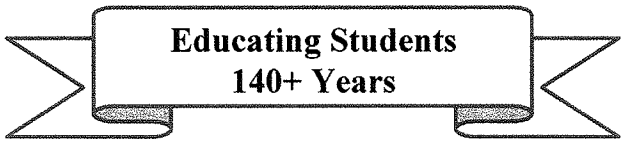
SAN GABRIEL UNIFIED SCHOOL DISTRICT



ADMINISTRATION
DON BRANN, Ed.D.
Interim Superintendent
RALPH PATTERSON
Interim Assistant Superintendent
Business Services
JAN CANFIELD
Assistant Superintendent
Educational Services
ANNA MOLINAR
Assistant Superintendent
Human Resources

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Member
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Member

February 17, 2012

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES
61 March 6, 2012
SACHI A. HAMAI
EXECUTIVE OFFICER

BY FEDERAL EXPRESS

The Honorable Board of Supervisors
County of Los Angeles
c/o Olga Castaneda, Head, Board Specialist
383 Hall of Administration
500 W. Temple Street
Los Angeles, CA 90012

Re: San Gabriel Unified School District, Election of 2008 General Obligation Bonds, Series B: Request to the Los Angeles County Board of Supervisors to <u>Levy Taxes and to Direct the Auditor-Controller to Place Taxes on Tax Roll</u>

Dear Supervisors:

At this time, the San Gabriel Unified School District (the "District") has authorized and intends to issue its Election of 2008 General Obligation Bonds, Series B in an aggregate principal amount not-to-exceed $17,000,000 (the "Bonds"), for the purpose of funding voter-approved capital projects. The above actions were approved by a resolution (the "District Resolution") adopted by the Governing Board (the "District Board") of the District on January 31, 2012, pursuant to Section 53506 *et seq.* of the California Government Code and other applicable provisions of law with respect to the Bonds. The District Resolution is in full force and effect and the District Board has taken no action to amend or rescind the District Resolution. A certified copy of the District Resolution is enclosed herein.

The District formally requests, in accordance with Education Code Section 15250 and other applicable provisions of law, that the Board of Supervisors (the "Board of Supervisors") of the County of Los Angeles (the "County") adopt the enclosed resolution (the "County Resolution") to levy the appropriate taxes for the payment of the Bonds and to direct the Auditor-Controller of the County to place these taxes on the tax roll every year according to a debt service schedule and instructions that will be provided upon the sale of the Bonds (currently scheduled to occur on March 7, 2012), and to direct the County Treasurer and Tax Collector to serve as the Paying Agent for the Bonds.

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IT IS THEREFORE REQUESTED THAT:

1. The Board of Supervisors adopt the County Resolution on the next available Board of Supervisors meeting following the sale of the Bonds. (Two originals are enclosed which have been approved as to form by County Counsel.)

2. After the Board of Supervisors has taken action on this letter, the District requests that the Clerk of the Board of Supervisors furnish two (2) certified copies of the Resolution to:

David Casnocha
Stradling Yocca Carlson and Rauth
44 Montgomery Street, Suite 4200
San Francisco, CA 94104

and send one (1) copy of the Resolution to each of the following:

Los Angeles County Treasurer and Tax Collector
Attention: John Patterson
500 W. Temple Street, Suite 437
Los Angeles, CA 90012

Los Angeles County Auditor-Controller
Attention: Jackie Guevarra
500 W. Temple Street, Suite 603
Los Angeles, CA 90012

Los Angeles County Counsel
Attention: Cammy DuPont
500 W. Temple Street, Room 648
Los Angeles, CA 90012

Sincerely,
SAN GABRIEL UNIFIED SCHOOL DISTRICT

By: Don Brann
Dr. Don Brann
Interim Superintendent

cc: David Casnocha, Esq.
John Patterson

Enclosures

A RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA AUTHORIZING THE LEVY OF TAXES FOR GENERAL OBLIGATION BONDS OF THE SAN GABRIEL UNIFIED SCHOOL DISTRICT, DESIGNATING THE PAYING AGENT THEREFOR AND DIRECTING THE COUNTY AUDITOR-CONTROLLER TO MAINTAIN TAXES ON THE TAX ROLL.

WHEREAS, a duly called special municipal election was held in the San Gabriel Unified School District (the "District"), Los Angeles County (the "County"), State of California, on February 5, 2008 and thereafter canvassed pursuant to law;

WHEREAS, at such election there was submitted to and approved by the requisite fifty-five percent 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 amount of $65,075,000, payable from the levy of an ad valorem tax against the taxable property in the District (the "Authorization");

WHEREAS, on August 26, 2008, the Board of Supervisors of the County (the "County Board"), on behalf of the District, issued the first series of bonds under the Authorization in the aggregate principal amount of $20,548,244.70, styled as "San Gabriel Unified School District, Los Angeles County, California, Election of 2008 General Obligation Bonds, Series A";

WHEREAS, the Governing Board of the District, determined in a resolution adopted on January 31, 2012 (the "District Resolution") to authorize the issuance and sale of the second series of bonds under the Authorization, in an aggregate principal amount not-to-exceed $17,000,000 and styled as "San Gabriel Unified School District, Los Angeles County, California, Election of 2008 General Obligation Bonds, Series B" (the "Bonds") pursuant to Section 53506 *et seq.* of the California Government Code (the "Bond Law");

WHEREAS, the County Board has been formally requested by the District to levy taxes in an amount sufficient to pay the principal of and interest on the Bonds when due, and to direct the Auditor-Controller of the County (the "Auditor-Controller) to place on its 2012-13 tax roll, and all subsequent tax rolls, taxes sufficient to fulfill the requirements of the debt service schedule for the Bonds, that will be provided to the Auditor-Controller by the District following the sale of the Bonds; and

WHEREAS, the District has requested that the County Treasurer and Tax Collector (the "Treasurer") be appointed by the County Board to act as the authenticating agent, bond registrar, transfer agent and paying agent (collectively, the "Paying Agent") for the Bonds pursuant to the District Resolution.

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. <u>Issuance of Bonds</u>. That pursuant to Section 15140(b) of the Education Code, the County is granted the power to and hereby approves the issuance of the Bonds by the District on its own behalf under the Bond law.

SECTION 2. Levy of Taxes. That this Board levy taxes in an amount sufficient to pay the principal of and interest on the Bonds.

SECTION 3. Preparation of Tax Roll. That the Auditor-Controller is hereby directed to place on its 2012-13 tax roll, and all subsequent tax rolls, taxes in an amount sufficient to fulfill the requirements of the debt service schedule for the Bonds, which will be provided to the Auditor-Controller by the District following the sale of the Bonds.

SECTION 4. Paying Agent. That the Treasurer act as initial Paying Agent for the Bonds. The Treasurer is authorized to contract with a third party to perform the services of Paying Agent.

SECTION 5. Effective Date. That this Resolution shall take effect immediately upon its passage.

The foregoing resolution was adopted on the 6th day of March, 2012, 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:

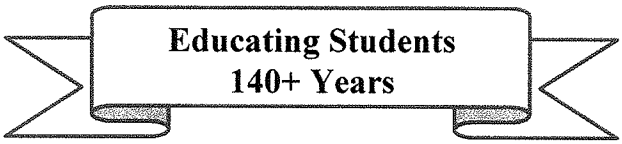
JOHN F. KRATTLI
Acting County Counsel

By: _____
Principal Deputy County Counsel

DOCSSF/85301v2/024057-0009

SAN GABRIEL UNIFIED SCHOOL DISTRICT

ADMINISTRATION
DON BRANN, Ed.D.
Interim Superintendent
RALPH PATTERSON
Interim Assistant Superintendent
Business Services
JAN CANFIELD
Assistant Superintendent
Educational Services
ANNA MOLINAR
Assistant Superintendent
Human Resources



GOVERNING BOARD
ANDREW L. AMMON
President
JOHN ECCLESTON
Vice President
PHILIP HU
Clerk
DENISE MENCHACA
Member
MATTHEW C. STADTLER
Member

SAN GABRIEL UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)
Election of 2008 General Obligation Bonds, Series B

I, Dr. Don Brann, hereby certify that I am the duly qualified and Interim Superintendent of the San Gabriel Unified School District (the "District") and the attached Resolution No. 13 is a full, true and correct copy of a resolution adopted by the Governing Board of the District on January 31, 2012 and that such resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 17th day of February, 2012.

SAN GABRIEL UNIFIED SCHOOL DISTRICT

By: Don Brann
Dr. Don Brann
Interim Superintendent

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SAN GABRIEL UNIFIED SCHOOL DISTRICT
San Gabriel, California

RESOLUTION NO. 13
AUTHORIZING THE ISSUANCE OF
SAN GABRIEL UNIFIED SCHOOL DISTRICT
(LOS ANGELES COUNTY, CALIFORNIA) ELECTION OF
2008 GENERAL OBLIGATION BONDS, SERIES B, AND ACTIONS RELATED THERETO

WHEREAS, a duly called election was held in the San Gabriel Unified School District (the "District"), Los Angeles County (the "County"), State of California on February 5, 2008 (the "Election") at which the following proposition (the "Bond Measure") was submitted to the qualified electors of the District:

> "**Local School Education Improvement Measure:** To provide a quality education for all students, meet the challenges of new instructional techniques with contemporary computer technology and to provide all students with a safe learning environment, shall San Gabriel Unified School District issue $65,075,000 of bonds at legal rates to renovate, acquire, construct, repair and equip local neighborhood schools, sites and facilities, subject to independent financial audits, citizen oversight and with no money for administrators' salaries?"

WHEREAS, at such election, the Bond Measure received the affirmative vote of fifty-five percent or more of the voters of the District voting on the proposition as certified by the Registrar of Voters of the County in the official canvassing of votes (the "Authorization"); and

WHEREAS, on August 26, 2008, the Board of Supervisors of the County (the "County Board") issued on behalf of the District the first series of bonds under the Authorization in an aggregate principal amount of $20,548,244.70, styled as San Gabriel Unified School District, Los Angeles County, California, Election of 2008 General Obligation Bonds, Series A (the "Series A Bonds");

WHEREAS, at this time this Governing Board (the "Board") has determined that it is necessary and desirable to issue the second series of bonds under the Authorization, in an aggregate principal amount not-to-exceed $17,000,000 to be styled as "San Gabriel Unified School District (Los Angeles County, California) Election of 2008 General Obligation Bonds, Series B" (the "Series B Bonds");

WHEREAS, pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Government Code Act"), the Series B Bonds are authorized to be issued by the District for purposes set forth in the ballot submitted to the voters at the Election;

WHEREAS, this Board desires to authorize the issuance of the Series B Bonds in one or more series of taxable or tax-exempt bonds, and further as any combination of current interest bonds, capital appreciation bonds, or convertible capital appreciation bonds;

WHEREAS, the District has not received a qualified or negative certification in its most recent interim report;

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

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

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED BY THE GOVERNING BOARD OF THE SAN GABRIEL UNIFIED SCHOOL DISTRICT, LOS ANGELES COUNTY, CALIFORNIA, AS FOLLOWS:

SECTION 1. **Authorization for Issuance of the Series B Bonds.** To raise money for the purposes authorized by the voters of the District at the Election (the "Projects"), and to pay all necessary legal, financial, engineering and contingent costs in connection therewith, the Board hereby authorizes the issuance of the Series B Bonds pursuant to the Government Code Act in one or more series of taxable or tax-exempt bonds, with appropriate designation if more than one series is issued, and as any combination of Current Interest, Capital Appreciation and Convertible Capital Appreciation Bonds (as defined herein) as set forth in the fully-executed Purchase Contract (defined herein). The Board further orders such Series B Bonds sold such that the Series B Bonds shall be dated as of a date to be determined by the Board, shall be payable upon such terms and provisions as shall be set forth in the Series B Bonds, and shall be in an aggregate principal amount not-to-exceed $17,000,000.

SECTION 2. **Paying Agent.** This Board does hereby appoint the Los Angeles County Treasurer and Tax Collector as the Paying Agent (defined herein) for the Series B Bonds on behalf of the District. The Treasurer is authorized to contract with any third party to perform the services of Paying Agent under this Resolution. This Board hereby approves the payment of the reasonable fees and expenses of the Paying Agent as they shall become due and payable. The fees and expenses of the Paying Agent not paid from the proceeds of the sale of the Series B Bonds may be paid in each year from taxes levied and collected for payment of the Series B Bonds, insofar as permitted by law, including specifically by Section 15232 of the Education Code.

SECTION 3. **Terms and Conditions of Sale.** The Series B Bonds shall be sold upon the direction of the Superintendent of the District (the "Superintendent") or the Interim Assistant Superintendent, Business Services of the District (the "Assistant Superintendent") (collectively, the "Authorized Officers"). The Board hereby authorizes the sale of the Series B Bonds at a negotiated sale, which is determined to provide more flexibility in the timing of the sale, an ability to implement the sale in a shorter time period, an increased ability to structure the Series B Bonds to fit the needs of particular purchasers, and a greater opportunity for Piper Jaffray & Co. (the "Underwriter") to pre-market the Series B Bonds to potential purchasers prior to the sale, all of which will contribute to the District's goal of achieving the lowest overall cost of funds. The Series B Bonds shall be sold pursuant to the terms and conditions set forth in the Purchase Contract, as described below.

SECTION 4. **Approval of Purchase Contract.** The form of Bond Purchase Contract (the "Purchase Contract") by and between the District and the Underwriter, for the purchase and sale of the Series B Bonds, substantially in the form on file with the Secretary to or Clerk of the Board, is hereby

approved and the Authorized Officers, each alone, are hereby authorized and requested to acknowledge the execution of such Purchase Contract; provided, however, that the maximum true interest cost on the Series B Bonds shall not exceed the maximum rate permitted by law and the Underwriter's discount, excluding original issue discount thereon and expenses and costs of issuance, shall not exceed 1.25% of the aggregate principal amount of Series B Bonds issued. The Authorized Officers, each alone, are further authorized to determine the principal amount of the Series B Bonds to be specified in the Purchase Contract for sale by the District up to $17,000,000 and to enter into and execute the Purchase Contract with the Underwriter, if the conditions set forth in this Resolution are satisfied. The Board estimates that the costs associated with the issuance of the Series B Bonds, including compensation to the Underwriter (excluding fees of the Bond Insurer, if any), will equal approximately 2.25% of the principal amount of the Series B Bonds.

SECTION 5. **Certain Definitions.** As used in this Resolution, the terms set forth below shall have the meanings ascribed to them (unless otherwise set forth in the Purchase Contract):

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

(b) **"Accreted Value"** means, with respect to the Capital Appreciation Bonds and with respect to the Convertible Capital Appreciation Bonds prior to the Conversion Date thereof, as of the date of calculation, the Denominational Amount thereof, plus Accreted Interest thereon to such date of calculation, compounded semiannually on each February 1 and August 1 (commencing on August 1, 2012 (unless otherwise provided in the Purchase Contract)) at the stated Accretion Rate to maturity or conversion thereof, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months.

(c) **"Accretion Rate"** means, unless otherwise provided by the Purchase Contract, that rate which, when applied to the Denominational Amount of a Capital Appreciation Bond or a Convertible Capital Appreciation Bond, and compounded semiannually on each February 1 and August 1 (commencing on August 1, 2012), produces the Maturity Value on the maturity date, in the case of a Capital Appreciation Bond, and the Conversion Value on the Conversion Date, in the case of a Convertible Capital Appreciation Bond.

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

(e) **"Bond Payment Date"** means (unless otherwise provided by the Purchase Contract or the Official Statement) (i) with respect to the Current Interest Bonds, February 1 and August 1 of each year, commencing August 1, 2012, with respect to the interest on the Current Interest Bonds, and the stated maturity dates thereof, with respect to the principal payments on the Current Interest Bonds, (ii) with respect to the Convertible Capital Appreciation Bonds, February 1 and August 1 of each year, commencing on the first such February 1 or August 1 following the respective Conversion Dates thereof, with respect to the

interest on the Convertible Capital Appreciation Bonds and the stated maturity dates thereof, with respect to the principal payments on the Convertible Capital Appreciation Bonds, and (iii) with respect to the Capital Appreciation Bonds, the stated maturity dates thereof, as applicable.

(f) **"Capital Appreciation Bonds"** means the Series B Bonds the interest component of which is compounded semiannually to maturity as shown in the table of Accreted Values for such Bonds in the Official Statement.

(g) **"Code"** means the Internal Revenue Code of 1986, as the same may be amended from time to time. Reference to a particular section of the Code shall be deemed to be a reference to any successor to any such section.

(h) **"Continuing Disclosure Certificate"** means that certain Continuing Disclosure Certificate executed by the District and dated the date of issuance and delivery of the Series B Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

(i) **"Conversion Date"** means, with respect to Convertible Capital Appreciation Bonds, the date from which such Bonds bear current interest.

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

(k) **"Convertible Capital Appreciation Bonds"** means the Series B Bonds the interest component of which is compounded semiannually to the respective Conversion Dates thereof as shown in the table of Accreted Values for such Bonds in the Official Statement, and which bear interest from such respective Conversion Dates on the Conversion Value thereof, payable semiannually on each Bond Payment Date, all as set forth in the Purchase Contract.

(l) **"Current Interest Bonds"** means the Series B Bonds the interest on which is payable semiannually on each Bond Payment Date specified for each such Bond as designated and maturing in the years and in the amounts set forth in the Purchase Contract.

(m) **"Denominational Amount"** means, with respect to the Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, the initial principal amounts thereof, and, with respect to the Current Interest Bonds, the principal amounts thereof.

(n) **"Depository"** means the entity acting as security depository for the Series B Bonds pursuant to Section 6(c) hereof.

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

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

(q) **"Information Services"** means Financial Information, Inc.'s Financial Daily Called Bond Service; Mergent, Inc., Called Bond Department; or Standard & Poor's J. J. Kenny Information Services Called Bond Service.

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

(s) **"Nominee"** means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 6(c) hereof.

(t) **"Non-AMT Bonds"** means obligations the interest on which is excludable from gross income for federal income tax purposes under Section 103(a) of the Code and not treated as an item of tax preference under Section 57(a)(5)(C) of the Code, that are legal investments pursuant to Section 53601 of the Government Code of the State of California.

(u) **"Official Statement"** means the Official Statement for the Series B Bonds, as described in Section 17 hereof.

(v) **"Outstanding"** means, when used with reference to the Series B Bonds, as of any date, Series B 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 8 hereof; or

(iii) Bonds for the payment or redemption of which funds or Federal 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 19 of this Resolution.

(w) **"Owner"** means the registered owner of a Bond as set forth on the registration books maintained by the Paying Agent pursuant to Section 6 hereof.

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

(y) **"Paying Agent"** mean, initially, the Los Angeles County Treasurer and Tax Collector, or any successor thereto, acting in the capacity of paying agent, bond registrar, authenticating agent and transfer agent.

(z) **"Permitted Investments"** means (i) any lawful investments permitted by Section 16429.1 and Section 53601 of the Government Code, including Non-AMT Bonds and Qualified Non-AMT Mutual Funds, (ii) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in investments permitted by Section 53635 of the Government Code, but without regard to any limitations in such Section concerning the percentage of moneys available for investment being invested in a particular type of security, (iii) a guaranteed investment contract with a provider rated in at least the second highest category by each rating agency then rating the Series B Bonds, (iv) the Local Agency Investments Fund of the California State Treasurer, (v) the county investment pool maintained by the Director of Finance, and (vi) State and Local Government Series Securities.

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

(bb) **"Qualified Non-AMT Mutual Fund"** means stock in a regulated investment company to the extent that at least 95% of the income of such regulated investment company is interest that is excludable from gross income under Section 103 of the Code and not an item of tax preference under Section 57(a)(5)(C) of the Code.

(cc) **"Qualified Permitted Investments"** means (i) Non-AMT Bonds, (ii) Qualified Non-AMT Mutual Funds, (iii) other Permitted Investments authorized by an opinion of Bond Counsel to the effect that such investment would not adversely affect the tax-exempt status of the Series B Bonds, and (iv) Permitted Investments of proceeds of the Series B Bonds, and interest earned on such proceeds, held not more than thirty days pending reinvestment or Bond redemption. A guaranteed investment contract or similar investment agreement (e.g. a forward supply contract, GIC, repo, etc.) does not constitute a Qualified Permitted Investment.

(dd) **"Rating Agencies"** means Standard & Poor's Rating Services and Moody's Investors Service.

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

(ff) **"Securities Depository"** means The Depository Trust Company, 55 Water Street, New York, New York 10041, Tel: (212) 855-1000 or Fax: (212) 855-7320.

(gg) **"Taxable Bonds"** means any Bonds not issued as Tax-Exempt Bonds.

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

(ii) **"Term Bonds"** means those Bonds for which mandatory redemption dates have been established in the Purchase Contract.

(jj) **"Transfer Amount"** means, (i) with respect to any Outstanding Current Interest Bond, the Principal Amount, (ii) with respect to any Outstanding Capital Appreciation Bond, the Maturity Value, and (iii) with respect to any Outstanding Convertible Capital Appreciation Bond, the Conversion Value.

SECTION 6. <u>Terms of the Series B Bonds</u>.

(a) <u>Denomination, Interest, Dated Dates</u>. The Series B Bonds shall be issued as Bonds registered as to both principal and interest, in the following denominations: (i) with respect to the Current Interest Bonds, $5,000 Principal Amount or any integral multiple thereof, (ii) with respect to the Capital Appreciation Bonds, $5,000 Maturity Value, or any integral multiple thereof (except for one odd denomination, if necessary), and (iii) with respect to Convertible Capital Appreciation Bonds, $5,000 Conversion Value or any integral multiple thereof. The Series B Bonds shall bear or accrete interest at a rate or rates such that the interest rate shall not exceed that permitted by law.

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

The Capital Appreciation Bonds shall mature in the years, shall be issued in aggregate Principal Amounts, shall have Accretion Rates and shall have denominational amounts per each $5,000 in Maturity Value as shown in the Accreted Value Table attached to the Official Statement or Purchase Contract. The Convertible Capital Appreciation Bonds shall mature in the years, shall be issued in the aggregate Principal Amounts, shall have Accretion Rates and shall have denominational amounts per each $5,000 in Conversion Value as shown in such Accreted Value Table. Notwithstanding the

preceding provisions of this paragraph, in the event that the amount shown in the Accreted Value Table and the Accreted Value caused to be calculated by the District and approved by the Bond Insurer, if any, by application of the definition of Accreted Value set forth in Section 5 differ, the latter amount shall be the Accreted Value of such Capital Appreciation Bond or Convertible Capital Appreciation Bond, as applicable.

Before its Conversion Date, each Convertible Capital Appreciation Bond shall not bear current interest but will accrete in value through the Conversion Date thereof, from its Denominational Amount on the date of delivery thereof, to its Conversion Value on the applicable Conversion Date. From and after its Conversion Date, each Convertible Capital Appreciation Bond will bear current interest, and such interest will accrue based upon the Conversion Value of such Bonds at the Conversion Date. No payment will be made to the Owners of Convertible Capital Appreciation Bonds on the respective Conversion Dates thereof.

(b) Redemption.

(i) Terms of Redemption. The Series B Bonds shall be subject to redemption prior to maturity as provided in the Purchase Contract or the Official Statement.

(ii) Selection of Series B Bonds for Redemption. Whenever provision is made in this Resolution for the optional redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent identified below, upon written instruction from the District, shall select Bonds for redemption as so directed and if not directed, in inverse order of maturity. 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 (A) the portion of any Current Interest Bond to be redeemed in part shall be in the Principal Amount of $5,000 or any integral multiple thereof, (B) the portion of any Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per $5,000 Maturity Value thereof, and (C) the portion of any Convertible Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per $5,000 Conversion Value thereof, and further provided that the Purchase Contract may provide that, within a maturity, Series B Bonds shall be selected for redemption on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures, provided further that, such redemption is made in accordance with the operational arrangements of DTC then in effect.

(iii) Notice of Redemption. When redemption is authorized or required pursuant to Section 6(b) hereof, the Paying Agent, upon written instruction from the District, shall give notice (a "Redemption Notice") of the redemption of the Series B Bonds. Such Redemption Notice may be conditioned on the receipt of monies sufficient to pay the principal, Maturity Value or Conversion Value of, and interest due on, such Bonds on the date set for such redemption. Such Redemption Notice shall specify: the Series B Bonds or designated portions thereof (in the case of redemption of the Series B Bonds in part but not in whole) which are to be redeemed, the date of redemption, the place or places where the redemption will be made, including the name and address of the Paying Agent, the redemption price, the CUSIP numbers (if any) assigned to the Series B Bonds to be redeemed, the Series B Bond numbers of the Series B 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, Conversion Value or Accreted Value of such Bond to be redeemed, and the original issue date, interest rate or Accretion Rate and

stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued or accreted to the redemption date, and that from and after such date, interest with respect thereto shall cease to accrue or accrete.

With respect to any notice of redemption of Series B Bonds pursuant to Section 6(b)(i) hereof, unless upon the giving of such notice such Series B Bonds shall be deemed to have been defeased pursuant to Section 19 hereof, such notice shall state that such redemption shall be conditional upon the receipt by the Paying Agent (or an independent escrow agent selected by the District) on or prior to the date fixed for such redemption of the moneys necessary and sufficient to pay the principal of, and premium, if any, and interest on, such Series B Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect, the Series B Bonds shall not be subject to redemption on such date and the Series B Bonds shall not be required to be redeemed on such date. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made and the Paying Agent shall within a reasonable time thereafter give notice, to the persons to whom and in the manner in which the notice of redemption was given, that such moneys were not so received.

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 Series B Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the Bond Register.

(b) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Securities Depository.

(c) At least 30 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services.

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

The District shall have the right to rescind any Redemption Notice, by written notice to the Paying Agent on or prior to the date fixed for redemption. Any such Redemption Notice shall be rescinded if for any reason available monies are not (or will not be) available on the date fixed for redemption for the payment in full of principal, Maturity Value or Conversion Value of, and interest

due on, the Series B Bonds then called for redemption. The Paying Agent shall mail notice of rescission of such Redemption Notice in the same manner that the Redemption Notice was originally provided.

(iv) Partial Redemption of Series B 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 Series B Bonds of like tenor and maturity and of authorized denominations equal in Transfer Amounts to the unredeemed portion of the Series B Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

(v) 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 as provided in Section 19 hereof, the Series B Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Series B Bonds to be redeemed as provided in Section 6(b) hereof, together with interest accrued to such redemption date, shall be held by the Paying Agent (or an independent escrow agent selected by the District), as provided in Section 19 hereof, so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the Series B Bonds to be redeemed shall cease to accrue or accrete and become payable. All money held by or on behalf of the Paying Agent (or an independent escrow agent selected by the District)for the redemption of Series B Bonds shall be held in trust for the account of the Owners of the Series B Bonds so to be redeemed.

All Series B Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section 6 shall be cancelled upon surrender thereof and be delivered to or upon the order of the District. All or any portion of a Series B Bond purchased by the District shall be cancelled by the Paying Agent.

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

(c) Book-Entry System.

(i) Election of Book-Entry System. The Series B Bonds shall initially be delivered in the form of a separate single fully-registered bond (which may be typewritten) for each maturity date of such Series B Bonds in an authorized denomination (except for any odd denomination Bond). The

ownership of each such Bond shall be registered in the Bond Register (as defined below) in the name of the Nominee, as nominee of the Depository and ownership of the Series B Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 6(c)(i)(4).

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

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

2. Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for book-entry Series B Bonds, or (ii) the District determines that continuation of the book-entry system is not in the best interest of the beneficial owners of the Series B Bonds or the District, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered bond for each maturity date of such book-entry Bond, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (4) hereof. If the District fails to identify another qualified securities depository to replace the Depository, then the Series B Bonds shall no longer be restricted to being registered in such Bond Register in the name of the Nominee, but shall be registered in whatever name or names the owners transferring or exchanging such Series B Bonds shall designate, in accordance with the provisions of this Section 6(c).

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

4. Transfer of Series B Bonds to Substitute Depository.

(A) The Series B Bonds shall be initially issued as described in the Official Statement described herein. Registered ownership of such Series B Bonds, or any portions thereof, may not thereafter be transferred except:

(1) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to Section 6(c)(i)(4)(A)(2) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

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

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

(B) In the case of any transfer pursuant to Section 6(c)(i)(4)(A)(1) or (2), upon receipt of all outstanding Series B Bonds by the Paying Agent, together with a written request of the District to the Paying Agent designating the Substitute Depository, a single new Bond, which the District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Series B Bonds then outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to Section 6(c)(i)(4)(A)(3), upon receipt of all outstanding Series B Bonds by the Paying Agent, together with a written request of the District to the Paying Agent, new Series B Bonds, which the District shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the District, provided that the Paying Agent shall not be required to deliver such new Series B Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the District.

(C) In the case of a partial redemption or an advance refunding of any Series B Bonds evidencing a portion of the Maturity Value, Conversion Value or Principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Series B Bonds indicating the date and amounts of such reduction in Maturity Value or Principal, in form acceptable to the Paying Agent, all in accordance with the Letter of Representations. The Paying Agent shall not be liable for such Depository's failure to make such notations or errors in making such notations.

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

SECTION 7. **Execution of the Series B Bonds.** The Series B Bonds shall be signed by the President of the Board, or other member of the Board authorized to do so by resolution of the Board, by their manual or facsimile signature and countersigned by the manual or facsimile signature of the Secretary to or Clerk of the Board, all in their official capacities. No Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Series B Bond is signed by the Paying Agent as authenticating agent. Authentication by the Paying Agent shall be conclusive evidence that the Series B Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution.

SECTION 8. **Paying Agent; Transfer and Exchange.** So long as any of the Series B Bonds remains outstanding, the District will cause the Paying Agent to maintain and keep at its

principal office all books and records necessary for the registration, exchange and transfer of the Series B Bonds as provided in this Section. Subject to the provisions of Section 9 below, the person in whose name a Series B Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond for all purposes of this Resolution. Payment of or on account of the Principal, Conversion Value, or Accreted Value of and premium, if any, and interest on any Bond shall be made only to or upon the order of that person; neither the District nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in this Section. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the Series B Bonds, including interest, to the extent of the amount or amounts so paid.

Any Bond may be exchanged for Series B Bonds of like tenor, maturity and Transfer Amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Series B Bond at the principal office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new bond or bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Series B Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date. Capital Appreciation Bonds, Convertible Capital Appreciation Bonds and Current Interest Bonds may not be exchanged for one another.

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

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

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

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

SECTION 9. **Payment.** Payment of interest on any Current Interest Bond (or Convertible Capital Appreciation Bond after its respective Conversion Date) on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by wire transfer or check mailed to such Owner on the Bond Payment Date at his address as it appears on such registration books or at such other address as he may have filed with the Paying Agent for that purpose on or before the Record Date. The Owner in an aggregate Principal Amount, Conversion Value or Maturity Value of One Million Dollars ($1,000,000) or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal, and redemption premiums, if any, payable on the Current Interest Bonds, the Accreted Value and redemption premiums, if any, on the Capital Appreciation Bonds, and the Accreted Value, Conversion Value and redemption premiums, if any, on Convertible Capital Appreciation Bonds shall be payable upon maturity or redemption upon surrender at the principal office of the Paying Agent. The interest, Accreted Value, Conversion Value, Principal and premiums, if any, on the Series B Bonds shall be payable in lawful money of the United States of America. The Paying Agent is hereby authorized to pay the Series B Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The Series B Bonds are general obligations of the District and do not constitute an obligation of the County except as provided in this Bond Resolution. No part of any fund of the County is pledged or obligated to the payment of the Series B Bonds.

SECTION 10. Forms of Series B Bonds. The Series B Bonds shall be in substantially the forms as set forth in Exhibit A hereto, allowing those officials executing the Series B Bonds to make the insertions and deletions necessary to conform the Series B Bonds to this Resolution and the Purchase Contract.

SECTION 11. Delivery of Series B Bonds. The proper officials of the District shall cause the Series B Bonds to be prepared and, following their sale, shall have the Series B Bonds signed and delivered, together with a true transcript of proceedings with reference to the issuance of the Series B Bonds, to the Underwriter upon payment of the purchase price therefor.

SECTION 12. Deposit of Proceeds of Series B Bonds. (a) The purchase price received from the Underwriter pursuant to the Purchase Contract, to the extent of the Principal Amount thereof, shall be paid to the County to the credit of the fund hereby authorized to be created to be known as the "San Gabriel Unified School District Election of 2008 General Obligation Bonds, Series B Building Fund" (the "Building Fund") of the District, shall be kept separate and distinct from all other District and County funds, and those proceeds shall be used solely for the purpose for which the Series B Bonds are being issued and provided further that such proceeds shall be applied solely to the purposes of the Election. The County shall have no responsibility for assuring the proper use of the Series B Bond proceeds by the District. The Building Fund may contain subaccounts if the Series B Bonds are issued in more than one series. The purchase price received from the Underwriter pursuant to the Purchase Contract, to the extent of any accrued interest and any original issue premium, shall be kept separate and apart in the fund hereby authorized to be created and designated as the "San Gabriel Unified School District Election of 2008 General Obligation Bonds, Series B Debt Service Fund" (the "Debt Service Fund") for the Series B Bonds and used for payment of Accreted Value, Conversion Value, or Principal of and interest on the Series B Bonds, and for no other purpose. Interest earnings on monies held in the Building Fund shall be retained in the Building Fund. Interest earnings on monies held in the Debt Service Fund shall be retained in the Debt Service Fund. Any excess proceeds of the Series B Bonds not needed for the authorized purposes set forth herein for which the Series B Bonds are being issued upon written notice from the District shall be transferred to the Debt Service Fund and applied to the payment of Accreted Value, Conversion Value or Principal of and interest on the Series B Bonds. If, after payment in full of the Series B Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the General Fund of the District.

The costs of issuance of the Series B Bonds are hereby authorized to be paid either from premium withheld by the Underwriter upon the sale of the Series B Bonds, or from proceeds of the Series B Bonds. To the extent costs of issuance are paid from such proceeds, the County, at the direction of the District, may cause a portion of the proceeds of the Series B Bonds, in lieu of being deposited into the Building Fund, to be deposited in a costs of issuance account to be held by a fiscal agent of the District appointed for such purpose.

(b) Moneys in the Debt Service Fund and the Building Fund shall be invested at the written direction of the District, and after consultation with the County, in Permitted Investments. If at the time of issuance the District determines to issue the Series B Bonds as Tax-Exempt Bonds without regard to the Internal Revenue Code "temporary period" restrictions, all investment of Bond proceeds shall be subject to paragraph (1) below; and the District, in consultation with the County, may provide for an agent to assist the County in investing funds pursuant to paragraph (1) below. If the District fails to

direct the County or its agent, as the case may be, the County or its agent shall invest or cause the funds in the Building Fund to be invested in Qualified Permitted Investments, subject to the provisions of paragraph (1) below, until such time as the District provides written direction to invest such funds otherwise. Neither the County nor its officers and agents, as the case may be, shall have any responsibility or obligation to determine the tax consequences of any investment. The interest earned on the moneys deposited to the Building Fund shall be applied as set forth in subparagraph (1)(C) below:

(1) Covenant Regarding Investment of Proceeds.

(A) Permitted Investments. Beginning on the delivery date, and at all times until expenditure for authorized purposes, not less than 95% of the proceeds of the Series B Bonds deposited in the Building Fund, including investment earnings thereon, will be invested in Qualified Permitted Investments which are rated in at least the second highest rating category by one of the three Rating Agencies. Notwithstanding the preceding provisions of this Section, for purposes of this paragraph, amounts derived from the disposition or redemption of Qualified Permitted Investments and held pending reinvestment or redemption for a period of not more than 30 days may be invested in Permitted Investments. The District hereby authorizes investments made pursuant to this Resolution with maturities exceeding five years.

(B) Recordkeeping and Monitoring Relating to Building Fund.

i. Information Regarding Permitted Investments. The District hereby covenants that it will record or cause to be recorded with respect to each Permitted Investment in the Building Fund the following information: purchase date; purchase price; information establishing the Fair Market Value of such Permitted Investment; face amount; coupon rate; periodicity of interest payments; disposition price; disposition date; and any accrued interest received upon disposition.

ii. Information in Qualified Non-AMT Mutual Funds. The District hereby covenants that, with respect to each investment of proceeds of the Series B Bonds in a Qualified Non-AMT Mutual Fund pursuant to paragraph (1)(A) above, in addition to recording, or causing to be recorded, the information set forth in paragraph (1)(B)(i) above, it will retain a copy of each IRS information reporting form and account statement provided by such Qualified Non-AMT Mutual Fund.

iii. Monthly Investment Fund Statements. The District covenants that it will obtain, at the beginning of each month following the delivery date, a statement of the investments in the Building Fund detailing the nature, amount and value of each investment as of such statement date.

iv. Retention of Records. The District hereby covenants that it will retain the records referred to in paragraph (1)(B)(i) and each IRS information reporting form referred to in paragraph (1)(B)(ii) with its books and records with

respect to the Series B Bonds until three years following the last date that any obligation comprising the Series B Bonds is retired.

(C) Interest Earned on Permitted Investments. The interest earned on the moneys deposited in the Building Fund shall be deposited in the Building Fund and used for the purposes of that fund.

Except as required to satisfy the requirements of Section 148(f) of the Code, interest earned on the investment of moneys held in the Debt Service Fund shall be retained in the Debt Service Fund and used by the County to pay the Accreted Value, Conversion Value or Principal of and interest on the Series B Bonds when due.

SECTION 13. Rebate Fund. The following provisions shall apply to any Series B Bonds issued as Tax-Exempt Series B Bonds.

(a) The District shall create and establish a special fund designated the "San Gabriel Unified School District Election of 2008 General Obligation Bonds, Series B Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund shall be held in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") pursuant to Section 148 of the Code, and the Treasury Regulations promulgated thereunder (the "Treasury Regulations"). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and by the Tax Certificate to be executed by the District.

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

with respect to such amounts, the District shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

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

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

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

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

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

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

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

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

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

SECTION 14. Security for the Series B Bonds. There shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem* tax annually during the period the Series B Bonds are outstanding in an amount sufficient to pay the principal, Conversion Value and Accreted Value of and interest on the Series B Bonds when due, which moneys when

collected will be placed in the Debt Service Fund of the District, which fund is to be used the payment of the principal, Conversion Value and Accreted Value of and interest on the Series B Bonds when and as the same fall due, and for no other purpose.

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

SECTION 15. **Arbitrage Covenant.** The District covenants that it will restrict the use of the proceeds of the Series B Bonds in such manner and to such extent, if any, as may be necessary, so that the Series B Bonds will not constitute arbitrage bonds under Section 148 of the Code and the applicable regulations prescribed under that Section or any predecessor section. Calculations for determining arbitrage requirements are the sole responsibility of the District.

SECTION 16. **Conditions Precedent.** The Board determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing of the Series B Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Series B Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Series B Bonds.

SECTION 17. **Official Statement.** The Preliminary Official Statement relating to the Series B Bonds, substantially in the form on file with the Secretary to or Clerk of the Board is hereby approved and the Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deliver such Preliminary Official Statement to Underwriter to be used in connection with the offering and sale of the Series B Bonds. The Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deem the Preliminary Official Statement "final" pursuant to 15c2-12 of the Securities Exchange Act of 1934, prior to its distribution and to execute and deliver to the Underwriter a final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Series B Bonds and is directed to deliver copies of any final Official Statement to the purchasers of the Series B Bonds. Execution of the Official Statement shall conclusively evidence the District's approval of the Official Statement.

SECTION 18. **Insurance.** In the event the District purchases bond insurance for the Series B Bonds, and to the extent that the Bond Insurer makes payment of the principal, interest, Conversion

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

SECTION 19. Defeasance. All or any portion of the outstanding maturities of the Series B Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which together with amounts transferred from the Debt Service Fund (as hereinafter defined), if any, is sufficient to pay all Series B Bonds outstanding and designated for defeasance, including all principal, Conversion Value, Maturity Value, interest and premium, if any; or

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

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

For purposes of this Section, Government Obligations shall mean:

Direct and general obligations of the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, or "prerefunded" municipal obligations rated in the highest rating category by Moody's Investors Service or Standard & Poor's. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (i) a bank

or trust company acts as custodian and holds the underlying United States obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (iii) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed "AAA" by Standard & Poor's or "Aaa" by Moody's Investors Service.

SECTION 20. **Nonliability of County.** Notwithstanding anything to the contrary contained herein, in the Series B Bonds or in any other document mentioned herein, neither the County, nor its officials, officers, employees or agents shall have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby, the Series B Bonds are not a debt of the County or a pledge of the County's full faith and credit, and the Series B Bonds and any liability in connection therewith shall be paid solely from the moneys of the District.

SECTION 21. **Indemnification of County.** The District shall defend, indemnify and hold harmless the County, its officials, officers, agents and employees ("Indemnified Parties") against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Parties may become subject based in whole or in part upon any acts or omission related to the Series B Bonds, except with regard to the County's responsibilities under Section 23 hereof. The District shall also reimburse the Indemnified Parties for any legal or other costs and expenses incurred in connection with investigating or defending any such claims or liabilities.

SECTION 22. **Reimbursement of County Costs.** The District shall reimburse the County for all costs and expenses incurred by the County, its officials, officers, agents and employees in issuing or otherwise in connection with the Series B Bonds.

SECTION 23. **Request to County to Levy Tax.** The Board of Supervisors and officers of the County are obligated by statute to provide for the levy and collection of property taxes in each year sufficient to pay all principal, Maturity Value, Conversion Value and interest coming due on the Series B Bonds in such year, and to pay from such taxes all amounts due on the Series B Bonds. The District hereby requests the Board of Supervisors to annually levy a tax upon all taxable property in the District sufficient to pay all principal, Maturity Value, Conversion Value and interest coming due on the Series B Bonds in such year, and to pay from such taxes all amounts due on the Series B Bonds.

SECTION 24. **Other Actions.** (a) Officers of the 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 Series B Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

(b) The Board hereby appoints Piper Jaffray & Co., as the Underwriter, and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel and Disclosure Counsel, all with respect to the issuance of the Series B Bonds.

(c) Notwithstanding any other provisions contained herein, the provisions of this Resolution as they relate to the Series B Bonds may be amended by the Purchase Contract and the Official Statement.

SECTION 25. Resolution to County Treasurer-Tax Collector. The Secretary to or Clerk of this Board is hereby directed to provide a certified copy of this Resolution to the Treasurer immediately following its adoption.

SECTION 26. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate executed by the District and dated the date of issuance and delivery of the Series B Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof. The form of the Continuing Disclosure Certificate, included as Appendix C to the Preliminary Official Statement, is hereby approved. Any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. Noncompliance with this Section shall not result in acceleration of the Series B Bonds.

SECTION 27. Effective Date. This Resolution shall take effect immediately upon its passage.

SECTION 28. Further Actions Authorized. It is hereby covenanted that the District, and its appropriate officials, have duly taken all actions necessary to be taken by them, and will take any additional actions necessary to be taken by them, for carrying out the provisions of this Resolution.

SECTION 29. Recitals. All the recitals in this Resolution above are true and correct and this Board so finds, determines and represents.

****

IN WITNESS WHEREOF, the foregoing Resolution and Order was adopted and affirmed by the Governing Board of the San Gabriel Unified School District of Los Angeles County, at a regularly scheduled meeting of the Board on the 31st day of January 2012, being the Board authorized by law to make the designations contained therein, by formal vote as follows:

Ayes 5 Noes 0 Absent 0 Abstain 0

Governing Board of the San Gabriel Unified School District of Los Angeles County

Andrew L Ammon, President

John Eccleston, Vice President

Philip Hu, Clerk

Denise Menchaca, Member

Matthew C. Stadtler, Member

January 31, 2012
Date

SECRETARY'S CERTIFICATE

I, Don Brann, Secretary to the Governing Board of the San Gabriel Unified School District, Los Angeles County, California, hereby certify as follows:

The foregoing is a full, true and correct copy of a Resolution duly adopted at a regular meeting of the Governing Board of said District duly and regularly and legally held at the regular meeting place thereof on January 31, 2012, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

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

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

Dated: January 31, 2012

Don Brann

Secretary to the Governing Board of the San Gabriel Unified School District

EXHIBIT A

FORMS OF BONDS

(Form of Current Interest Bond)

REGISTERED
NO.

REGISTERED
$

SAN GABRIEL UNIFIED SCHOOL DISTRICT
(LOS ANGELES COUNTY, CALIFORNIA)
ELECTION OF 2008 GENERAL OBLIGATION BONDS, SERIES B

INTEREST RATE:	MATURITY DATE:	DATED AS OF:	CUSIP
___% per annum	August 1, ____	Date of Delivery	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The San Gabriel Unified School District (the "District") in Los Angeles County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing August 1, 2012. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2012, in which event it shall bear interest from the Date of Delivery. Interest shall be computed on the basis of a 360-day year of 12, 30-day months. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the Paying Agent, initially U.S. Bank National Association, as agent of the Treasurer and Tax Collector of Los Angeles County. Principal is payable upon presentation and surrender of this bond at the principal office of the Paying Agent. Interest is payable by check or draft mailed by the Paying Agent on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the Register at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date (the "Record Date"). The Owner of Current Interest Bonds in the aggregate principal amount of $1,000,000 or more may request in writing to the Paying Agent that the Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

This bond is one of an authorization of bonds approved to raise money for the purposes authorized by voters of the District at the election and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of

California, and the requisite vote of the electors of the District cast at a general election held on February 5, 2008, upon the question of issuing bonds in the amount of $65,075,000 and the resolution of the Governing Board of the District adopted on January 31, 2012 (the "Bond Resolution"). This bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. This bond and the issue of which this bond is one are payable as to both principal and interest solely from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252.

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

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

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

The Current Interest Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Current Interest Bonds maturing on or after August 1, 20__ are subject to redemption at the option of the District, as a whole or in part, on any date on or after August 1, 20___ at a redemption price equal to the principal amount of the Current Interest Bonds to be redeemed, plus interest thereon to the date fixed for redemption, without premium.

The Current Interest Bonds maturing on August 1, 20__, are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Bonds to be so redeemed and the dates therefor and the final principal payment date is as indicated in the following table:

Redemption Dates	Principal Amounts
TOTAL	

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

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

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

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

IN WITNESS WHEREOF, the San Gabriel Unified School District, Los Angeles County, California, 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 President of the Governing Board of the District, and to be countersigned by the manual or facsimile signature of the [Secretary][Clerk] to the Governing Board of the District, all as of the date stated above.

SAN GABRIEL UNIFIED SCHOOL DISTRICT

By: _____(Facsimile Signature)_____
President of the Governing Board

COUNTERSIGNED:

_____(Facsimile Signature)_____
[Secretary][Clerk] to the Governing Board

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on _____, 2012.

TREASURER AND TAX COLLECTOR OF
LOS ANGELES COUNTY

By: U.S. BANK TRUST NATIONAL
ASSOCIATION, as Agent

_____
Authorized Officer

ASSIGNMENT

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

Dated: _____ _____

Signature Guaranteed:

_____

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

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

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

LEGAL OPINION

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with the issuance of, and dated as of the date of the original delivery of, the bonds. A signed copy is on file in my office.

(Facsimile Signature)
Secretary to the Governing Board

(Form of Legal Opinion)

(Form of Capital Appreciation Bond)

REGISTERED
NO.

REGISTERED
$

SAN GABRIEL UNIFIED SCHOOL DISTRICT
(LOS ANGELES COUNTY, CALIFORNIA)
ELECTION OF 2008 GENERAL OBLIGATION BONDS, SERIES B

ACCRETION RATE:	MATURITY DATE:	DATED AS OF:	CUSIP
	August 1, ____	Date of Delivery	

REGISTERED OWNER: CEDE & CO.

DENOMINATIONAL AMOUNT:

MATURITY VALUE:

The San Gabriel Unified School District (the "District") in Los Angeles County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Maturity Value on the Maturity Date, each as stated above, such Maturity Value comprising the Denominational Amount and interest accreted thereon. This bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing August 1, 2012, at the Accretion Rate specified above to the Maturity Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the Denominational Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of 12, 30-day months. Accreted Value and redemption premium, if any, are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the Paying Agent, initially U.S. Bank National Association, as agent of the Treasurer and Tax Collector of Los Angeles County. Accreted Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the principal office of the Paying Agent.

This bond is one of an authorization of bonds approved to raise money for the purposes authorized by voters of the District at the election and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite vote of the electors of the District cast at a general election held on February 5, 2008, upon the question of issuing bonds in the amount of $65,075,000 and the resolution of the Governing Board of the District adopted on January 31, 2012 (the "Bond Resolution"). This bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. This bond and the issue of which this bond is one are payable as to both principal and interest solely from the proceeds of the levy of ad valorem taxes on all property

subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252.

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

[The Capital Appreciation Bonds are not subject to redemption prior to their stated maturity dates.]

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

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

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

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

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

IN WITNESS WHEREOF, the San Gabriel Unified School District, Los Angeles County, California, 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 President of the Governing Board of the District, and to be countersigned by the manual or facsimile signature of the [Secretary][Clerk] to the Governing Board of the District, all as of the date stated above.

SAN GABRIEL UNIFIED SCHOOL DISTRICT

By: _____(Facsimile Signature)_____
President of the Governing Board

COUNTERSIGNED:

_____(Facsimile Signature)_____
[Secretary][Clerk] to the Governing Board

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on _____, 2012.

TREASURER AND TAX COLLECTOR OF
LOS ANGELES COUNTY

By: U.S. BANK TRUST NATIONAL
ASSOCIATION, as Agent

_____
Authorized Officer

ASSIGNMENT

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

Dated: _____ _____

Signature Guaranteed:

_____

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

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

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

LEGAL OPINION

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation, in connection with the issuance of, and dated as of the date of the original delivery of, the bonds. A signed copy is on file in my office.

(Facsimile Signature)
Secretary to the Governing Board

(Form of Legal Opinion)

(Form of Convertible Capital Appreciation Bond)

REGISTERED
NO.

REGISTERED
$

SAN GABRIEL UNIFIED SCHOOL DISTRICT
(LOS ANGELES COUNTY, CALIFORNIA)
ELECTION OF 2008 GENERAL OBLIGATION BONDS, SERIES B

ACCRETION RATE TO CONVERSION DATE	CONVERSION DATE	INTEREST RATE AFTER THE CONVERSION DATE	MATURITY DATE:	DATED AS OF:	CUSIP
_____	_____, 20__	_____	_____, 20__	_____, 2012	_____

REGISTERED OWNER: CEDE & CO.

INITIAL PRINCIPAL AMOUNT:

CONVERSION VALUE :

The San Gabriel Unified School District (the "District") in Los Angeles County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Conversion Value on the Maturity Date, each as stated above, such Conversion Value comprising the initial principal amount and interest accreted thereon to the Conversion Date. Prior to the Conversion Date, this bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing August 1, 2012, at the Accretion Rate specified above to the Conversion Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the principal amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of 12, 30-day months. After the Conversion Date, the District promises to pay to the Registered Owner named above, interest on the Conversion Value from the Conversion Date until the Conversion Value is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year, commencing _____, 20__ (the "Bond Payment Dates"). This bond will bear such interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before _____ 15, 20__, in which event it will bear interest from the Conversion Date. Conversion Value and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the Paying Agent, initially U.S. Bank National Association, as agent of the Treasurer and Tax Collector of Los

Angeles County. Accreted Value or Conversion Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the principal office of the Paying Agent.

This bond is one of an authorization of bonds approved to raise money for the purposes authorized by voters of the District at the election and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite vote of the electors of the District cast at a general election held on February 5, 2008, upon the question of issuing bonds in the amount of $65,075,000 and the resolution of the Governing Board of the District adopted on January 31, 2012 (the "Bond Resolution"). This bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. This bond and the issue of which this bond is one are payable as to both principal and interest solely from the proceeds of the levy of ad valorem taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252.

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

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

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

[The Convertible Capital Appreciation Bonds are not subject to redemption prior to maturity.]

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

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

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

[REMAINDER OF PAGE LEFT BLANK]

IN WITNESS WHEREOF, the San Gabriel Unified School District, Los Angeles County, California, 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 President of the Governing Board of the District, and to be countersigned by the manual or facsimile signature of the [Secretary][Clerk] to the Governing Board of the District, all as of the date stated above.

SAN GABRIEL UNIFIED SCHOOL DISTRICT

By: _____(Facsimile Signature)_____
President of the Governing Board

COUNTERSIGNED:

_____(Facsimile Signature)_____
[Secretary][Clerk] to the Governing Board

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the Bond Resolution referred to herein which has been authenticated and registered on _____, 2012.

TREASURER AND TAX COLLECTOR OF
LOS ANGELES COUNTY

By: U.S. BANK TRUST NATIONAL
ASSOCIATION, as Agent

_____
Authorized Officer

ASSIGNMENT

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

Dated: _____ _____

Signature Guaranteed:

_____

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

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

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

LEGAL OPINION

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with the issuance of, and dated as of the date of the original delivery of, the bonds. A signed copy is on file in my office.

(Facsimile Signature)
Secretary to the Governing Board

(Form of Legal Opinion)