cancelled upon surrender thereof and delivered to or upon the order of the County and the District. All or any portion of a Bond purchased by the County or the District shall be cancelled by the Paying Agent upon written notice by the County or the District given to the Paying Agent.

SECTION 28. Paying Agent, Appointment and Acceptance of Duties.

(a) The Board and the Treasurer hereby consent to and confirm the appointment of the Treasurer to act as Paying Agent for the Bonds under this Resolution. 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 of Paying Agent. The Paying Agent, if other than the Treasurer acting as Paying Agent, shall have a corporate trust office in Los Angeles, California.

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

SECTION 29. Liability of Paying Agent. The Paying Agent makes no representations as to the validity or sufficiency of this Resolution or of any Bonds issued hereunder or as to the security afforded by this Resolution, and the Paying Agent shall incur no liability in respect hereof or thereof.

SECTION 30. Evidence on Which Paying Agent May Act. The Paying Agent, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent may consult with counsel, who may or may not be counsel to the County or the District, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

SECTION 31. Compensation. The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Resolution. In no event shall the County be required to expend its own funds hereunder.

SECTION 32. Ownership of Bonds Permitted. The Paying Agent or the Original Purchaser may become the Owner of any Bonds.

SECTION 33. Resignation or Removal of Paying Agent and Appointment of Successor.

(a) The Paying Agent initially appointed as Paying Agent hereunder may resign from service as Paying Agent and in the event the Treasurer, as the initial Paying Agent, selects a third party to perform the services of Paying Agent, the Treasurer may remove such Paying Agent or any subsequent Paying Agent as provided in the respective Paying Agent's service agreement. Without further action by the District, if at any time the Paying Agent shall resign or be removed, the Treasurer shall appoint a successor Paying Agent, which shall be a bank or trust company doing business in and having a corporate trust office in Los Angeles, California, with at least $50,000,000 in net assets. The Paying Agent shall keep accurate records of all funds administered by it and of all Bonds paid and discharged by it. Such records shall be provided, upon reasonable request, to the County in a format mutually agreeable to the Paying Agent and the County. Such successor Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the County and the District, a written acceptance thereof. Resignation or removal of the Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

(b) In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or, if there is no successor, the Treasurer shall remain the Paying Agent.

SECTION 34. Investment of Certain Funds. Moneys held in all funds and accounts established hereunder shall be invested and reinvested by the Treasurer in Authorized Investments to the fullest extent practicable as shall be necessary to provide moneys when needed for payments to be made from such funds or accounts, subject to any conditions set forth in the Tax Certificate. Nothing in this Resolution shall prevent any investment securities acquired as investments of funds held hereunder from being issued or held in book-entry form on the books of the Department of the Treasury of the United States. All investment earnings on amounts on deposit in the Debt Service Fund shall remain on deposit in such fund.

SECTION 35. Valuation and Sale of Investments. Obligations purchased as an investment of moneys in any fund or account shall be deemed at all times to be a part of such fund or account. Profits or losses attributable to any fund or account shall be credited or charged to such fund or account. In computing the amount in any fund or account created under the provisions of this Resolution for any purpose provided in this Resolution, obligations purchased as an investment of moneys therein shall be valued at cost, plus, where applicable, accrued interest.

SECTION 36. Supplemental Resolutions With Consent of Owners. This Resolution, and the rights and obligations of the County, the District and of the Owners of the Bonds issued hereunder, may be modified or amended at any time by a Supplemental Resolution adopted by the County with the written consent of Owners owning at least 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the County or the District; provided, however, that so long as the Bond Insurance Policy is in effect, and provided that the Bond Insurer complies with its obligations thereunder, the Bond Insurer shall be deemed to be the sole Owner of the Bonds for purposes of this sentence. Notwithstanding the

foregoing, no such modification or amendment shall, without the express consent of the Owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification thereof or hereof. No such Supplemental Resolution shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto. Notwithstanding anything herein to the contrary, no such consent shall be required if the Owners are not directly and adversely affected by such amendment or modification.

SECTION 37. Supplemental Resolutions Effective Without Consent of Owners. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the County may be adopted, which, without the requirement of consent of the Owners, shall be fully effective in accordance with its terms:

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

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

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

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

(e) To amend or supplement this Resolution in any other respect, provided such Supplemental Resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the Owners.

SECTION 38. Effect of Supplemental Resolution. Any act done pursuant to a modification or amendment so consented to shall be binding upon the Owners of all the Bonds and shall not be deemed an infringement of any of the provisions of this Resolution, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after consent relating to such specified matters has been given, no Owner shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the County or the District or any officer or agent of either from taking any action pursuant thereto.

SECTION 39. Defeasance. If all Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

(1) by well and truly paying or causing to be paid the Principal of and interest on all Bonds Outstanding, and when the same become due and payable;

(2) by depositing with the Paying Agent, in trust, at or before maturity, cash which, together with the amounts then on deposit in the Debt Service Fund plus the interest to accrue thereon without the need for further investment, is fully sufficient to pay all Bonds Outstanding on the redemption date or at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or

(3) by depositing with an institution to act as escrow agent selected by the District and approved by the County and which meets the requirements of serving as Paying Agent pursuant to Section 33, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America and permitted under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient, in the opinion of a verification agent satisfactory to the County, to pay and discharge all Bonds Outstanding at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the County, the District and the Paying Agent under this Resolution with respect to all Outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the District to pay to the Paying Agent amounts owing to the Paying Agent under Section 31 hereof.

SECTION 40. Bond Insurance. All or a portion of the Bonds may be sold with bond insurance or other form of credit enhancement, at the Original Purchaser's option and expense, if the Original Purchaser determines that the savings to the District resulting from the purchase of such bond insurance exceed the cost thereof.

The foregoing resolution was, on the 4TH day of September, 2007, adopted by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

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

By: _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.,
County Counsel

By: _____
Principal Deputy County Counsel

EXHIBIT A-1

FORM OF CURRENT INTEREST BOND

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

UNITED STATES OF AMERICA STATE OF CALIFORNIA

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
(COUNTY OF LOS ANGELES)
2006 ELECTION GENERAL OBLIGATION BOND, 2007 SERIES B

$_____ No. _____

Interest Rate:	Maturity Date:	Dated Date:	CUSIP:
___%	August 1, 20__	Date of Delivery	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Covina-Valley Unified School District (the "District") of the County of Los Angeles, State of California, for value received, hereby acknowledges itself indebted and promises to pay to the Registered Owner set forth above the Principal Amount set forth above, on the Maturity Date set forth above, together with interest thereon from the dated date set forth above until the Principal Amount hereof shall have been paid or provided for, in accordance with the Resolution hereinafter referred to, at the interest rate set forth above. Interest on this Bond is payable on August 1, 2008 and semiannually thereafter on the first day of February and August (each an "Interest Payment Date") in each year to the registered owner hereof from the Interest Payment Date next preceding the date on which this Bond is registered (unless it is registered after the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date (a "Record Date") and before the close of business on the immediately following Interest Payment Date, in which event it shall bear interest from such following Interest Payment Date, or unless this Bond is registered prior to the close of business on July 15, 2008, which event it shall bear interest from its date; provided, however, that if at the time of registration of this Bond interest with respect hereto is in default, interest with respect hereto

shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment). The Principal Amount hereof is payable at the office of the Treasurer and Tax Collector of the County of Los Angeles, as initial paying agent (the "Paying Agent"), in Los Angeles County, California. The interest hereon is payable by check or draft mailed by first class mail to each registered owner, at his address as it appears on the registration books kept by the Paying Agent as of the Record Date.

The Bonds of this issue are comprised of $_____ Principal Amount of Current Interest Bonds, of which this Bond is a part (a "Current Interest Bond") [and $_____ Principal Amount of Capital Appreciation Bonds.] This Bond is issued by the County of Los Angeles (the "County") in the name of and on behalf of the District under and in accordance with the provisions of (i) Title 1, Division 1, Part 10, Chapter 1.5 of the California Education Code (commencing with Section 15264) (the "Act") and (ii) Article XIIIA of the California Constitution, and pursuant to that certain "Resolution of the Board of Supervisors of the County of Los Angeles, California Authorizing the Issuance and Sale of 2006 Election General Obligation Bonds, 2007 Series B, of the Covina-Valley Unified School District in an Aggregate Principal Amount Not to Exceed Nineteen Million Dollars" adopted by the Board of Supervisors of the County on _____, 2007 (the "Resolution"). Reference is hereby made to the Resolution, a copy of which is on file at the County, for a description of the terms on which the Bonds are delivered, and the rights thereunder of the registered owners of the Bonds and the rights and duties of the Paying Agent, the County and the District, to all of the provisions of which the registered owner of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Resolution. The Bonds were authorized by a vote of more than 55% of the qualified electors of the District voting on the proposition at a general election held therein to determine whether such Bonds should be issued.

This Bond is a general obligation of the District, payable as to both Principal and interest from *ad valorem* taxes which, under the laws now in force, may be levied without limitation as to rate or amount upon all of the taxable property in the District. Neither the payment of the Principal of this Bond, or any part thereof, nor any interest or premium hereon constitute a debt, liability or obligation of the County.

This Bond is issued in fully registered form and is nonnegotiable. Registration of this Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the aforesaid offices of the Paying Agent, but only in the manner, subject to the limitations, and upon payment of the charges, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in authorized denominations will be issued to the transferee in exchange herefor. The District, the County and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary.

Current Interest Bonds maturing on or before August 1, 20__ shall not be subject to redemption prior to their maturity dates. Current Interest Bonds maturing on or after August 1, 20__ may be redeemed before maturity at the option of the District, from any source of funds, on August 1, 20__ or on any date thereafter as a whole, or in part, in such order as the

District may direct, or, in the absence of such direction, in inverse order of maturity, and by lot within a maturity. For the purposes of such selection, Current Interest Bonds will be deemed to consist of $5,000 portions by Principal Amount, and any such portion may be separately redeemed. The Current Interest Bonds called prior to maturity will be redeemed at the principal amount thereof, together with accrued interest to the date of redemption.

The rights and obligations of the County and of the owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the County with the written consent of owners of at least 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the County or the District; provided, however, that no such modification or amendment shall, without the express consent of the registered owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, extend its maturity or the times for paying interest thereon or change the monetary medium in which the Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification hereof.

A supplemental resolution of the County may be adopted, which, without the requirement of consent of the registered owners, shall be fully effective in accordance with its terms: (1) to add to the covenants and agreements of the County in the Resolution, other covenants and agreements to be observed by the County or the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (2) to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the County or the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (3) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution; (4) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or (5) to amend or supplement the Resolution in any other respect, provided such supplemental resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the owners.

If this Bond is called for redemption and the Principal Amount of this Bond plus premium, if any, and accrued interest due with respect hereto are duly provided therefor as specified in the Resolution, then interest shall cease to accrue with respect hereto from and after the date fixed for redemption.

This Bond shall not become valid or obligatory for any purpose until the Certificate of Authentication hereon endorsed shall have been dated and executed manually by the Paying Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED, that an election was duly and legally called, held and conducted, and the notices thereof duly given, and the results thereof canvassed and declared in accordance with the provisions of the Act and that all of the proceedings of the governing body of the District and of the Board of Supervisors of the County in the matter of the issuance of this Bond were regular and in strict accordance with the provisions of the Act and of the Constitution of the State of California, and that the total bonded

indebtedness of the District, including the issue of which this Bond is a part, does not exceed any limit prescribed by said Act.

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

COUNTY OF LOS ANGELES

By: _____
Chairman of the Board of Supervisors

Countersigned:

By: _____
Executive Officer - Clerk of the Board
of Supervisors of the County

By: _____
Treasurer and Tax Collector

[SEAL]

The following Certificate of Authentication shall be printed on each Bond:

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution of the Board of Supervisors of the County of Los Angeles.

DATED: _____, 2007

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

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

By: _____
Authorized Designee

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto

Name of Transferee: _____
Address for Payment of Interest: _____
_____
Social Security Number or other Tax Identification No.:
_____

the within-mentioned Bond and hereby irrevocably constitutes and appoints attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

_____
Registered Owner

Dated:

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

Signature guaranteed _____

[Bank, Trust Company or Firm]

By _____
Authorized Officer

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

EXHIBIT A-2

FORM OF CAPITAL APPRECIATION BOND

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

UNITED STATES OF AMERICA STATE OF CALIFORNIA

COVINA-VALLEY UNIFIED SCHOOL DISTRICT
(COUNTY OF LOS ANGELES)
2006 ELECTION GENERAL OBLIGATION BOND, 2007 SERIES B

$_____ No. _____

Accretion Rate:	Maturity Date:	Dated Date:	CUSIP:
___%	August 1, 20__	Date of Delivery	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

MATURITY AMOUNT:

The Covina-Valley Unified School District of the County of Los Angeles (the "District"), State of California, for value received, hereby acknowledges itself indebted and promises to pay to the Registered Owner set forth above the Maturity Amount set forth above, on the Maturity Date set forth above. Interest on this Bond with respect to the Principal Amount hereof will accrue at the Accretion Rate per annum shown above from the Dated Date shown above and will be compounded semiannually on February 1 and August 1 of each year until maturity, computed using a year of 360 days comprised of twelve 30-day months and shall be payable only at maturity as part of the Maturity Amount. The Maturity Amount hereof is payable at the office of the Treasurer and Tax Collector of the County of Los Angeles, as initial paying agent (the "Paying Agent"), in Los Angeles County, California.

The bonds of this issue are comprised of $_____ of Principal Amount of Capital Appreciation Bonds of which this Bond is a part (a "Capital Appreciation Bond") and $_____ Principal Amount of Current Interest Bonds. This Bond is issued by the County

of Los Angeles (the "County") in the name of and on behalf of the District under and in accordance with the provisions of (i) Title 1, Division 1, Part 10, Chapter 1.5 of the California Education Code (commencing with Section 15264) (the "Act") and (ii) Article XIIIA of the California Constitution, and pursuant to that certain "Resolution of the Board of Supervisors of the County of Los Angeles, California Authorizing the Issuance and Sale of 2006 Election General Obligation Bonds, 2007 Series B, of the Covina-Valley Unified School District in an Aggregate Amount Not to Exceed Nineteen Million Dollars" adopted by the Board of Supervisors of the County on _____, 2007 (the "Resolution"). Reference is hereby made to the Resolution, a copy of which is on file at the County, for a description of the terms on which the Bonds are delivered, and the rights thereunder of the registered owners of the Bonds and the rights and duties of the Paying Agent, the County and the District, to all of the provisions of which the registered owner of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Resolution. The Bonds were authorized by a vote of more than 55% of the qualified electors of the District voting on the proposition at a general election held therein to determine whether such Bonds should be issued.

This Bond is a general obligation of the District, payable as to Maturity Amount from *ad valorem* taxes which, under the laws now in force, may be levied without limitation as to rate or amount upon all of the taxable property in the District. Neither the payment of the Maturity Amount of this Bond, or any part hereof, nor any premium hereon constitute a debt, liability or obligation of the County.

This Bond is issued in fully registered form and is nonnegotiable. Registration of this Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the aforesaid offices of the Paying Agent, but only in the manner, subject to the limitations, and upon payment of the charges, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in authorized denominations will be issued to the transferee in exchange herefor. The District, the County and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary.

The Capital Appreciation Bonds maturing on or before August 1, 20__ shall not be subject to redemption prior to their maturity dates. Capital Appreciation Bonds maturing on or after August 1, 20__ may be redeemed before maturity at the option of the District, from any source of funds, on August 1, 20__ or on any date thereafter as a whole, or in part, in such order as the District may direct, or, in the absence of such direction, in inverse order of maturity, and by lot within a maturity. For the purposes of such selection, Capital Appreciation Bonds will be deemed to consist of $5,000 portions by Maturity Amount, and any such portion may be separately redeemed. The Capital Appreciation Bonds called prior to maturity will be redeemed at the Maturity Amount thereof, together with the accreted value of and interest to the date of redemption.

The rights and obligations of the County and of the owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the County with the written consent of owners of at least 60% in aggregate Bond Obligation of the Outstanding

Bonds, exclusive of Bonds, if any, owned by the County or the District; provided, however, that no such modification or amendment shall, without the express consent of the registered owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, extend its maturity or the times for paying interest thereon, extend its maturity or the times for paying interest thereon or change the monetary medium in which the Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification hereof.

A supplemental resolution of the County may be adopted, which, without the requirement of consent of the registered owners, shall be fully effective in accordance with its terms: (1) to add to the covenants and agreements of the County in the Resolution, other covenants and agreements to be observed by the County which are not contrary to or inconsistent with the Resolution as theretofore in effect; (2) to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the County which are not contrary to or inconsistent with the Resolution as theretofore in effect; (3) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution; (4) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or (5) to amend or supplement the Resolution in any other respect, provided such supplemental resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the owners.

If this Bond is called for redemption and the Accreted Value, plus premium, if any, is duly provided therefor as specified in the Resolution, then interest shall cease to accrete with respect hereto from and after the date fixed for redemption.

This Bond shall not become valid or obligatory for any purpose until the Certificate of Authentication hereon endorsed shall have been dated and executed manually by the Paying Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED, that an election was duly and legally called, held and conducted, and the notices thereof duly given, and the results thereof canvassed and declared in accordance with the provisions of the Act and that all of the proceedings of the governing body of the District and of the Board of Supervisors of the County in the matter of the issuance of this Bond were regular and in strict accordance with the provisions of the Act and of the Constitution of the State of California, and that the total bonded indebtedness of the District, including the issue of which this Bond is a part, does not exceed any limit prescribed by said Act.

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

COUNTY OF LOS ANGELES

By: _____
Chairman of the Board of Supervisors

Countersigned:

By: _____
Executive Officer - Clerk of the Board
of Supervisors of the County

By: _____
Treasurer and Tax Collector

[SEAL]

The following Certificate of Authentication shall be printed on each Bond:

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution of the Board of Supervisors of the County of Los Angeles.

DATED: _____, 2007

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

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

By: _____
Authorized Officer

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto

Name of Transferee: _____
Address for Payment of Interest: _____
_____
Social Security Number or other Tax Identification No.:
_____

the within-mentioned Bond and hereby irrevocably constitutes and appoints attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

_____
Registered Owner

Dated:

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

Signature guaranteed _____

[Bank, Trust Company or Firm]

By _____
Authorized Officer

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

EXHIBIT B

FORM OF NOTICE INVITING BIDS

NOTICE INVITING BIDS

$19,000,000*
COVINA-VALLEY UNIFIED SCHOOL DISTRICT
(COUNTY OF LOS ANGELES, CALIFORNIA)
2006 ELECTION GENERAL OBLIGATION BONDS, 2007 SERIES B

NOTICE IS HEREBY GIVEN that faxed proposals will be received in the manner described below, by the Covina-Valley Unified School District (the "District") at the offices of the County of Los Angeles Treasurer and Tax Collector, 500 West Temple Street, Room 432, Los Angeles, California 90012.

Only Faxed Bids
September 18, 2007 at 9:35 a.m., California time
(subject to postponement in accordance with this Notice Inviting Bids)

for the purchase of $19,000,000* aggregate issue amount of bonds of the District more particularly described below. See "TERMS OF SALE - Warnings Regarding Facsimile Bids" herein.

The receipt of bids on September 18, 2007, may be postponed prior to the time bids are to be received. Notice of such postponement shall be communicated through The Bond Buyer Wire (the "News Service") as soon as practicable following postponement. If the sale is postponed, bids will be received at the place set forth above on the date and at the time as the County of Los Angeles (the "County"), on behalf of the District shall determine. Notice of a new time, or a new time and date, for receipt of bids will be given through the News Service as soon as practicable following a postponement.

The County, on behalf of the District reserves the right to cancel the sale provided that notice of such change is given through the News Service, as described herein, prior to the time then scheduled for the receipt of such proposals.

See "TERMS OF SALE - Postponement or Cancellation of Sale."

Notice of any change in the terms of the sale of the Bonds will be given through the News Service as described in "TERMS RELATING TO THE BONDS - Adjustment of Maturity Amounts." As an accommodation to bidders, telephone or faxed notice of any amendment or modification of this Notice Inviting Bids will be given to any bidder requesting such notice from the District's Financial Advisor Government Financial Strategies inc.: 1228 N Street, Suite 13, Sacramento, California 95814; Attention: Rich Malone; Tel: (916) 444-5100; Fax: (916) 444-5109; E-Mail: rich@gfsi.com. Failure of any bidder to receive such wire, telephonic or faxed notice shall not affect the sufficiency of any required notice or the legality of the sale.

* Preliminary; subject to change.

45943297.5

Bidders are referred to the Preliminary Official Statement dated _____, 2007 for additional information regarding the District, the County, the Project (as defined herein), the Bonds and the security therefor and other matters. See "TERMS OF SALE - Official Statement."

TERMS RELATING TO THE BONDS

The Bonds are generally described as follows:

Issue. $19,000,000* aggregate issue amount of Covina-Valley Unified School District 2006 Election General Obligation Bonds, 2007 Series B (the "Bonds"). The Bonds are fully registered bonds without coupons in book-entry form in Maturity Amounts of $5,000 or any integral multiple thereof, except that one Bond may reflect an irregular denomination, as designated by the successful bidder (the "Purchaser"), all dated as of the date of delivery of the Bonds.

The Issuer. The District is a unified school district duly organized and validly existing by virtue of the laws of the State of California.

Book-Entry Only. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, and the Purchaser will not receive bond certificates representing its interest in the Bonds purchased. As of the date of award of the Bonds, the Purchaser must either participate in DTC or must clear through or maintain a custodial relationship with an entity that participates in DTC.

Description of the Bonds. The Bonds are being issued as capital appreciation bonds, will be dated their date of delivery (the "Dated Date") and will accrete in value from their Dated Date at the estimated accretion rates per annum set forth below, compounded semiannually on February 1 and August 1 of each year, commencing February 1, 2008. The accreted value ("Accreted Value") of a Bond is the sum of the initial principal amount thereof on the Dated Date and the interest accrued thereon to such date of calculation. The Bonds will be issued as fully registered bonds, without coupons, in the denominations of $5,000 Accreted Value on the maturity date (the "Maturity Amount"), or any integral multiple thereof, except that one Bond may reflect an irregular denomination. Bidders must specify the rate or rates of interest which the Bonds shall accrete; provided, that: (i) the maximum accretion rate bid shall not exceed twelve percent (12.0%) per annum; (ii) no Bond shall accrete interest at more than one rate; (iii) each Bond shall accrete interest from its date to its stated maturity date at the single accretion rate specified in the bid; (iv) all Bonds maturing at any one time shall accrete interest at the same rate.

Maturity Amounts. The Bonds shall have a final maturity of August 1, 2032. The Maturity Amount on the Bonds will be paid in lawful money of the United States of America by the County Treasurer-Tax Collector, acting as the District's initial paying agent, registrar and transfer agent with respect to the Bonds. The Bonds will be payable only at maturity as part of the Maturity Amount.

* Preliminary; subject to change.

Subject to adjustment as hereinafter provided, the maturity amount for the Bonds in each year are as follows:

Maturity Date August 1	Maturity Amount[1]*
2009	
2010	
2011	
2012	
2013	
2014	
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	

[1] Subject to adjustment in accordance with this Notice Inviting Bids.
* Preliminary, subject to change.

Option to Elect Term Bonds. The Purchaser may elect to combine any number of consecutive maturities of Bonds for which an identical accretion rate has been specified to comprise term Bonds, by indicating such an election on the bid form. The election to create term Bonds in such manner will require the creation of a mandatory sinking fund so that the sinking fund redemption payments shall equal the corresponding serial Bond Maturity Amounts.

Adjustment of Maturity Amounts. The Maturity Amounts set forth in this Notice Inviting Bids reflect certain estimates of the District with respect to the likely interest rates of the winning bid. **Potential bidders will be notified via the News Service, not later than [2:00 p.m.] (California time) on the business day prior to the time prescribed for the receipt of bids, of any change to the schedule of Maturity Amounts for the Bonds to be utilized for the bidding process. The District reserves the right to change the schedule of Maturity Amounts set forth in this Notice Inviting Bids after the determination of the successful bidder, by increasing or decreasing the Maturity Amount of the Bonds in any particular year and by adjusting one or more Maturity Amounts of the Bonds in increments of $5,000 to achieve level debt service; *provided,* that the aggregate issue amount of the Bonds shall**

not be greater than $19,000,000. IN SUCH EVENT, THE PURCHASER MAY NOT WITHDRAW ITS BID OR CHANGE THE ACCRETION RATES BID AS A RESULT OF ANY CHANGES MADE TO THE MATURITY AMOUNTS OF THE BONDS IN ACCORDANCE WITH THIS NOTICE INVITING BIDS. THE DOLLAR AMOUNT OF THE PRICE BID WILL BE CHANGED SO THAT THE PERCENTAGE OF NET COMPENSATION PAID TO THE PURCHASER DOES NOT INCREASE OR DECREASE FROM WHAT IT WOULD HAVE BEEN IF NO ADJUSTMENT HAD BEEN MADE TO THE AGGREGATE ISSUE AMOUNTS SHOWN IN THE MATURITY SCHEDULE BID UPON BY THE PURCHASER.

Optional Redemption. The Bonds maturing on or before August 1, 2017, are not subject to redemption prior to their respective maturity dates. The Bonds maturing on or after August 1, 2018 shall be subject to redemption prior to their respective maturity dates as a whole or in part on any date, by such maturities as may be designated by the District to the Trustee at least sixty (60) days prior to the date fixed for redemption, or, if the District fails to so designate, in inverse order of maturity, and by lot within a maturity, on or after August 1, 2017, at a redemption price equal to the Accreted Value amount to be redeemed, plus accrued but unpaid interest to the redemption date, without premium.

Payment. Principal of and interest on the Bonds are payable in lawful money of the United States of America. Payment of interest on the Bonds is payable by check mailed to the registered owner at such address as appears on the registration books of the Trustee as of the fifteenth day of the calendar month preceding the applicable Interest Payment Date, or, for holders of at least $1,000,000 aggregate issue amount of the Bonds, by wire transfer within the continental limits of the United States of America, upon due notice to the Trustee. Payment of principal of, and premium on, the Bonds at maturity or upon earlier redemption, are payable at the principal corporate trust office of the Trustee. As long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, principal and interest will be paid by wire transfer only to Cede & Co.

Purpose of Issue. The Bonds are issued pursuant to the provisions of the laws of the State of California in order to finance improvements to certain school facilities, including the repair or replacement of deteriorating plumbing, restrooms, heating, ventilation and electrical systems; the upgrade of classroom technology and computers, the construction of new library/media centers; to upgrade inadequate classrooms, equipment, school facilities and grounds (the "Project") as approved by the voters of an election held on June 6, 2006 (the "Election").

Security. The Bonds are general obligation bonds and are payable as to both principal and interest from proceeds of *ad valorem* property taxes which the Board of Supervisors of the County is obligated to levy and collect without limitation as to rate or amount on all taxable property in the District (except for certain personal property which is taxable at limited rates), on behalf of the District for the payment of the Bonds.

Tax Exemption. In the opinion of Fulbright & Jaworski L.L.P., Bond Counsel, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California and, assuming compliance by the District and the County with covenants in certain documents relating to the Bonds to comply with applicable requirement of the Internal Revenue Code of 1986 (the "Code"), interest on the Bonds is excluded pursuant to section 103(a) of the Code from the gross income of the owners thereof for federal income tax purposes. Bond Counsel is also of the opinion that, assuming compliance with the aforementioned covenant, the Bonds are not "specified private activity bonds" within the meaning of section 57(a)(5) of the Code and, therefore, the interest on the Bonds will not be treated as an item of tax preference for purposes of computing the alternative minimum tax imposed by section 55 of the Code. See "TAX EXEMPTION" in the Preliminary Official Statement.

Legal Opinion. A complete copy of the proposed form of legal opinion of Bond Counsel approving the validity of the Bonds is set forth in Appendix D to the Preliminary Official Statement of the District with respect to the Bonds (the "Preliminary Official Statement"). The legal opinion of Bond Counsel with respect to the Bonds will be furnished to the Purchaser upon delivery of the Bonds without cost.

TERMS OF SALE

Single Bid. All bids must be for all, and not less than all, of the Bonds hereby offered for sale, for not less than 100% of their aggregate issue amount. No Bond due on or after the first call date of August 1, 2017 shall have an initial reoffering price greater than [_____%] of the aggregate issue amount thereof. Each bid must be in writing and signed by the bidder. Bids shall be delivered by fax transmission and received by 9:35 a.m., California time, to The Los Angeles County Treasurer and Tax Collector: 500 West Temple Street, Room 432, Los Angeles, California 90012; Attention: John E. Patterson; Tel: (213) 974-2310; Fax: (213) 625-2249; E-mail: jpatterson@ttc.lacounty.gov on the date established for receiving bids.

THE COUNTY, ON BEHALF OF THE DISTRICT RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID IS TIMELY, LEGIBLE AND COMPLETE. NEITHER THE COUNTY NOR THE DISTRICT TAKE ANY RESPONSIBILITY FOR INFORMING ANY BIDDER PRIOR TO THE TIME FOR RECEIVING BIDS THAT ITS BID IS INCOMPLETE, ILLEGIBLE OR NOT RECEIVED.

WARNINGS REGARDING FACSIMILE BIDS: THE RECEIVING FAX MACHINE WILL BE DISCONNECTED AT THE DEADLINE FOR RECEIPT OF BIDS. ANY BIDS PRINTED THEREAFTER BY THE RECEIVING FAX MACHINE, PROVIDED THAT THE INTEREST RATES, TOTAL PURCHASE PRICE AND NAME AND SIGNATURE OF THE BIDDER ARE CLEARLY LEGIBLE, WILL BE CONSIDERED TIMELY; HOWEVER, NEITHER THE COUNTY, THE DISTRICT, THE DISTRICT'S FINANCIAL ADVISOR, NOR THE DISTRICT'S BOND COUNSEL SHALL BE RESPONSIBLE FOR, AND THE BIDDER EXPRESSLY ASSUMES THE RISK OF, ANY INCOMPLETE, ILLEGIBLE OR UNTIMELY BID SUBMITTED BY SUCH BIDDER BY FACSIMILE TRANSMISSION, INCLUDING, WITHOUT LIMITATION, BY REASON OF GARBLED TRANSMISSION, MECHANICAL FAILURE, ENGAGED TELEPHONE OR TELECOMMUNICATIONS

LINES AT THE PLACE OF BID OPENING, OR ANY OTHER CAUSE FOR REJECTION ARISING OUT OF ANY BIDDER'S ELECTION TO DELIVER ITS BID BY MEANS OTHER THAN HAND DELIVERY.

Multiple Bids: In the event multiple bids are received from a single bidder by any means or combination thereof, the County, on behalf of the District shall accept the bid representing the lowest true interest cost to the District, and each bidder agrees by submitting any bid to be bound by such best bid.

Good Faith Deposit. A good faith deposit is not required to bid. However, the winning bidder must wire transfer in immediately available funds in the amount of $190,000.00 to the County of Los Angeles Treasurer-Tax Collector within two (2) business days after the sale date in order to secure the District from any loss resulting from the failure of the bidder to comply with the terms of its bid.

The deposit of the Purchaser will, immediately upon receipt, become the property of the District to be held and invested for the exclusive benefit of the District. **The aggregate issue amount of such deposit shall be applied to the purchase price of the Bonds at the time of delivery thereof.**

If the purchase price is not paid in full upon tender of the Bonds, the Purchaser shall have no right in or to the Bonds or to the recovery of its deposit, or to any allowance or credit by reason of such deposit, unless it shall appear that the Bonds cannot be validly issued if delivered to the Purchaser in the form and manner proposed. In the event of non-payment for the Bonds upon the valid tender thereof to the Purchaser, the District reserves any and all rights granted by law to recover the full purchase price of the Bonds and, in addition, any damages suffered by the District.

Maximum Discount; Maximum Premium. The amount of any bid must be at least one hundred percent (100%) of the aggregate issue amount of the Bonds.

Payment of Issuance Costs. The Purchaser of the Bonds will be required to pay [$_____] in costs of issuance of the Bonds from Purchaser's gross compensation at the time of delivery of the Bonds. This amount may not be added to the price paid for the Bonds. Payment of this amount is not optional and is in addition to payment of any premium for a policy of municipal bond insurance. See "Qualification for Bond Insurance" below. Bidders should include payment of such costs in calculating their bid.

Qualification for Bond Insurance. If the Bonds qualify for issuance of a municipal bond insurance policy or commitment therefor at the option of the bidder, any purchase of such insurance of commitment therefor shall be at the sole option and expense of the bidder and any increased costs shall be paid by the Purchaser, including but not limited to the rating fees charged by Standard & Poor's. Any failure of the Bonds to be so insured or if any such policy of insurance to be issued shall not in any way relieve the Purchaser of its contractual obligations arising from the acceptance by the County of its proposal to purchase the Bonds.

Basis of Award. Unless all bids are rejected, the Bonds will be awarded to the bidder whose bid represents the lowest true interest cost ("TIC") to the District. The TIC will be that nominal annual interest rate which, when compounded semiannually and used to discount to the

dated date of the Bonds all payments of principal and interest payable on the Bonds, results in an amount equal to the aggregate issue amount of such Bonds plus the amount of any premium offered, if any, (disregarding for the purposes of the calculation the accrued interest to the date of delivery of the Bonds). In the event that two or more bidders offer bids for the Bonds at the same lowest TIC, the District shall determine by lot which bidder shall be awarded such Bonds.

Estimate of True Interest Cost. Each bidder is requested, but not required, to state in its bid the percentage true interest cost to the District (determined as described above), which shall be considered as informative only and not binding on either the bidder or the District.

Right of Rejection and Waiver of Irregularity. The County, on behalf of the District reserves the right, in its sole and absolute discretion, to reject any and all bids, for any reason, and to waive any irregularity or informality in any bid.

Prompt Award. The County Treasurer-Tax Collector, the Superintendent, the Chief Business Officer of the District, or their designee, will take action awarding the Bonds or rejecting all bids not later than twenty-six (26) hours after the expiration of the date and time at which bids are received, unless such period for award is waived for the Purchaser. Prompt notice of the award will be given to the Purchaser.

Confirmation of Bond Sizing. As described herein under "TERMS RELATING TO THE BONDS - Maturity Amounts; Adjustment of Maturity Amounts" the actual aggregate issue amount of Bonds and the actual maturity schedule (or sinking account payment schedule for term bonds) for the Bonds will be reported to the successful bidder within 24 hours after the date and time the bids are received. Any such increase or decrease will be in $5,000 increments with respect to each maturity date or sinking account payment date. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted and no successful bid may be withdrawn. The Purchaser will not be permitted to change the accretion rates in its bid. The dollar amount bid by the Purchaser will be adjusted to reflect any adjustments in the aggregate issue amount of the Bonds to be issued.

Qualification for Sale; Blue Sky. Compliance with Blue Sky laws shall be the sole responsibility of the Purchaser. The District will furnish such information and take such action not inconsistent with law as the Purchaser may request and the District shall deem necessary or appropriate to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the Purchaser; *provided, however*, that the District shall not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. **The successful bidder will not offer to sell or solicit any offer to buy, the Bonds in any jurisdiction where it is unlawful for such successful bidder to make such offer, solicitation or sale, and the successful bidder shall comply with the Blue Sky and other securities laws and regulations of the states and jurisdictions in which the successful bidder sells the Bonds.**

Delivery and Payment. Delivery of the Bonds, in the form of one certificate for each maturity, shall be made to the Purchaser through the facilities of DTC in New York, New York, or at any other location mutually agreeable to both the District and the Purchaser, is expected to be made on or about _____, 2007. Payment for the Bonds (including any premium) must be

made by wire transfer in funds immediately available in Los Angeles, California. Any expense for making payment in immediately available funds shall be borne by the Purchaser. The costs of preparing the Bonds will be borne by the District.

Reoffering Price Certificate. As soon as practicable, but not later than two (2) hours after the award of the Bonds, the Purchaser must submit to the District a certificate, a copy of which is available from the financial advisor upon request, regarding the reoffering price of the Bonds. The Purchaser of the Bonds will also be required to provide to the District and Bond Counsel the "bond yield" as described in Section 148 of the Internal Revenue Code of 1986. Such certificate shall be in form and substance satisfactory to Bond Counsel and shall include such additional information as may be requested by Bond Counsel.

Purchaser's Right of Cancellation. The Purchaser shall have the right, at its option, to cancel its obligation to purchase the Bonds if the District shall fail to tender the Bonds for delivery within 60 days from the date of sale thereof, and in such event the Purchaser shall only be entitled to the return of the aggregate issue amount of its good faith deposit.

No Litigation. The District will deliver a certificate of the District stating that no litigation is pending with service of process having been accomplished, or, to the knowledge of the officer of the District executing such certificate, threatened, concerning the validity of the Bonds, the corporate existence of the District, or the title of the officers of the District who will execute the Bonds to their respective offices.

CUSIP Numbers. It is anticipated that CUSIP numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Bonds in accordance with the terms of this Notice Inviting Bids. The expenses associated with printing CUSIP numbers on the Bonds shall be paid by the District, however, the CUSIP Service Bureau charge for the assignment of said CUSIP numbers shall be paid by the Purchaser.

California Debt and Investment Advisory Commission Fee. Attention of bidders is directed to California Government Code Section 8856, which provides that the Purchaser of the Bonds will be charged the California Debt and Investment Advisory Commission fee. The District expects the Purchaser to pay such fee promptly upon receipt of the invoice.

Certificate Regarding Official Statement. At the time of delivery of the Bonds, the Purchaser will receive a certificate, signed by an officer of the District, confirming to the Purchaser that, to the best knowledge of said officer, the Final Official Statement relating to the Bonds (the "Official Statement") (excluding information regarding the policy of municipal bond insurance and the provider thereof, if any, and excluding the description of The Depository Trust Company and the book-entry only system, as to which no view shall be expressed) as of the date of sale of the Bonds and as of the date of delivery thereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Official Statement. Copies of the Preliminary Official Statement prepared by the District will be furnished to any interested bidder upon request to the District's Financial Advisor. In

accordance with Rule 15c2-12 of the Securities and Exchange Commission, as amended ("Rule 15c2-12"), the District deems such Preliminary Official Statement final as of its date, except for the omission of certain information permitted by Rule 15c2-12. Within seven business days after the date of award of the Bonds, the Purchaser will be furnished with a reasonable number of copies (not to exceed 150) of the final Official Statement.

By making a bid for the Bonds, the bidder agrees, if awarded the Bonds, (i) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements prepared by the District, (ii) to promptly file a copy of the final Official Statement, including any supplements prepared by the District, with a nationally recognized municipal securities information repository, as defined in Rule 15c2-12, and (iii) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers, including without limitation the delivery of a final Official Statement to each investor who purchases Bonds.

The form and content of the final Official Statement of the District is within the sole discretion of the District.

Continuing Disclosure. In order to assist bidders in complying with Securities and Exchange Commission Rule 15c2-12, the District will undertake, pursuant to a Continuing Disclosure Agreement, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

Right to Postponement or Cancellation. The District may postpone or cancel the sale prior to the time bids are to be received, provided that notice is communicated to prospective bidders through the News Service prior to the time then scheduled for the receipt of such bids. Notice of a new time, or of a new date and time, if any, will be given through the News Service, telephone or facsimile as soon as practicable following a postponement. In the event of a postponement of the sale only, any subsequent bid submitted by the bidder will supersede any prior bid made.

Right to Modify or Amend. The District reserves the right to modify or amend this Notice Inviting Bids in any respect; provided, however, that any such modification or amendment shall be made not later than [2:00 p.m.] (California time) on the business day prior to the date bids are to be received, and shall be communicated to potential bidders through the News Service.

Dated: _____, 2007

COVINA-VALLEY UNIFIED SCHOOL DISTRICT

By: /s/ Ron Murrey, Chief Business Officer

EXHIBIT A

OFFICIAL BID FORM AND PROPOSAL FOR THE PURCHASE OF $19,000,000*
COVINA-VALLEY UNIFIED SCHOOL DISTRICT
(COUNTY OF LOS ANGELES, CALIFORNIA)
2006 ELECTION GENERAL OBLIGATION BONDS, 2007 SERIES B

Bidding Firm's Name: _____

Re: COVINA-VALLEY UNIFIED SCHOOL DISTRICT
c/o Los Angeles County Treasurer and Tax Collector
500 W. Temple Street, Room 432
Los Angeles, California 90012
Fax Number (213) 625-2249

Subject to the provisions and in accordance with the terms of the Notice Inviting Bids dated _____, 2007, which is incorporated herein and made a part of this proposal, we hereby offer to purchase all of the Bonds described in the Notice Inviting Bids on the following terms, and if selected as the winning bidder will wire transfer submit the required Good Faith Deposit within two (2) business days of the sale date in the amount of $190,000 and will pay for the Bonds the price of $_____ (representing the $_____ initial principal amount of the Bonds, plus a premium of $_____.

We understand that in addition to the total purchase price bid stated above, we will be required to pay $_____ in costs of issuance on behalf of the District (this amount being in addition to any moneys paid by the bidder for a policy of municipal bond insurance) from the Purchaser's gross compensation at the time of delivery of the Bonds.

This bid is submitted with our intention to purchase municipal bond insurance from _____ [fill in, if applicable]. Such insurance will be obtained at our expenses, and we will pay any additional rating agency fees associated therewith.

Informational only: Our estimate of the true interest cost percentage (TIC%) of our bid for the debt service on the Bonds, calculated from the Dated Date of the Bonds, being October 3, 2007, and carried to six (6) decimal places, is _____%.

The Bonds shall mature in the years, at the Initial Principal Amounts and Maturity Amounts, and shall accrete interest at rates less than or equal to 12.0% per annum, as set forth in the schedule below:

* Preliminary; subject to change.

Maturity Date (August 1)	Initial Principal Amount[1]*	Accretion Rate[1]*	Maturity Amount[1]*
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			

[1] Subject to adjustment in accordance with the Notice Inviting Bids.
* Preliminary, subject to change

Respectfully submitted,

Name of Bidder:_____

MEMBERS OF ACCOUNT ON WHOSE BEHALF BID IS MADE:

By:_____
Authorized Representative

Title: _____
Phone: _____
Fax: _____

_____
_____
_____

THE BIDDER EXPRESSLY ASSUMES THE RISK OF ANY INCOMPLETE, ILLEGAL OR UNTIMELY BID SUBMITTED BY FACSIMILE TRANSMISSION, INCLUDING, WITHOUT LIMITATION, BY REASON OF GARBLED TRANSMISSION, MECHANICAL FAILURE, ENGAGED TELEPHONE OR TELECOMMUNICATIONS LINES OR ANY OTHER CAUSE ARISING FROM DELIVERY BY FACSIMILE TRANSMISSION RATHER THAN BY HAND. THE DISTRICT RETAINS ABSOLUTE DISCRETION TO DETERMINE WHETHER ANY BID IS TIMELY, LEGIBLE AND COMPLETE.

Resolution No. 07-08-11
Resolution Authorizing Issuance of Not to Exceed
$19,000,000 of Covina-Valley Unified School District
2006 Election General Obligation Bonds, 2007 Series B

Recommendation is made that Resolution No. 07-08-11, Authorizing Issuance of Not to Exceed $19,000,000 of Covina-Valley Unified School District 2006 Election General Obligation Bonds, 2007 Series B be adopted.

8/6/07

(REF. A-1)

Resolution No. 07-08-11
Resolution Authorizing Issuance of Not to Exceed
$19,000,000 of Covina-Valley Unified School District
2006 Election General Obligation Bonds, 2007 Series B

Whereas, the issuance of not to exceed $66,000,000 aggregate principal amount of general obligation bonds (the "Authorization") of the Covina-Valley Unified School District (the "District"), County of Los Angeles (the "County"), State of California, was authorized at an election (the "Election") held in said District on June 6, 2006, the proceeds of which are to be used for the construction and improvement of various parcels of real property and the furnishing and equipping of facilities of the District; and

Whereas, the Registrar-Recorder/County Clerk of the County certified to the effect that the official canvass of returns for the Election reflected that more than 55% of the votes cast on the District's bond measure submitted to the voters at the Election (the "Measure") were cast in favor of the Measure, and such result has been entered in the minutes of this Governing Board of the District (the "District Board"); and

Whereas, Section 15140 of the Education Code of the State of California authorizes the Board of Supervisors of the County (the "County Board") to borrow funds through the issuance of bonds in the name and on behalf of the District, pursuant to a resolution adopted by the District; and

Whereas, $47,000,000 aggregate principal amount of general obligation bonds under the Authorization have heretofore been issued by the County Board on behalf of the District; and

Whereas, it now appears to this District Board that financial market conditions are favorable for the issuance and sale of not to exceed $19,000,000 in one or more series of bonds of the Authorization to be used to finance the acquisition, construction and modernization of certain District property and facilities as permitted in the official Project List of the District approved at the Election (the "Project"); and

Whereas, the District Board hereby determines that such bonds should be offered at this time, in one or more series, and requests the County Board to offer such bonds for sale; and

Whereas, the District Board has previously retained Government Financial Strategies inc. as its Financial Advisor (the "Financial Advisor") and Fulbright & Jaworski L.L.P. as its Bond Counsel ("Bond Counsel") in connection with the issuance of such bonds; and

Whereas, there has been presented to this meeting of the District Board a form of Preliminary Official Statement (the "Preliminary Official Statement") relating to the marketing and sale of such bonds;

Now, Therefore, Be it Resolved by the Governing Board of the District, as follows:

Section 1. Recitals. The foregoing recitals are true and correct.

Section 2. Purpose and Authorization. This District Board hereby determines that general obligation bonds of the District in the aggregate principal or issue amount of not to exceed $19,000,000 be offered for sale, in one or more series (the "Bonds"), as more particularly described in Section 3 below, the proceeds of which are to be used for the acquisition and improvement of certain real property, and the equipping and furnishing of facilities of the District, as set forth in the bond proposition and the Project List approved at the Election, including the prepayment of certain existing lease obligations.

Section 3. Notice Inviting Bids and Terms of Bonds. For the above purposes, this District Board hereby requests the County Board to issue the Bonds and to order such Bonds to be sold at a competitive sale in accordance with a Notice Inviting Bids (the "Notice Inviting Bids") to be distributed by the Financial Advisor on behalf of the District. The Bonds shall be dated their date of delivery (or such other date as may be designated in the Notice Inviting Bids), to bear or accrete interest at rates not to exceed 12% per annum, payable with respect to any Bonds bearing current interest on the dates as may be set forth in the Notice Inviting Bids, and accreting with respect to any Bonds which are issued as capital appreciation bonds, payable upon maturity or redemption, shall mature on August 1 of each of the years as set forth in the Notice Inviting Bids, through a date no later than August 1, 2032, or otherwise upon such other terms and conditions as shall be established for the Bonds by the terms of the successful bid. The form of Notice Inviting Bids on file with the District Board is hereby approved and the Superintendent of the District (the "Superintendent"), the Chief Business Officer of the District, or any designee thereof (each, an "Authorized Officer"), and each of them is hereby authorized to execute a certificate evidencing the award of the Bonds. The purchase price of the Bonds shall be no less than the par amount of the Bonds and shall reflect an underwriter's discount, net of costs of issuance and the premium for a municipal bond insurance policy, if any, of not-to-exceed 2.0% (not including original issue discount) of the principal amount thereof. Final terms of the Bonds shall be as set forth in the successful bid. The Original Purchaser may elect to purchase bond insurance to secure the payment of principal of and interest on or Accreted Value of the Bonds, or one series thereof, at its own option and expense.

Section 4 Official Statement. The District Board hereby approves the form of Preliminary Official Statement relating to the Bonds, on file with the Secretary of the District Board and to be used and distributed, together with an Official Statement in connection with the sale of the Bonds, in each case with such changes as are approved by the Authorized Officer, and such other officers of the District as may be authorized by the District Board are, and each of them acting alone hereby is, authorized to deliver copies of the Preliminary Official Statement and the 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 under the Securities Exchange Act of 1934 (the "Rule"). Any Authorized Officer is hereby authorized and directed to execute such Official Statement with such changes therein, deletions therefrom and modifications thereto as such Authorized Officer may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 5. Book-Entry System. The Bonds shall be issued in book-entry only form, to be lodged with The Depository Trust Company ("DTC") in New York, New York, which shall be the registered owner of the Bonds issued at the closing in the form of a single certificated Bond for each maturity within a series of the Bonds described in the Notice Inviting Bids. The Original Purchaser is directed to assist the District and the County in qualifying the Bonds for deposit with DTC.

Section 6. Paying Agent. Unless the Treasurer and Tax Collector of the County or an authorized deputy thereof (the "Treasurer") shall appoint a commercial bank as paying agent in connection with the closing of the Bonds, the Treasurer shall serve as Paying Agent for the Bonds, the first annual fees for which shall be paid from proceeds of the Bonds; subsequent annual fees shall be paid by the District. The District Board hereby authorizes the Authorized Officer to execute a paying agent agreement, if required, for and on behalf of the District.

Section 7. Tax Covenants. The District hereby covenants that it shall not, directly or indirectly, use or permit the use of any proceeds of any of the Bonds, or of any of the property financed or refinanced with the proceeds of the Bonds, or other funds of the District, or take or omit to take any action that would cause the Bonds to be deemed "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (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 thereunder to the extent that such requirements are in effect and applicable to the Bonds.

The District further covenants and agrees to comply with the requirements of the Tax Exemption Certificate to be executed and delivered in connection with the delivery of the Bonds to the original purchasers thereof.

Section 8. Due Authorization; Compliance with Law and the Constitution. The District Board determines that all acts and conditions necessary to be performed by the District Board or to have been met precedent to and in the issuing and sale of the Bonds in order to make them the legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and met, in regular and due form as required by law; that the full faith and credit of the District are hereby pledged for the timely payment of the principal of and interest on the Bonds; and that no statutory or Constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

Section 9. Continuing Disclosure. The form of Continuing Disclosure Agreement on file with the District Board prepared in connection with the Bonds and to be dated the date of sale of the Bonds, for the benefit of the registered owners from time to time of the Bonds (the "Owners") is hereby approved and the District Board hereby authorizes the Authorized Officer to execute such Continuing Disclosure Agreement with such changes therein as may be approved by the Authorized Officer. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Agreement in order to assist the Original Purchaser to comply with the requirements of the Rule. Any registered owner of Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the District to comply with its obligations under this Section; however, noncompliance with this Section shall not constitute a default under or cause the acceleration of the Bonds.

Section 10. Compliance with A.B. 1482. Pursuant to Section 15146(b) of the Education Code, the District Board hereby approves the sale of the Bonds on a competitive basis to the lowest responsible bidder (the "Original Purchaser"). The District's desire to obtain the lowest interest costs for its Bonds in the public markets dictates sale on a competitive basis through the office of the Treasurer. The costs of sale of the Bonds, which include bond counsel fees, printing and rating charges, fiscal agent fees and dissemination agent fees, municipal data collection and other fees related to the authorization and sale of the Bonds, are estimated at no more than $130,000. In addition, municipal bond insurance premium is estimated to be approximately 0.20% of total debt service.

Section 11. Assistance of County. The County Board is hereby requested to assist the District in the issuance and sale of the Bonds; in order to meet the requirements of law and the procedures of the County with respect to such a request, the President of the District Board is hereby directed to lodge a certified copy of this Resolution with the Clerk of the County Board, together with distribution instructions, and with the Superintendent of Schools of the County promptly following adoption hereof, and the District represents and warrants to the County that annual administrative expenses associated with the Bonds at the time outstanding shall be the sole responsibility of the District and the District shall reimburse the County's costs and expenses incurred in connection with the issuance and sale of the Bonds. The Bonds are the general obligations of the District secured by tax levies and do not constitute an obligation of the County except as set forth in the resolution to be adopted by the County Board authorizing the issuance of the Bonds. The County will bear no responsibility for the acquisition, construction or installation of the Project, or any part thereof.

Section 12. Authorized Officers. Officers of the District Board and District officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions as may have heretofore been taken by such officers, officials and staff are hereby ratified, confirmed and approved.

Section 13. Effective Date. This resolution shall take effect immediately upon its adoption.

Passed and Adopted this 6th day of August, 2007 by the Governing Board of the Covina-Valley Unified School District of the County of Los Angeles, State of California, by the following vote:

AYES: MEMBERS: Mary L. Hanes, Charles M. Kemp, William Knoll, Teri M. Meister

NOES: MEMBERS: N/A

ABSENT: MEMBERS: Darrell A. Myrick

This is to certify that this is a true and correct copy of the resolution as adopted and approved at a regular meeting of the Governing Board of the Covina-Valley Unified School District.

Louis A. Pappas, Superintendent

8/6/07