



Centinela Valley Union High School District

Office of the Superintendent

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www.centinela.k12.ca.us

BOARD OF EDUCATION

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Vice-President

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Member

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Principal

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Dr. Ryan Smith
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Dr. James Tarouilly
Principal

(310) 263-3720
(310) 978-3995 fax

Centinela Valley Adult Education School

Paul Guzman
Frances Kusumoto
Dan Wood
Associate Principals

(310) 263-3165
(310) 644-6142 fax

May 3, 2012

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

Attn: Cammy C. DuPont, Esq., County Counsel

Re: Centinela Valley Union High School District's Request for Board to Levy
Taxes and to Direct the Auditor-Controller to Place Taxes on the Tax Roll

Dear Supervisors:

On April 24, 2012, the Board of Education of the Centinela Valley Union High School District (the "District") adopted a resolution (the "District Resolution") authorizing the issuance and sale of the District's General Obligation Bonds, Election of 2010, 2012 Series B (collectively, the "Bonds") in the aggregate principal amount not to exceed \$72,000,656.40, pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Section 53506) of the Government Code of the State of California. An executed original of the District Resolution is enclosed herewith.

The District formally requests in accordance with applicable law that the Los Angeles County Board of Supervisors (the "Board of Supervisors") adopt the enclosed resolution (the "County Resolution") to levy the appropriate taxes and to direct the County Auditor-Controller to place these taxes on the tax roll every year according to a debt service schedule to be supplied by the District following the sale of the Bonds.

IT IS THEREFORE RECOMMENDED THAT THE BOARD OF SUPERVISORS:

1. Adopt the enclosed County Resolution.

2. After the Board of Supervisors has taken action on this letter, the District requests that the Executive Officer-Clerk of the Board of Supervisors forward: (a) two (2) certified copies of the adopted County Resolution to Hawkins Delafield & Wood LLP, Attention: Nnanna Ogbu, 333 South Grand Street, 36th Floor, Los Angeles, California 90071, (b) one (1) certified copy of the adopted County Resolution to the Los Angeles County Treasurer and Tax Collector, Attention: Peter Papadakis, 500 W. Temple Street, Room 432, Los Angeles, California 90012, and (c) one (1) copy of the adopted County Resolution to each of the following:

(a) Cabrera Capital Markets, LLC
Attention: Carmen Vargas
633 West 5th Street, Suite 1180
Los Angeles, California 90042

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

66 May 15, 2012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

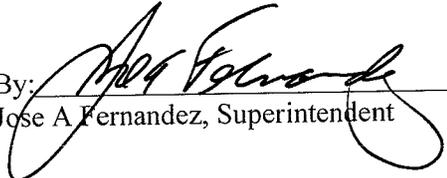
May 3, 2012

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

- (b) Los Angeles County Auditor-Controller
Attention: Katie Szeto
500 West Temple Street, Suite 603
Los Angeles, California 90012
- (c) Los Angeles County Counsel
Attention: Cammy C. DuPont, Esq.
500 West Temple Street, Room 648
Los Angeles, California 90012
- (d) Luna & Glushon
Attention: Sharon Chung
1801 Century Park East, Suite 2400
Los Angeles, California 90067

Sincerely,

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT

By: 
Jose A. Fernandez, Superintendent

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS BY THE CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT, THE LEVY OF *AD VALOREM* PROPERTY TAXES, AND DIRECTING THE AUDITOR-CONTROLLER OF THE COUNTY OF LOS ANGELES TO MAINTAIN SUCH TAXES ON THE TAX ROLL

WHEREAS, a duly called election was held in the Centinela Valley Union High School District (hereinafter referred to as the “District”), County of Los Angeles (the “County”), State of California (the “State”), on November 2, 2010 (the “Election of 2010”);

WHEREAS, at the Election of 2010, there was submitted to and approved by the requisite fifty-five percent (55%) vote of the qualified electors of the District voting on a question as to the issuance and sale of general obligation bonds of the District (“General Obligation Bonds”), for various purposes set forth in the ballot submitted to the voters (“Measure CV (2010)”) in the maximum principal amount of Ninety-Eight Million Dollars (\$98,000,000), payable from *ad valorem* property taxes levied by the County on behalf of the District on taxpayers within the District (the “Authorization”);

WHEREAS, on May 24, 2011, the Board of Education of the District (the “District Board”) approved a resolution authorizing the issuance and sale of the District’s General Obligation Bonds, Election of 2010, 2011 Series A in the aggregate principal amount not to exceed Twenty-Six Million Dollars (\$26,000,000);

WHEREAS, the District issued and delivered its General Obligation Bonds, Election of 2010, 2011 Series A on July 21, 2011, in the aggregate principal amount of Twenty-Five Million Nine Hundred Ninety-Nine Thousand Three Hundred Forty-Three Dollars and Sixty Cents (\$25,999,343.60) under and pursuant to the Authorization, leaving an amount of Seventy-Two Million Six Hundred Fifty-Six Dollars and Forty Cents (\$72,000,656.40) of the District’s General Obligation Bonds authorized and unissued under the Authorization;

WHEREAS, the District Board has determined the need for the issuance of an additional series of General Obligation Bonds under the Authorization and pursuant to the provisions of Section 53506 *et seq.* of the Government Code of the State (the “Act”);

WHEREAS, pursuant to the Act and a resolution of the District Board approved and adopted on April 24, 2012 (the “District Resolution”), the District is authorized to issue or cause to be issued the District’s General Obligation Bonds, Election of 2010, 2012 Series B (the “2012 Series B Bonds”) in an amount not to exceed Seventy-Two Million Six Hundred Fifty-Six Dollars and Forty Cents (\$72,000,656.40) for the purposes specified in the District Resolution in accordance with the Authorization;

WHEREAS, this Board of Supervisors of the County (the “County Board”) has been formally requested by the District to levy *ad valorem* property taxes, on behalf of the District on taxpayers within the District, in an amount sufficient to pay the principal and accreted value of, premium, if any, and interest on the 2012 Series B Bonds when due, and to direct the Auditor-Controller of the County (the “Auditor-Controller”) to maintain on its tax roll, and all subsequent tax rolls, taxes in an amount sufficient to fulfill the requirements of the debt service schedule for the 2012 Series B Bonds, which will be provided to the Auditor-Controller by the District following the sale of the 2012 Series B Bonds; and

WHEREAS, pursuant to the District Resolution, the District has appointed the Office of the Treasurer and Tax Collector of the County (“County Treasurer”), its designated agents or its successors or assigns, as the initial paying agent (“Paying Agent”) for the 2012 Series B Bonds.

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

SECTION 1. Authorization and Approval of General Obligation Bond Issuance by the District. That this County Board hereby authorizes and approves the issuance and sale by the District on its own behalf of the 2012 Series B Bonds under the Act pursuant to the powers granted to the County under Section 15140(b) of the Education Code of the State.

SECTION 2. Levy of Taxes. That this County Board levy *ad valorem* property taxes on behalf of the District on taxpayers within the District in an amount sufficient to pay the principal and accreted value of, premium, if any, and interest on the 2012 Series B Bonds.

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

SECTION 4. Paying Agent. That the County Treasurer shall act as Paying Agent for the 2012 Series B Bonds and that the County Treasurer shall be authorized to contract with a third party to serve as agent for the Paying Agent.

SECTION 5. Effective Date. That this resolution of the County Board (the “Resolution”) shall take effect immediately upon its passage.

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The foregoing Resolution was, on the 15th day of May, 2012, adopted by the Board of Supervisors of the County of Los Angeles and *ex officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said County Board so acts.



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

By:

Sachelle Smitheman
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI,
Acting County Counsel

By:

James O. DePaul
Principal Deputy County Counsel

**CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
BOARD OF EDUCATION**

RESOLUTION NO. 11-12/027

**RESOLUTION OF THE BOARD OF EDUCATION OF THE
CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT,
AUTHORIZING THE ISSUANCE AND SALE OF
GENERAL OBLIGATION BONDS, ELECTION OF 2010,
2012 SERIES B IN AN AGGREGATE PRINCIPAL
AMOUNT NOT TO EXCEED \$72,000,656.40 IN ONE OR
MORE SERIES AND APPROVING THE FORM OF
CONTRACT OF PURCHASE, THE FORM OF
CONTINUING DISCLOSURE CERTIFICATE, THE FORM
OF PRELIMINARY OFFICIAL STATEMENT AND
OFFICIAL STATEMENT, AUTHORIZING THE
EXECUTION OF THE CONTRACT OF PURCHASE,
CONTINUING DISCLOSURE CERTIFICATE,
AUTHORIZING THE PREPARATION, DISTRIBUTION,
EXECUTION AND DELIVERY OF A PRELIMINARY
OFFICIAL STATEMENT AND OFFICIAL STATEMENT
FOR SAID BONDS, AND AUTHORIZING THE
EXECUTION OF NECESSARY DOCUMENTS AND
CERTIFICATES RELATING TO SAID BONDS**

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**CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
BOARD OF EDUCATION**

RESOLUTION NO. 11-12/027

RESOLUTION OF THE BOARD OF EDUCATION OF THE CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT, AUTHORIZING THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS, ELECTION OF 2010, 2012 SERIES B IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$72,000,656.40 IN ONE OR MORE SERIES AND APPROVING THE FORM OF CONTRACT OF PURCHASE, THE FORM OF CONTINUING DISCLOSURE CERTIFICATE, THE FORM OF PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT, AUTHORIZING THE EXECUTION OF THE CONTRACT OF PURCHASE, CONTINUING DISCLOSURE CERTIFICATE, AUTHORIZING THE PREPARATION, DISTRIBUTION, EXECUTION AND DELIVERY OF A PRELIMINARY OFFICIAL STATEMENT AND OFFICIAL STATEMENT FOR SAID BONDS, AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES RELATING TO SAID BONDS

WHEREAS, a duly called election was held within the Centinela Valley Union High School District (the "District"), County of Los Angeles (the "County"), State of California, (the "State") on November 2, 2010 (the "Election of 2010"), and thereafter canvassed pursuant to law;

WHEREAS, at the Election of 2010, there was submitted to and approved by the requisite fifty-five percent (55%) vote of the qualified electors of the District voting on a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the ballot measure ("Measure CV (2010)") submitted to the voters, in the maximum principal amount of Ninety-Eight Million Dollars (\$98,000,000) ("General Obligation Bonds"), payable from *ad valorem* property taxes levied by the County on behalf of the District on taxpayers within the District (the "Authorization");

WHEREAS, on May 24, 2011, the Board of Education of the District (the "Board") adopted and approved Resolution No. 10-11/028 authorizing the issuance and sale of the District's General Obligation Bonds, Election of 2010, 2011 Series A in the aggregate principal amount not to exceed Twenty-Six Million Dollars (\$26,000,000);

WHEREAS, the District issued and delivered its General Obligation Bonds, Election of 2010, 2011 Series A on July 21, 2011, in the aggregate principal amount of Twenty-Five Million Nine Hundred Ninety-Nine Thousand Three Hundred Forty-Three Dollars and Sixty Cents (\$25,999,343.60) under and pursuant to the Authorization, leaving an amount of Seventy-Two Million Six Hundred Fifty-Six Dollars and Forty Cents (\$72,000,656.40) authorized and unissued under the Authorization;

WHEREAS, this Board has determined the need for the issuance of an additional series of General Obligation Bonds pursuant to the Authorization in an aggregate principal amount not to exceed Seventy-Two Million Six Hundred Fifty-Six Dollars and Forty Cents (\$72,000,656.40) in order to finance the Projects (as defined below); and

WHEREAS, the Board has elected to proceed to issue bonds under Section 53506 et seq. of the Government Code of the State.

NOW THEREFORE, IT IS RESOLVED AND ORDERED by the Board as follows:

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

“2010 Building Fund (2012 Series B)” shall mean the general obligation building fund established pursuant to Section 19 of this Resolution.

“2010 Debt Service Fund (2012 Series B)” shall mean the 2010 Debt Service Fund (2012 Series B) established pursuant to Section 21(a) of this Resolution.

“2010 Excess Earnings Fund (2012 Series B)” shall mean the 2010 Excess Earnings Fund (2012 Series B) established pursuant to Section 22 of this Resolution.

“Accreted Value” shall mean with respect to: (i) any Capital Appreciation Bond, as of any date of calculation, the sum of the Principal Amount thereof and the interest accreted thereto as of such date of calculation, accreted and compounded from the date of initial issuance at the stated accretion rate thereof on each February 1 and August 1, or as otherwise stated in the Contract of Purchase, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months; and (ii) any Convertible Capital Appreciation Bond, as of any date of calculation prior to the Conversion Date, the sum of the Principal Amount thereof and the interest accreted thereto as of such date of calculation, accreted and compounded from the date of initial issuance at the stated accretion rate thereof on each February 1 and August 1, or as otherwise stated in the Contract of Purchase, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months.

“Authorized Denominations” shall mean denominations of \$5,000 Principal Amount, Maturity Amount or Conversion Value, as applicable, or any integral multiple thereof.

“Authorized Investments” shall mean legal investments authorized by Section 53601 of the Government Code of the State, as in effect on the date such investments are made.

“Authorized Officer” shall mean each of the Superintendent, the Assistant Superintendent, Business Services, the Interim Assistant Superintendent, Business Services, or any member of the Board, or any designee thereof by the Board.

“Authorizing Law” shall mean, collectively, (i) Article XIII A of the California Constitution and (ii) Section 53506 et seq. of the Government Code of the State, as amended.

“Board” shall mean the Board of Education of the Centinela Valley Union High School District.

“Bond Counsel” shall mean an attorney, or a firm of such attorneys, of nationally recognized standing in matters pertaining to the validity of, and tax-exempt nature of the interest on, obligations issued by states and their political subdivisions.

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

“Bond Register” shall mean the books referred to in Section 17 of this Resolution.

“Bonds” shall mean the Centinela Valley Union High School District General Obligation Bonds, Election of 2010, 2012 Series B, which may be further designated in an additional series of Bonds.

“Bond Year” shall mean the twelve-month period commencing August 1 in any year and ending on the last day of July in the next succeeding year, both dates inclusive, or as otherwise set forth in the Contract of Purchase; provided, however, that the first Bond Year shall commence on the day the Bonds are issued and shall end on July 31, 2013, both dates inclusive, or as otherwise set forth in the Contract of Purchase.

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

“Capital Appreciation Bonds” shall mean the Bonds designated as such in Section 11 of this Resolution.

“Co-Bond Counsel” shall mean Hawkins Delafield & Wood LLP and Luna & Glushon.

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

“Continuing Disclosure Certificate” shall mean the Continuing Disclosure Certificate of the District for the benefit of the Owners of the Bonds, the form of which is attached hereto as Exhibit D.

“Contract of Purchase” shall mean the Contract of Purchase for the Bonds by and between the District and the Representative, the form of which is attached hereto as Exhibit B.

“Conversion Date” shall mean the date upon which the Convertible CABs will convert from Capital Appreciation Bonds to Current Interest Bonds, which date shall be set forth in the Contract of Purchase.

“Conversion Value” shall mean, for each Convertible CAB, the accumulation of earned interest from their initial principal amount on the date of delivery thereof to the Conversion Date.

“Convertible CABs” shall mean Bonds which, by their terms, comprise Capital Appreciation Bonds for a term of years, whereupon they convert to Current Interest Bonds at a stated Conversion Value and date and shall mean the Bonds designated as such in Section 12 of this Resolution.

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

“County” shall mean the County of Los Angeles, California.

“County Treasurer” shall mean the Office of the Treasurer and Tax Collector of the County of Los Angeles.

“Current Interest Bonds” shall mean the Bonds designated as such in Section 10 of this Resolution.

“Dated Date” shall have the meaning given to that term in Section 10(a) of this Resolution.

“Debt Service” shall have the meaning given to that term in Section 21(c) of this Resolution.

“Defeasance Securities” shall mean:

(1) Direct and general obligations of the United States of America (including state and local government series), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of

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

(2) Non-callable obligations of government sponsored agencies of the United States that are rated "AAA," by Standard & Poor's or "Aaa" by Moody's Investors Service but are not backed by the full faith and credit of the government of the United States.

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

"Disclosure Counsel" shall mean an attorney-at-law, or a firm of such attorneys, of nationally recognized standing in matters pertaining to the disclosure obligations under Rule 15c-2 of the Securities and Exchange Commission of the United States of America, duly admitted to the practice of law before the highest court of any state of the United States of America.

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

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB or any other repository so designated by the MSRB or the SEC.

"Financial Advisor" shall mean Keygent LLC.

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

"Information Services" shall mean national information services that disseminate securities redemption notices or, in accordance with then-current guidelines of the SEC, such other services providing information with respect to called bonds as the District may specify in a written certificate delivered to the Paying Agent.

"Interest Payment Date" shall mean with respect to: (i) any Current Interest Bond, February 1 and August 1 in each year, or as otherwise specified in the Contract of Purchase, commencing on the date specified in the Contract of Purchase, until the date of maturity or earlier redemption date thereof; (ii) any Capital Appreciation Bond, the date of maturity or earlier redemption date thereof; and (iii) any Convertible CAB, the Conversion Date thereof and each February 1 and August 1 thereafter until the date of maturity or earlier redemption date thereof.

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

“Moody’s” shall mean Moody’s Investors Service, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating organization for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating organization selected by the District.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

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

“Official Statement” shall have the meaning given to that term in Section 6 of this Resolution.

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

- (1) Bonds cancelled at or prior to such date;
- (2) Bonds surrendered to the Paying Agent, and for which other Bonds shall have been delivered, pursuant to Section 15 hereof;
- (3) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Bonds), in accordance with Section 42 of this Resolution.

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

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

“Paying Agent” shall mean County Treasurer, its designated agents or its successors or assigns, acting in the capacity of paying agent, registrar, authenticating agent and transfer agent.

“Pledged Moneys” shall have the meaning given to that term in Section 20 of this Resolution.

“Preliminary Official Statement” shall have the meaning given to that term in Section 6 of this Resolution, the form of which is attached hereto as Exhibit C.

“Principal” or “Principal Amount” shall mean, as of any date of calculation, with respect to (i) any Current Interest Bond, the principal amount thereof, (ii) any Capital Appreciation Bond, the initial principal amount thereof, or (iii) any Convertible CAB, the initial principal amount thereof.

“Principal Payment Date” shall mean August 1 in each year, or as otherwise specified in the Contract of Purchase, commencing on the date specified in the Contract of Purchase.

“Projects” shall have the meaning given to that term in Section 8 of this Resolution.

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

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

“Redemption Notice” shall have the meaning given to that term in Section 27 of this Resolution.

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

“Representative” shall mean Cabrera Capital Markets, LLC as representative of the Underwriters named in the Contract of Purchase.

“Resolution” shall mean this Resolution.

“Rule 15c2-12” shall mean Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended.

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

“SEC” shall mean the Securities and Exchange Commission of the United States of America.

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

“State” shall mean the State of California.

“Superintendent” shall mean the Superintendent of the District.

“Supplemental Resolution” shall mean any resolution supplemental to or amendatory of this Resolution, adopted by the District in accordance with Section 39 or Section 40 hereof.

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

“Transfer Amount” shall mean, with respect to (i) any Outstanding Current Interest Bond, the aggregate Principal Amount thereof, (ii) any Outstanding Capital Appreciation Bond, the Maturity Amount thereof, and (iii) any Outstanding Convertible CAB, the Conversion Value thereof.

“Underwriters” shall mean, collectively, Cabrera Capital Markets, LLC and Piper Jaffray & Co.

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

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

SECTION 4. Approval of Contract of Purchase; Sale of the Bonds. For the above purposes, this Board hereby authorizes that the Bonds be sold in one or more separate series to the Underwriters, at a negotiated sale in accordance with the form of Contract of Purchase set forth as Exhibit B hereto, by and among the District and the Underwriters in connection with the sale of the respective series of the Bonds, substantially in the form submitted to and considered by this Board. The Bonds shall bear or accrete interest at rates not to exceed the maximum rate per annum permitted by law and shall not exceed forty (40) years in maturity from their date of issuance. The form of Contract of Purchase substantially in the form presented to this Board, and set forth as Exhibit B hereto, is hereby approved in connection with the offering and sale of the Bonds and an Authorized Officer is hereby authorized to execute the Contract of Purchase, with such changes therein, deletions therefrom and modifications thereto as such Authorized Officer may approve, upon the advice of Bond Counsel, with such approval to be conclusively evidenced by the execution and delivery thereof.

The purchase price for the Bonds shall be as set forth in the Contract of Purchase, provided that (i) the true interest cost for the Bonds shall not be in excess of the maximum rate permitted by law per annum; (ii) the underwriters’ compensation for the Bonds shall not exceed 0.55% of the aggregate principal amount of the Bonds sold under the Contract of Purchase; and (iii) the Bonds shall otherwise conform to the limitations specified herein.

The District hereby instructs the Representative to establish the terms, series, interest structure and redemption provisions for the respective series of Bonds in order to take advantage of financial market conditions prevailing at the date of sale of the Bonds under the

Contract of Purchase. Bonds of several series, if any, may be sold under separate versions of the Contract of Purchase at different times.

SECTION 5. Continuing Disclosure Certificate. The form of Continuing Disclosure Certificate substantially in the form presented to this Board, and set forth as Exhibit D hereto, is hereby approved. Each Authorized Officer is hereby authorized on behalf of the District to execute a Continuing Disclosure Certificate with respect to the Bonds substantially in the form presented to this Board, and set forth as Exhibit D hereto, with such changes thereto as such Authorized Officer may approve, upon the advice of Disclosure Counsel, as may be deemed necessary in order to permit the original purchasers of the Bonds to comply with the requirements of Rule 15c2-12, and with such approval to be conclusively evidenced by the execution and delivery thereof. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate.

SECTION 6. Authorization of Preliminary Official Statement and Official Statement. The form of the Preliminary Official Statement (“Preliminary Official Statement”) substantially in the form presented to this Board, and set forth as Exhibit C hereto, relating to the Bonds, with such changes as any Authorized Officer acting singly may approve, upon the advice of Disclosure Counsel, is hereby approved. The Financial Advisor or the Underwriters, as the case may be, are hereby authorized and directed to deliver copies of such Preliminary Official Statement in final form to those persons who may be interested in purchasing the Bonds. Each Authorized Officer, acting singly, is hereby authorized to certify on behalf of the District, that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

An Official Statement substantially in the form of the Preliminary Official Statement (each, an “Official Statement”), with such changes as each Authorized Officer acting singly may approve, upon the advice of Disclosure Counsel (including all information previously permitted to have been omitted by Rule 15c2-12), which approval shall be conclusively evidenced by execution by such Authorized Officer of the Official Statement and delivery thereof to the original purchasers of the Bonds within seven (7) Business Days of the sale of the Bonds, is hereby approved. Each Authorized Officer is hereby authorized and directed to execute such Official Statement with such changes therein, deletions therefrom and modifications thereto as such Authorized Officer may approve, upon the advice of Disclosure Counsel, with such approval to be conclusively evidenced by the execution and delivery thereof.

SECTION 7. Authorization of Officers. The Authorized Officers of the District are, and each of them acting alone is, hereby authorized to execute any and all documents and perform any and all acts and things, from time to time, consistent with and subject to the limitations set forth in this Resolution as may be necessary or appropriate to carry the same into effect and to carry out its purpose.

SECTION 8. Use of Bond Proceeds. The Bonds shall be issued in the name and by the District, in an aggregate Principal Amount not to exceed \$72,000,656.40, in one or more series, to finance the costs of renovating, acquiring, constructing, repairing, and equipping of

District buildings and other facilities (the "Projects") and to pay Project Costs incurred in connection with the Authorization.

SECTION 9. Designation and Form; Payment.

(a) Bonds entitled to the benefit, protection and security of this Resolution are hereby authorized in an aggregate Principal Amount not to exceed \$72,000,656.40. Such Bonds shall be general obligations of the District, payable as to Principal and Accreted Value of, premium, if any, and interest from *ad valorem* taxes to be levied upon all of the taxable property in the District. The Bonds shall be designated as the "Centinela Valley Union High School District General Obligation Bonds, Election of 2010, 2012 Series B", in one or more series, as set forth in the Contract of Purchase. The Bonds may be issued as Current Interest Bonds, Capital Appreciation Bonds, and Convertible CABs, or any combination thereof, and shall be subject to redemption as further set forth in the Contract of Purchase, pursuant to this Resolution.

(b) The forms of the Current Interest Bonds, Capital Appreciation Bonds, and Convertible CABs and the related Paying Agent's certificate of authentication and form of assignment to appear on each of them, shall be substantially in conformity with the forms attached hereto as Exhibit A-1, Exhibit A-2 and Exhibit A-3, respectively, and incorporated herein by this reference.

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

SECTION 10. Description of Current Interest Bonds.

(a) The Bonds issued as Current Interest Bonds shall be issued in fully registered form, in the Principal Amounts set for the thereon, without coupons, in Authorized Denominations, provided that one such Current Interest Bond may be in an irregular denomination. The Current Interest Bonds shall be dated their date of delivery or such dates as shall appear on the respective Contract of Purchase (the "Dated Date") and shall mature on the dates, in the years and in the Principal Amounts, and interest shall be computed semi-annually at the rates, set forth in the Contract of Purchase.

(b) Interest on each Current Interest Bond shall accrue from its Dated Date as set forth in the Contract of Purchase. Interest on Current Interest Bonds shall be computed using a 360 day year consisting of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the Record Date. Interest with respect to each Current Interest Bond will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on July 15, 2012 in which event interest with respect thereto shall be payable from its Dated Date; or (ii) it is registered prior to the close of business on the first Record Date, in which event interest shall be payable from its Dated Date; provided, however, that if at the time of registration of any Current Interest Bond interest with

respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest on the Current Interest Bonds will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of \$1,000,000 or more of such Current Interest Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Current Interest Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

SECTION 11. Description of Capital Appreciation Bonds.

(a) The Bonds issued as Capital Appreciation Bonds shall be issued in fully registered form, in the Principal Amounts set forth thereon, without coupons, but shall reflect Authorized Denominations, provided that one such Capital Appreciation Bond may reflect an irregular denomination. The Capital Appreciation Bonds shall be dated the date of their issuance, shall be issued in the aggregate initial Principal Amounts, shall mature on the dates, in the years and in the Maturity Amounts, and shall accrete interest at the accretion rates, as set forth in the Contract of Purchase.

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

SECTION 12. Description of Convertible CABs.

(a) The Bonds issued as Convertible CABs shall be issued in fully registered form, in the Principal Amounts set forth thereon, without coupons, but shall reflect Authorized Denominations, provided that one such Convertible CAB may reflect an irregular denomination. The Convertible CABs shall be dated the date of their issuance, shall be issued in the aggregate initial Principal Amounts, shall be subject to conversion on the dates, in the years and at the Conversion Value, shall accrete at the accretion rates and shall bear interest at the rates, and shall mature on the dates, in the years and in the Conversion Values, as set forth in the Contract of Purchase.

(b) The Convertible CABs prior to their respective Conversion Dates shall not bear current interest but shall instead increase in value in the manner of a Capital Appreciation Bond as set forth in Section 11(b). From and after the respective Conversion Date of a Convertible CAB, such Convertible CAB shall bear interest on its Conversion Value as of the Conversion Date, payable commencing on the Interest Payment Date following its Conversion Date, and thereafter on each Interest Payment Date in each year.

SECTION 13. Book-Entry System.

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

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

The Paying Agent shall pay all Principal and Accreted Value of, premium, if any, and interest on the Bonds only to the respective Owners, as shown in the Bond Register, and all such payments shall be valid hereunder with respect to payment of Principal and Accreted Value of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner, as shown in the Bond Register, shall receive a Bond evidencing the obligation to make payments of Principal and Accreted Value of, premium, if any, and interest on such Bond, pursuant to this Resolution. Upon delivery by the Depository to the Paying Agent and the District of written notice to the effect that the Depository has determined

to substitute a new nominee in place of the Nominee, and subject to the provisions hereof with respect to Record Dates, the word Nominee in this Resolution shall refer to such new nominee of the Depository.

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

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

(c) Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to Principal or Accreted Value, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the representation letter or as otherwise instructed by the Depository.

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

SECTION 14. Execution of the Bonds.

(a) The Bonds shall be executed by the District by the manual or facsimile signature of the President of the Board and the manual or facsimile signature of the Clerk of the Board or by a deputy of either of such officers. In case any one or more of the officers who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been issued by the District, such Bonds may, nevertheless, be issued, as herein provided, as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any of the Bonds may be signed and sealed by such persons that at the time of the execution of such Bonds shall be duly authorized to hold or shall hold the proper offices in the District, although at the date borne by the Bonds such persons may not have been so authorized or have held such offices.

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

SECTION 15. Transfer and Exchange. The transfer of any Bond may be registered upon surrender of such Bond to the Paying Agent. Such Bond shall be endorsed or accompanied by delivery of the written instrument of transfer shown in Exhibit A hereto, duly executed by the Owner or his duly authorized attorney, and payment of such reasonable transfer fees as the Paying Agent may establish. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in Authorized Denominations, will be executed and delivered to the transferee in exchange therefor.

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

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

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

SECTION 16. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated, the Paying Agent, at the expense of the Owner, shall deliver a new Bond of like date, interest rate, maturity, Transfer Amount, series and tenor as the Bond so mutilated in exchange and substitution for such mutilated Bond, upon surrender and cancellation thereof. All

Bonds so surrendered shall be cancelled. If any Bond shall be destroyed, stolen or lost, evidence of such destruction, theft or loss may be submitted to the Paying Agent and if such evidence is satisfactory to the Paying Agent that such Bond has been destroyed, stolen or lost, and upon furnishing the Paying Agent with an indemnity satisfactory to the Paying Agent and complying with such other reasonable regulations as the Paying Agent may prescribe and paying such expenses as the Paying Agent may incur, the Paying Agent shall, at the expense of the Owner, execute and deliver a new Bond of like date, interest rate, maturity, Transfer Amount and tenor in lieu of and in substitution for the Bond so destroyed, stolen or lost. Any new Bonds issued pursuant to this Section 16 in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute valid contractual obligations on the part of the District and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Resolution in any moneys or securities held by the Paying Agent for the benefit of the Owners of the Bonds.

SECTION 17. Bond Register. The Paying Agent shall keep or cause to be kept at its office sufficient books for the registration and registration of transfer of the Bonds. Upon presentation for registration of transfer, the Paying Agent shall, as above provided and under such reasonable regulations as it may prescribe subject to the provisions hereof, register or register the transfer of the Bonds, or cause the same to be registered or cause the registration of the same to be transferred, on such books.

SECTION 18. Unclaimed Money. All money which the Paying Agent shall have received from any source and set aside for the purpose of paying or redeeming any of the Bonds shall be held in trust for the respective Owners of such Bonds, but any money which shall be so set aside or deposited by the Paying Agent and which shall remain unclaimed by the Owners of such Bonds for a period of one year after the date on which any payment or redemption with respect to such Bonds shall have become due and payable shall be transferred to the general fund of the District; provided, however, that the Paying Agent, before making such payment, shall cause notice to be mailed to the Owners of such Bonds, by first class mail, postage prepaid after a date in said notice, which date shall not be less than ninety (90) days prior to the date of such payment, to the effect that said money has not been claimed and that after a date named therein, any unclaimed balance of said money then remaining will be transferred to the general fund of the District. Thereafter, the Owners of such Bonds shall look only to the general fund of the District for payment of such Bonds.

SECTION 19. Application of Proceeds. Upon the delivery of the Bonds, the proceeds of the Bonds or a portion thereof, exclusive of any original issue premium and accrued interest received from the sale of the Bonds (which shall be deposited in accordance with Section 21 hereof), shall be deposited in the County treasury and credited to the building fund of the District and designated as the "Centinela Valley Union High School District General Obligation Bonds, Election of 2010, 2012 Series B Building Fund" (the "2010 Building Fund (2012 Series B)") which shall be administered by the County Treasurer for the account of the District and which shall be kept separate and apart from all other accounts held hereunder. The District shall, from time to time, disburse amounts from the 2010 Building Fund (2012 Series B) to pay the Project Costs. Amounts in the 2010 Building Fund (2012 Series B) shall be invested so as to be available for the aforementioned disbursements. The District shall keep a written record of disbursements from the 2010 Building Fund (2012 Series B).

Any amounts that remain in the 2010 Building Fund (2012 Series B) at the completion of the Projects shall be transferred to the 2010 Debt Service Fund (2012 Series B), as defined below, to be used to pay the Principal and Accreted Value of, premium, if any, and interest on the Bonds, subject to any conditions set forth in the Tax Certificate.

SECTION 20. Payment and Security for the Bonds. The Board hereby directs the Superintendent to request that the County Board of Supervisors of the County, at the time of making the levy of taxes for County purposes, levy a continuing direct *ad valorem* tax for the Fiscal Year upon the taxable property in the District in an amount at least sufficient, together with moneys on deposit in the 2010 Debt Service Fund (2012 Series B) and available for such purpose, to pay the Principal and Accreted Value of, premium, if any, and interest on each Bond as each becomes due and payable in the next succeeding Bond Year. The tax levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The District hereby pledges as security for the Principal and the Accreted Value of, premium, if any, and interest on each Bond, and shall cause to be deposited in the 2010 Debt Service Fund (2012 Series B), the proceeds from the levy of the aforementioned *ad valorem* tax which the County receives (the "Pledged Moneys"). The Pledged Moneys shall be used to pay the Principal and Accreted Value of, premium, if any, and interest on the Bonds when and as the same shall become due and payable. The Bonds are the general obligations of the District and do not constitute an obligation of the County. No part of any fund or account of the County (except funds or accounts held on behalf of the District) is pledged or obligated to the payment of the Principal and Accreted Value of, premium, if any, and interest on the Bonds.

SECTION 21. Debt Service Fund.

(a) The District shall deposit or cause to be deposited any accrued interest and any original issue premium received by the District from the sale of the Bonds in the fund established for the account of the District and designated as the "Centinela Valley Union High School District General Obligation Bonds, Election of 2010, 2012 Series B Debt Service Fund" (the "2010 Debt Service Fund (2012 Series B)") to be administered by the County.

(b) The District shall cause to be deposited all Pledged Moneys upon collection by the County into the 2010 Debt Service Fund (2012 Series B). The Pledged Moneys shall be used only for the payment of the Principal and Accreted Value of, premium, if any, and interest on the Bonds.

(c) The District shall transfer or cause to be transferred from the 2010 Debt Service Fund (2012 Series B) to the Paying Agent, an amount, in immediately available funds, sufficient to pay all the Principal and Accreted Value, premium, if any, and interest (collectively, the "Debt Service") on such Interest Payment Date. Debt Service on the Bonds shall be paid by the Paying Agent in the manner provided by law for the payment of the Debt Service.

(d) Any amounts on deposit in the 2010 Debt Service Fund (2012 Series B) when there are no longer any Bonds Outstanding shall be transferred to the general fund of the District.

SECTION 22. Establishment and Application of Excess Earnings Fund. The District shall establish a special fund designated as the “Centinela Valley Union High School District General Obligation Bonds, Election of 2010, 2012 Series B Excess Earnings Fund” (the “2010 Excess Earnings Fund (2012 Series B)”) which shall be administered by the County Treasurer for the account of the District and which shall be kept separate and apart from all other funds and accounts held hereunder. The District shall deposit, or cause to be deposited, moneys to the 2010 Excess Earnings Fund (2012 Series B) in accordance with the provisions of the Tax Certificate. Amounts on deposit in the 2010 Excess Earnings Fund (2012 Series B) shall only be applied to payments made to the United States of America or otherwise transferred to other accounts or funds established hereunder in accordance with the Tax Certificate.

SECTION 23. Payments of Costs of Issuance. The District may pay, or cause to be paid, Costs of Issuance using funds of the District or proceeds of the Bonds.

SECTION 24. Establishment of Additional Funds and Accounts. If at any time it is deemed necessary or desirable by the District, the County Treasurer may establish additional funds under this Resolution and/or accounts within any of the funds or accounts established hereunder.

SECTION 25. Redemption. The Bonds shall be subject to redemption as provided herein and in the Contract of Purchase; provided, however, to the extent that there is any conflict between the redemption provisions in this Resolution and the Contract of Purchase, the Contract of Purchase shall prevail. With respect to Bonds designated as “Term Bonds”, if any, in the Contract of Purchase, the Principal Amount or Accreted Value of each mandatory sinking fund payment of any maturity shall be reduced proportionately by the amount of any Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date and allocated by the District to such sinking fund payment or as otherwise provided for in the Contract of Purchase or as directed by the District.

SECTION 26. Selection of Bonds for Redemption. Whenever provision is made in this Resolution or in the Contract of Purchase for the redemption of the Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least forty-five (45) days prior to the date designated for such redemption, shall select Bonds for redemption in such order as the District may direct, or, in the absence of such direction, in inverse order of maturity within a series. Within a maturity, the Paying Agent shall select Bonds for redemption by lot; provided, however, that the Paying Agent shall select Bonds to be redeemed on the basis of a *pro rata* pass-through distribution of principal in accordance with DTC procedures and provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect and, if the DTC operational arrangements do not allow for redemption on the basis of a *pro rata* pass-through distribution of principal, the Bonds will be selected for redemption in accordance with DTC procedures, by lot. The portion of any Bond to be redeemed in part shall be in an Authorized Denomination.

It is the District’s intent that redemption allocations made by DTC be made on the basis of a *pro rata* pass-through distribution of principal as described in this Section; however,

the District is not a direct or indirect Participant in DTC and can provide no assurance to Owners that DTC will amend its operational arrangements to provide for such distribution.

SECTION 27. Notice of Redemption. When redemption is authorized or required pursuant to this Resolution or the Contract of Purchase, the Paying Agent, upon written instruction from the District given at least forty-five (45) days prior to the date designated for such redemption, shall give notice (a “Redemption Notice”) of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price or Accreted Value, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount or Accreted Value, as appropriate, of such Bond to be redeemed, and (g) 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 the redemption price, together with the interest accrued to the redemption date and that from and after such date interest with respect thereto shall cease to accrue or accrete and be payable.

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

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

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

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

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

SECTION 28. Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new

Bond or Bonds of like tenor and maturity and of Authorized Denominations equal in Transfer Amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

SECTION 29. Conditional Notice of Redemption. Any notice of optional redemption of the Bonds delivered in accordance with this Resolution may be conditional and if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date, said notice (i) shall be of no force and effect, (ii) the District shall not be required to redeem such Bonds, (iii) the redemption shall not be made and (iv) the Paying Agent shall within a reasonable time thereafter give notice to the persons and in the manner in which the conditional notice of redemption was given, that such condition or conditions were not met and that the redemption was cancelled.

The District may rescind any optional redemption and notice thereof for any reason on any date prior to or on the date fixed for redemption by causing written notice of the rescission to be given to the Owners of the Bonds so called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

SECTION 30. Effect of Notice of Redemption. Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside for the payment of their redemption price, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in Section 25 hereof, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of Sections 25, 26, 27 and 28 hereof shall be cancelled upon surrender thereof and delivered to or upon the order of the District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent upon written notice by the District given to the Paying Agent.

SECTION 31. Paying Agent, Appointment and Acceptance of Duties.

(a) The Board hereby appoints the County Treasurer to provide Paying Agent services for the Bonds under this Resolution. All fees and expenses incurred for services of the Paying Agent shall be the sole responsibility of the District. The Paying Agent shall have a corporate trust office in Los Angeles, California.

(b) Unless otherwise provided, the office of the Paying Agent designated by the Paying Agent shall be the place for the payment of Debt Service on the Bonds.

SECTION 32. Liability of Paying Agent. The Paying Agent makes no representations as to the validity or sufficiency of this Resolution or of any Bonds issued hereunder or as to the security afforded by this Resolution, and the Paying Agent shall incur no liability in respect hereof or thereof.

SECTION 33. Evidence on Which Paying Agent May Act. The Paying Agent, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent may consult with counsel, who may or may not be counsel to the District, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

SECTION 34. Compensation. The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Resolution.

SECTION 35. Ownership of Bonds Permitted. The Paying Agent or the Representative may become the Owner of any of the respective series of Bonds.

SECTION 36. Resignation or Removal of Paying Agent and Appointment of Successor.

(a) The Paying Agent initially appointed hereunder may resign from service as Paying Agent and in that event, the District may select a replacement third party to perform the services of Paying Agent. Without further action by the District, if at any time the Paying Agent shall resign or be removed, the District may appoint a successor Paying Agent, which shall be a bank or trust company doing business in and having a corporate trust office in Los Angeles, California, with at least \$100,000,000 in net assets. The Paying Agent shall keep accurate records of all funds administered by it and of all Bonds paid and discharged by it. Such records shall be provided, upon reasonable request, to the District in a format mutually agreeable to the Paying Agent and the District. Such successor Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the District, a written acceptance thereof. Resignation or removal of the Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

(b) In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor.

SECTION 37. Investment of Certain Funds. Moneys held in all funds and accounts established hereunder shall be invested and reinvested in Authorized Investments to the fullest extent practicable as shall be necessary to provide moneys when needed for payments to be made from such funds or accounts. Nothing in this Resolution shall prevent any investment securities acquired as investments of funds held hereunder from being issued or held in book-entry form on the books of the Department of the Treasury of the United States. All investment earnings on amounts on deposit in the 2010 Building Fund (2012 Series B), the 2010 Excess Earnings Fund (2012 Series B), and the 2010 Debt Service Fund (2012 Series B) shall remain on deposit in such funds.

SECTION 38. Valuation and Sale of Investments. Obligations purchased as an investment of moneys in any fund or account shall be deemed at all times to be a part of such fund or account. Profits or losses attributable to any fund or account shall be credited or charged to such fund or account. In computing the amount in any fund or account created under the provisions of this Resolution for any purpose provided in this Resolution, obligations purchased as an investment of moneys therein shall be valued at cost, plus, where applicable, accrued interest.

SECTION 39. Supplemental Resolutions With Consent of Owners. This Resolution, and the rights and obligations of the District and of the Owners of the Bonds issued hereunder, may be modified or amended at any time by a Supplemental Resolution adopted by the District with the written consent of Owners owning at least sixty percent (60%) in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the District; provided, however, that if a bond insurance policy respecting the Bonds is in effect, and provided that the bond insurer, if any, complies with its obligations thereunder, the bond insurer shall be deemed to be the sole Owner of the Bonds for purposes of this sentence. Notwithstanding the foregoing, no such modification or amendment shall, without the express consent of the Owner of each Bond affected, reduce the Principal Amount or Maturity Amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification thereof or hereof. No such Supplemental Resolution shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto. Notwithstanding anything herein to the contrary, no such consent shall be required if the Owners are not directly and adversely affected by such amendment or modification.

SECTION 40. Supplemental Resolutions Effective Without Consent of Owners. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution may be adopted, which, without the requirement of consent of the Owners, shall be fully effective in accordance with its terms:

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

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

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

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

(e) To amend or supplement this Resolution in any other respect, provided such Supplemental Resolution does not, in the written opinion of Bond Counsel, adversely affect the interests of the Owners.

SECTION 41. Effect of Supplemental Resolution. Any act done pursuant to a modification or amendment so consented to shall be binding upon the Owners of all the Bonds and shall not be deemed an infringement of any of the provisions of this Resolution, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after consent relating to such specified matters has been given, no Owner shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the District or any officer or agent of either from taking any action pursuant thereto.

SECTION 42. Defeasance. All Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the Debt Service on all Bonds Outstanding, as and when the same become due and payable;

(b) by depositing with the Paying Agent, in trust, at or before maturity, cash which, together with the amounts then on deposit in the 2010 Debt Service Fund (2012 Series B) plus the interest to accrue thereon without the need for further investment, is fully sufficient to pay all Bonds Outstanding on their redemption date or at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or

(c) by depositing with an institution to act as escrow agent selected by the District and which meets the requirements of serving as Paying Agent pursuant to Section 31, in trust, Defeasance Securities, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient, in the opinion of a verification agent, to pay and discharge all Bonds Outstanding at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; then all obligations of the District and the Paying Agent under this Resolution with respect to all Outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the District to pay to the Paying Agent amounts owing to the Paying Agent under Section 34 hereof.

SECTION 43. Tax Covenants.

(a) The District shall not take any action, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstances within its control to arise or continue, if such action or inaction would adversely affect the exclusion from gross income of the interest payable on the Bonds under Section 103 of the Code. In furtherance of the foregoing, the District shall comply with the provisions of the Tax Certificate.

(b) Notwithstanding any provision of this Section, if the District shall provide to the County Treasurer a written opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the County Treasurer may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 44. Bond Insurance. All, one or more series or a portion of the Bonds may be sold with bond insurance or other form of credit enhancement, if the District, in consultation with the Representative and the Financial Advisor, determines that the savings to the District resulting from the purchase of such bond insurance exceeds the cost thereof.

SECTION 45. Notice to California Debt and Investment Advisory Commission. This Board hereby authorizes and directs the Authorized Officers to cause notices of the proposed sale and final sale and itemized costs of issuance of the Bonds to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to Section 8855 of the State Government Code.

SECTION 46. Citizens' Oversight Committee. This Board certifies that it has established and appointed and shall maintain an independent citizens' oversight committee pursuant to Section 15278 of the State Education Code, to inform the public concerning the expenditure of proceeds of the Bonds by the date specified in such Section 15278.

SECTION 47. Bond Accountability Measures. This Board certifies that it will conduct an annual, independent performance and financial audit to ensure that the funds approved by the voters have been expended only for the purposes authorized by Measure CV (2010) in accordance with Section 1(b) of Article XIII A of the California Constitution and Section 15264 et seq. of the State Education Code. This Board further certifies it will direct the Superintendent to cause to be filed with the Board no later than January 1, 2013, and at least once a year thereafter, the annual report required pursuant to Measure CV (2010), and Section 53410 et seq. of the State Government Code.

SECTION 48. Filing with the County. Pursuant to Section 15140(c) of the Education Code of the State, the Clerk of this Board is hereby authorized and directed to file a certified copy of this Resolution with the Executive Officer-Clerk of the Board of Supervisors of the County and with the Auditor-Controller of the County. This Board hereby directs the Superintendent of the District to request the Board of Supervisors of the County to levy annually *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to

rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the Debt Service on the Bonds as and when the same become due.

SECTION 49. Appointment of Financial Advisor, Co-Bond Counsel, Disclosure Counsel and Underwriters. In connection with the District's issuance and sale of the Bonds, the Superintendent or the Superintendent's designee is hereby authorized to enter into agreements for Financial Advisor, Bond Counsel, Disclosure Counsel, Underwriters and other professional services on behalf of the District as may be necessary or appropriate. In connection with the issuance of the Bonds, the District hereby appoints Hawkins Delafield & Wood LLP and Luna & Glushon to serve as Co-Bond Counsel to the District, Hawkins Delafield & Wood LLP to serve as Disclosure Counsel to the District, and Keygent LLC to serve as Financial Advisor to the District. The District hereby appoints Cabrera Capital Markets, LLC and Piper Jaffray & Co. to serve as Underwriters in connection with the issuance and sale of the Bonds and Cabrera Capital Markets, LLC to serve as the Representative of the Underwriters.

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APPROVED by the Board of Education of the Centinela Valley Union High School District at a regularly scheduled meeting conducted on this 24th day of April, 2012 by the following vote:

AYES:	5
NOES:	0
ABSENT:	0
ABSTAIN:	0

By: *Antonio M. Rojas*
Clerk of the Board of Education

EXHIBIT A-1

FORM OF CURRENT INTEREST BOND

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

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
(COUNTY OF LOS ANGELES)
GENERAL OBLIGATION BONDS
ELECTION OF 2010, 2012 SERIES B

Interest Rate: _____ % Maturity Date: _____ 1, 20__ Dated Date: [May 24, 2012] CUSIP:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \$ _____

The Centinela Valley Union High School District (the "District") of the County of Los Angeles, State of California, for value received, hereby acknowledges itself indebted and promises to pay to the Registered Owner set forth above the Principal Amount set forth above, on the Maturity Date set forth above, together with interest thereon from the Dated Date set forth above until the Principal Amount hereof shall have been paid or provided for, in accordance with the Resolution hereinafter referred to, at the interest rate set forth above. Interest on this Bond is payable on _____ 1, 20__ and semiannually thereafter on February 1 and August 1 (each, an "Interest Payment Date") in each year to the Registered Owner hereof from the Interest Payment Date next preceding the date on which this Bond is registered (unless it is registered after the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date (a "Record Date") and before the close of business on the immediately following Interest Payment Date, in which event it shall bear interest from such following Interest Payment Date, or unless this Bond is registered prior to the close of business on July 15, 2012, in which event it shall bear interest from its Dated Date; provided, however, that if at the time of registration of this Bond interest with respect hereto is in default, interest with respect hereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment). Interest on this Bond shall be computed using a year of 360 days, comprised of twelve 30-day months. The Principal Amount hereof is payable at the office of U.S. Bank National Association, as agent for the Office of the Treasurer and Tax Collector of the County of Los Angeles (the "Paying Agent"), in Los Angeles, California. The interest hereon is

payable by check or draft mailed by first class mail to each registered owner, at the address as it appears on the registration books kept by the Paying Agent as of the Record Date.

The Bonds of this issue are comprised of \$_____ Principal Amount of Current Interest Bonds, of which this Bond is a part (a "Current Interest Bond"), \$_____ Principal Amount of Capital Appreciation Bonds and \$_____ Principal Amount of Convertible CABs. This Bond is issued and authorized by the District under and in accordance with the provisions of (i) Section 53506 *et seq.* of the Government Code of the State of California, as amended (the "Act") and (ii) Article XIII A of the California Constitution, and pursuant to a resolution adopted by the Board of Education of the District on [District Resolution Date], (the "Resolution"). Reference is hereby made to the Resolution, a copy of which is on file at the office of the District, for a description of the terms on which the Bonds are delivered, and the rights thereunder of the registered owners of the Bonds and the rights and duties of the Paying Agent and the District, to all of the provisions of which the registered owner of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Resolution. The Bonds were authorized by a vote of the requisite fifty-five percent (55%) of the qualified electors of the District voting on the proposition at an election held therein to determine whether such Bonds should be issued.

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

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

The Current Interest Bonds are subject to redemption pursuant to the Resolution and the Contract of Purchase. The rights and obligations of the District and of the owners of the Bonds may be modified or amended at any time in accordance with the Resolution.

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

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

It is 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.

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IN WITNESS WHEREOF, the Centinela Valley Union High School District has caused this Bond to be executed and in their official capacities by the manual or facsimile signature of the President of the Board of Education of the Centinela Valley Union High School District and to be countersigned by the manual or facsimile signature of the Clerk of the Board of Education of the Centinela Valley Union High School District.

CENTINELA VALLEY UNION HIGH SCHOOL
DISTRICT

By: _____
President of the Board of Education

Countersigned:

By: _____
Clerk of the Board of Education

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution of the Board of Education of the Centinela Valley Union High School District.

DATED: _____, 2012

TREASURER AND TAX COLLECTOR OF THE COUNTY OF LOS ANGELES

By: U.S. BANK NATIONAL ASSOCIATION, as Agent for the Paying Agent

By: _____
Authorized Officer

FORM OF ASSIGNMENT

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

Name of Transferee: _____

Address for Payment of Interest:

Social Security Number or other Tax Identification No.:

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

Registered Owner

Dated:

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

Signature _____
guaranteed

[Bank, Trust Company or Firm]

By: _____
Authorized Officer

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

EXHIBIT A-2

FORM OF CAPITAL APPRECIATION BOND

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

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
(COUNTY OF LOS ANGELES)
GENERAL OBLIGATION BONDS
ELECTION OF 2010, 2012 SERIES B

Accretion Rate: Maturity Date: Dated Date: CUSIP:
_____ % _____ 1, 20__ [May 24, 2012]

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \$ _____

MATURITY AMOUNT: \$ _____

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

The Bonds of this issue are comprised of \$ _____ of Principal Amount of Capital Appreciation Bonds of which this Bond is a part (a "Capital Appreciation Bond"), \$ _____ Principal Amount of Current Interest Bonds and \$ _____ Principal Amount of Convertible CABs. This Bond is issued and authorized by the District under and in accordance with the provisions of (i) Section 53506 *et seq.* of the Government Code of the State of

California, as amended (the "Act") and (ii) Article XIII A of the California Constitution, and pursuant to a resolution adopted by the Board of Education of the District on [District Resolution Date], (the "Resolution"). Reference is hereby made to the Resolution, a copy of which is on file at the office of the District, for a description of the terms on which the Bonds are delivered, and the rights thereunder of the registered owners of the Bonds and the rights and duties of the Paying Agent and the District, to all of the provisions of which the registered owner of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Resolution. The Bonds were authorized by a vote of the requisite fifty-five percent (55%) of the qualified electors of the District voting on the proposition at an election held therein to determine whether such Bonds should be issued.

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

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

[The Capital Appreciation Bonds are subject to redemption pursuant to the Resolution and the Contract of Purchase.][The Capital Appreciation Bonds are not subject to redemption prior to their stated maturity dates.] The rights and obligations of the District and of the owners of the Bonds may be modified or amended at any time in accordance with the Resolution.

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

It is 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, Accreted Value and interest when due.

IN WITNESS WHEREOF, the Centinela Valley Union High School District has caused this Bond to be executed and in their official capacities by the manual or facsimile signature of the President of the Board of Education of the Centinela Valley Union High School District and to be countersigned by the manual or facsimile signature of the Clerk of the Board of Education of the Centinela Valley Union High School District.

CENTINELA VALLEY UNION HIGH SCHOOL
DISTRICT

By: _____
President of the Board of Education

Countersigned:

By: _____
Clerk of the Board of Education

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution of the Board of Education of the Centinela Valley Union High School District.

DATED: _____, 2012

TREASURER AND TAX COLLECTOR OF THE
COUNTY OF LOS ANGELES

By: U.S. BANK NATIONAL ASSOCIATION,
as Agent for the Paying Agent

By: _____
Authorized Officer

FORM OF ASSIGNMENT

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

Name of Transferee: _____

Address for Payment of Interest:

Social Security Number or other Tax Identification No.:

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

Registered Owner

Dated:

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

Signature _____
guaranteed

[Bank, Trust Company or Firm]

By: _____
Authorized Officer

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

EXHIBIT A-3

FORM OF CONVERTIBLE CAB

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

REGISTERED
No. _____

REGISTERED
\$ _____

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
(COUNTY OF LOS ANGELES)
GENERAL OBLIGATION BONDS
ELECTION OF 2010, 2012 SERIES B

Reoffering Yield: through Conversion Date	Interest Rate after the Conversion Date	Conversion Date	Maturity Date	Dated Date	CUSIP
_____ %	_____ %	_____	_____ 1, 20__	_____	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \$ _____

CONVERSION VALUE: \$ _____

The Centinela Valley Union High School District (the "District") in the County of Los Angeles (the "County"), California, 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 Principal Amount and interest accreted thereon. This Bond will not bear current interest but will accrete interest from the Dated Date set forth above, compounded on each February 1 and August 1, commencing _____ 1, 20__ at the Reoffering Yield specified above to the Conversion Date set forth above, assuming that in any such semiannual period the sum of such compounded accreted interest and the Denomination Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months. After the Conversion Date, the District, for value received, promises to pay to the Registered Owner named above, interest on the Accreted Value as of the Conversion Date (the "Conversion Value") until the Conversion Value 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 on the first anniversary of the Conversion Date. 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 15th 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 _____, 20__, in which event it will bear interest from the Date of Delivery. Principal (*i.e.*, 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 U.S. Bank National Association, as agent for the Office of the Treasurer and Tax Collector of the County of Los Angeles, in Los Angeles, California, paying agent, registrar and transfer agent of the District (herein called the "Paying Agent"), including its designated agents, successors and assigns acting in such capacity. Conversion Value and redemption premium, if any, are payable upon presentation and surrender of this Bond at the principal office of the Paying Agent.

The Bonds of this issue are comprised of \$_____ of Principal Amount of Convertible Capital Appreciation Bonds of which this Bond is a part (a "Convertible CAB") in the Denominational Amount of \$_____ and the Conversion Value of \$_____, \$_____ Principal Amount of Current Interest Bonds and \$_____ Principal Amount of Capital Appreciation Bonds. This Bond is issued and authorized by the District under and in accordance with the provisions of (i) Section 53506 *et seq.* of the Government Code of the State of California, as amended (the "Act") and (ii) Article XIII A of the California Constitution, and pursuant to a resolution adopted by the Board of Education of the District on [District Resolution Date], (the "Resolution"). Reference is hereby made to the Resolution, a copy of which is on file at the office of the District, for a description of the terms on which the Bonds are delivered, and the rights thereunder of the registered owners of the Bonds and the rights and duties of the Paying Agent and the District, to all of the provisions of which the registered owner of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Resolution. The Bonds were authorized by a vote of the requisite fifty-five percent (55%) of the qualified electors of the District voting on the proposition at an election held therein to determine whether such Bonds should be issued.

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

This Bond is issued in fully registered form and is nonnegotiable. Registration of this Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the aforesaid offices of the Paying Agent, but only in the manner, subject to the limitations, and upon payment of the charges, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in Authorized Denominations will be issued to the transferee in exchange herefor. The District and the Paying

Agent may treat the Registered Owner hereof as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary.

[The Convertible CABs are subject to redemption pursuant to the Resolution and the Contract of Purchase.][The Convertible CABs are not subject to redemption prior to their stated maturity dates.] The rights and obligations of the District and of the owners of the Bonds may be modified or amended at any time in accordance with the Resolution.

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

It is 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, Accreted Value and interest when due.

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IN WITNESS WHEREOF, the Centinela Valley Union High School District has caused this Bond to be executed and in their official capacities by the manual or facsimile signature of the President of the Board of Education of the Centinela Valley Union High School District and to be countersigned by the manual or facsimile signature of the Clerk of the Board of Education of the Centinela Valley Union High School District.

CENTINELA VALLEY UNION HIGH SCHOOL
DISTRICT

By: _____
President of the Board of Education

Countersigned:

By: _____
Clerk of the Board of Education

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution of the Board of Education of the Centinela Valley Union High School District.

DATED: _____, 2012

TREASURER AND TAX COLLECTOR OF THE
COUNTY OF LOS ANGELES

By: U.S. BANK NATIONAL ASSOCIATION,
as Agent for the Paying Agent

By: _____
Authorized Officer

FORM OF ASSIGNMENT

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

Name of Transferee: _____

Address for Payment of Interest: _____

Social Security Number or other Tax Identification No.: _____

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

Registered Owner

Dated:

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

Signature _____
guaranteed

[Bank, Trust Company or Firm]

By: _____
Authorized Officer

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

EXHIBIT B
FORM OF CONTRACT OF PURCHASE

§ _____
**CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
(COUNTY OF LOS ANGELES, CALIFORNIA)
GENERAL OBLIGATION BONDS
ELECTION OF 2010, 2012 SERIES A**

CONTRACT OF PURCHASE

_____, 2012

Centinela Valley Union High School District
Board of Education
14901 South Inglewood Avenue
Lawndale, California 90260

Ladies and Gentlemen:

The undersigned (the “Representative”), on behalf of itself and Cabrera Capital Markets, LLC (collectively, the “Underwriters”), offers to enter into this Contract of Purchase (the “Purchase Contract”) with the Centinela Valley Union High School District (the “District”), which, upon your acceptance hereof, will be binding upon the District and the Underwriters. This offer is made subject to the written acceptance of this Purchase Contract by the District and delivery of such acceptance to the Representative at or prior to 11:59 p.m., California Time, on the date hereof.

1. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters hereby agrees to purchase from the District for reoffering to the public, and the District hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of \$_____ in aggregate initial principal amount of the Centinela Valley Union High School District (County of Los Angeles, California) General Obligation Bonds, Election of 2010, 2012 Series A (the “Bonds”). The Bonds shall bear or accrete interest at the rates, and shall mature in the years shown on Exhibit A hereto, which is incorporated herein by this reference.

2. The Bonds. The Bonds shall be issued in the form of current interest bonds and capital appreciation bonds, as identified on Exhibit A hereto. The Bonds shall be subject to redemption as set forth on Exhibit A. The Bonds are being issued pursuant to (i) Article 4.5 of Chapter 3, Part 1, Division 2, Title 5 (commencing at Section 53506) of the California Government Code (the “Act”), and (ii) a resolution adopted by the Board of Education of the District on _____, 2012 (the “Resolution”). All capitalized terms used herein without definition shall have the meanings given to them in the Resolution.

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

3. Use of Documents. The District hereby authorizes the Underwriters to use, in connection with the offer and sale of the Bonds, this Purchase Contract, the Official Statement (as defined in Section 9(c)), the Resolution and all information contained herein and therein and, except as agreed in writing, all of the documents, certificates or statements furnished by the District to the Underwriters in connection with the transactions contemplated by this Purchase Contract.

4. Public Offering of the Bonds. The Underwriters agrees to make a bona fide public offering of all the Bonds at the initial public offering price or reoffering yield to be set forth on the cover page of the Official Statement. Subsequent to such initial public offering, the s reserve the right to change such initial public offering price or reoffering yield as they deems necessary in connection with the marketing of the Bonds.

The District acknowledges and agrees that: (i) the primary role of the Underwriter is to purchase securities for resale to investors in an arms-length commercial transaction between the District and the Underwriter and that the Underwriter has financial and other interests that differ from those of the District, (ii) the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the District or any other person or entity and has not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters), (iii) the only obligations the Underwriter has to the District with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract, except as otherwise provided by applicable rules and regulations of the SEC or the rules of the MSRB, and (iv) the District has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein.

5. Review of Official Statement. The Representative hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds dated _____, 2012 (the "Preliminary Official Statement"). The District represents that it deems the Preliminary Official Statement to be final as of its date, except for either revisions or additions to the offering price(s), interest or accretion rate(s), reoffering yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as permitted pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule").

The Representative agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriters will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement.

Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received. The Underwriter covenants to file the Official Statement with the Municipal Securities Rulemaking Board (the "MSRB") on a timely basis.

6. Closing. At 8:30 a.m., California Time, on _____, 2012 or at such other time or on such other date as shall have been mutually agreed upon by you and us (the "Closing"), you will deliver to us, through the facilities of The Depository Trust Company ("DTC") in New York, New York, or at such other place as we may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Hawkins Delafield & Wood LLP, in Los Angeles, California, the other documents hereinafter mentioned; and we will accept such delivery and pay the purchase price of the Bonds, being \$_____ (representing the aggregate principal amount of the Bonds of \$_____, [less net original issue discount] [plus net original issue premium] of \$_____, and less an Underwriters' discount of \$_____). The purchase price shall be payable to the District in immediately available funds by check, draft or wire transfer to or upon the order of the District.

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

(a) Due Organization. The District is a public instrumentality duly organized and validly existing under the laws of the State of California.

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

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Representative may reasonably request.

(d) No Conflicts. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Contract, the Resolution and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(e) Litigation. As of the time of acceptance hereof no action, suit, proceeding, hearing or investigation is pending in which service of process has been completed against the District or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or of the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of revenues or assets of the District pledged or to be pledged or available to pay the principal of and interest on the Bonds, or the pledge thereof, or the levy of any taxes contemplated by the Resolution or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract, the Continuing Disclosure Certificate or the Resolution or contesting the powers of the District or the Resolution, the Continuing Disclosure Certificate or this Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Purchase Contract, the Continuing Disclosure Certificate or the Resolution, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

(f) No Other Debt. Between the date hereof and the Closing, neither the District, nor the County of Los Angeles (the "County") on behalf of the District at the District's request, will not have issued, without the prior written consent of the Representative, any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(g) Continuing Disclosure. At or prior to the Closing, the District shall have duly authorized, executed and delivered the Continuing Disclosure Certificate on behalf of each obligated person for which financial and/or operating data is presented in the Official Statement. The Continuing Disclosure Certificate shall comply with the provisions of the Rule and be substantially in the form attached to the Preliminary Official Statement and Official Statement as APPENDIX G. Except as otherwise disclosed in the Official Statement, the District has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events with respect to the last five years.

(h) Official Statement Accurate and Complete. The Preliminary Official Statement as of its date did not contain any untrue statement of a material fact, or omit to

state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading and the Official Statement as if its date and as of the Closing date will not contain any untrue statement of a material fact, or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(i) Financial Information. The financial statements of, and other financial information regarding the District contained in the Official Statement fairly present the financial position of the District as of the dates and for the periods therein set forth, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, (ii) the unaudited financial statements (if any) have been prepared on a basis substantially consistent with the audited financial statements included in the Official Statement and reflect all adjustments necessary to that affect, and (iii) the other financial information has been determined on a basis substantially consistent with that of the District's audited financial statements included in the Official Statement.

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

8. [Intentionally Left Blank].

9. Covenants of the District. The District covenants and agrees with the Representative that:

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

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

(c) Official Statement. The District hereby agrees to deliver or cause to be delivered to the Representative, not later than the seventh (7th) business day following the date this Purchase Contract is signed, and in any event in sufficient time to accompany customer confirmations requesting payment, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Representative and the District (i) in "designated electronic format" (as defined in Rule G-32 of the MSRB) (such Official Statement with such changes, if any, and including the cover page and all appendices,

exhibits, maps, reports and statements included therein or attached thereto being called the "Official Statement"), and (ii) in printed format in such reasonable quantities as may be requested by the Representative not later than five (5) business days following the date this Purchase Contract is signed, in order to permit the Representative to comply with paragraph (b) (4) of the Rule and with the rules of the Municipal Securities Rulemaking Board. The District hereby authorizes the Underwriters to use and distribute the Official Statement in connection with the offering and sale of the Bonds;

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

(e) Amendments to Official Statement. If at any time prior to twenty-five (25) days following the "end of the underwriting period" (as defined in Rule 15c2-12) or until such time (if earlier) as the Underwriters shall no longer hold any of the Bonds for sale, the District will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Representative shall object in writing or which shall be disapproved by the Representative; and if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of the Representative, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance reasonably satisfactory to the Representative) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. The District shall be entitled to presume that unless otherwise notified by the Representative in writing, the end of the underwriting period shall be the date of the Closing.

10. Conditions to Closing. The Representative has entered into this Purchase Contract in reliance upon the representations and warranties of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Representative's obligations under this Purchase Contract are and shall be subject at the option of the Representative, to the following further conditions at the Closing:

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

(b) Obligations Performed. At the time of the Closing, (i) the Official Statement, this Purchase Contract, the Resolution and the Continuing Disclosure Certificate shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by us; (ii) all actions under the Act which, in the opinion of Hawkins Delafield & Wood LLP and Luna & Glushon, as co-bond counsel (collectively, “Bond Counsel”), shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the District shall perform or have performed all of its obligations required under or specified in the Resolution, this Purchase Contract, the Continuing Disclosure Certificate or the Official Statement to be performed at or prior to the Closing;

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

(d) Termination. The Representative shall have the right to terminate in its absolute discretion the Representative’s obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Bonds by notifying the District of its election to do so if, after the execution hereof and prior to the Closing:

(1) (i) Legislation (including any amendment thereto) shall have been introduced in or adopted by either House of the Congress of the United States or recommended to the Congress or otherwise endorsed for passage by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or legislation is proposed for consideration by either such committee by any member thereof or presented as an option for consideration by either such committee by the staff of such committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or a bill to amend the Internal Revenue Code shall be filed in either house, or (ii) a decision shall have been rendered by any federal or state court, or (iii) an order, filing, ruling or regulation shall have been issued or proposed by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or any other agency of the United States, or (iv) a release or official statement shall have been issued by the President of the United States or by the Treasury Department of the United States or by the Internal Revenue Service, the effect of which, in any such case described in clause (i), (ii), (iii), or (iv), would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds or upon income of the general character to be derived by the District, other than as imposed on the Bonds and income therefrom under the federal tax laws in effect on the date hereof, in such a manner as in the reasonable judgment of the Representative

would make it impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(2) any action shall have been taken by the Securities and Exchange Commission or by a court which would require registration of any security under the Securities Act of 1933, as amended, or qualification of any indenture under the Trust Indenture Act of 1939, as amended, in connection with the public offering of the Bonds, or any action shall have been taken by any court or by any governmental authority suspending the offering or sale of the bonds or the use of the Official Statement or any amendment or supplement thereto, or any proceeding for that purpose shall have been initiated or threatened in any such court or by any such authority;

(3) (i) the Constitution of the State of California shall be amended or an amendment shall be proposed, or (ii) legislation shall be enacted, or (iii) a decision shall have been rendered as to matters of California law, or (iv) any order, ruling or regulation shall have been issued or proposed by or on behalf of the State of California by an official, agency or department thereof, affecting the tax status of the District, its property or income, its notes or bonds (including the Bonds) or the interest thereon, which in the reasonable judgment of the Representative would make it impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(4) (i) trading generally shall have been suspended or materially limited on or by, as the case may be, any of the New York Stock Exchange, the National Association of Securities Dealers, Inc, (ii) trading of any securities of the District shall have been suspended on any exchange or in any over-the-counter market, (iii) a general moratorium on commercial banking activities in New York shall have been declared by either Federal or New York State authorities, (iv) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred; or (v) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis that, in the judgment of the Representative, is material and adverse and in the case of any of the events specified in clauses (i) through (v), such event singly or together with any other such event makes it, in the reasonable judgment of the Representative, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(5) the withdrawal or downgrading, or any notice shall have been given of any intended or potential downgrading, of any rating of the District's outstanding indebtedness by a national rating agency which makes it, in the reasonable judgment of the Representative, impracticable to market the Bonds on the terms and in the manner contemplated in the Official Statement;

(6) the purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority,

board, agency or commission; or a court of competent jurisdiction rules that the issuance of the Bonds would not be valid; or

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

(e) Delivery of Documents. At or prior to the date of the Closing, the Representative shall receive three copies of the following documents in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriters:

(1) Bond Opinions. The approving opinions of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing, addressed to the District, in substantially the form set forth as APPENDIX F of the Official Statement;

(2) Reliance Letter. A reliance letter from Bond Counsel addressed to the Representative to the effect that the Underwriters can rely upon the approving opinion described in (e)(1) above;

(3) Supplemental Opinion of Bond Counsel. A supplemental opinion of Bond Counsel in form and substance satisfactory to the Representative, dated the Closing Date and addressed to the District and the Representative, to the effect that:

(i) the description of the Bonds and the security for the Bonds and statements in the Official Statement on the cover page thereof and under the captions "THE BONDS" (excluding any and all information relating to DTC and its book-entry system"), "SECURITY AND SOURCES OF PAYMENT – General Description" and "TAX MATTERS," to the extent they purport to summarize certain provisions of the Resolution and the Continuing Disclosure Certificate, fairly and accurately summarize the matters purported to be summarized therein;

(ii) assuming due authorization, execution and delivery by all the parties thereto, the Continuing Disclosure Certificate and this Purchase Contract have each been duly authorized, executed and delivered by the respective parties thereto and constitute legal, valid and binding agreements of the District and are enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and except as their enforcement may be subject to the application of equitable principles

and the exercise of judicial discretion in appropriate cases if equitable remedies are sought; and

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

(4) Disclosure Counsel Opinion. An opinion, dated the Closing Date and addressed to the District and the Representative, of Hawkins Delafield & Wood LLP, as disclosure counsel (“Disclosure Counsel”), to the effect that, without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, but on the basis of their participation in conferences with representatives of the District, the Representative and others, and their examination of certain documents, nothing has come to their attention which has led them to believe that the Official Statement (except for any financial, statistical or demographic information, information relating to DTC and its book-entry system contained in the Official Statement, in “Appendix E – Book-Entry System” and in “Appendix F – Proposed Form of Opinion of Bond Counsel” as of its date and as of the Closing Date contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(5) Certificate of the District. A certificate signed by an appropriate official of the District to the effect that (i) such official is authorized to execute this Purchase Contract, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the Resolution, the Continuing Disclosure Certificate and this Purchase Contract to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such District official has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, (v) the Bonds being delivered on the date of the Closing to the Representative under this Purchase Contract substantially conform to the descriptions thereof contained in the Resolution, and (vi) no consent of the auditor is required for the inclusion of the District’s 2010-11 Audited Financial Statement as an appendix to the Official Statement;

(6) Tax-Certificate. A tax certificate of the District in form satisfactory to Bond Counsel;

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

- (i) such copies are true and correct copies of the District Resolution; and
- (ii) the District Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing.

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

(9) Ratings. Evidence satisfactory to the Representative that the Bonds shall have been rated “_____” and “_____,” respectively, by Standard & Poor’s and Moody’s and that any such ratings have not been revoked or downgraded.

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

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

11. Conditions to Obligations of the District. The performance by the District of its obligations is conditioned upon (i) the performance by the Representative of its obligations hereunder; and (ii) receipt by the District and the Representative of opinions and certificates being delivered at the Closing by persons and entities other than the District.

12. Expenses. To the extent the transactions contemplated by this Purchase Contract are consummated, the District shall pay all costs of issuance of the Bonds, including but not limited to the following costs of issuance: (i) the cost of the preparation and reproduction of the Resolution; (ii) the fees and disbursements of Bond Counsel and Underwriter Counsel; (iii) the

cost of the preparation, printing and delivery of the Bonds; (iv) the fees, if any, for Bond ratings, including all necessary travel expenses (including those of the Underwriters); (v) the cost of the printing and distribution of the Preliminary Official Statement and the Official Statement; (vi) the initial fees, if any, of the Paying Agent; (vii) the bond insurance premium, if any; and (viii) all other fees and expenses incident to the issuance and sale of the Bonds.

13. Notices. Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the District, to the Superintendent, Centinela Valley Union High School District, 14901 South Inglewood Avenue, Lawndale, California 90260 or if to the Underwriters, to Piper Jaffray & Co., 2321 Rosecrans Ave., Suite 3200, El Segundo, CA 90245.

14. Parties in Interest; Survival of Representations and Warranties. This Purchase Contract when accepted by the District in writing as heretofore specified shall constitute the entire agreement among the District and the Representative. This Purchase Contract is made solely for the benefit of the District and the Representative (including the successors or assigns of the Representative). No person shall acquire or have any rights hereunder or by virtue hereof. All representations, warranties and agreements of the District in this Purchase Contract shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Representative, (b) delivery of and payment by the Underwriters for the Bonds hereunder, and (c) any termination of this Purchase Contract.

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

Very truly yours,

PIPER JAFFRAY & CO., as
representative of the Underwriters

By: _____
Authorized Officer

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

**CENTINELA VALLEY UNION HIGH
SCHOOL DISTRICT**

By: _____
Superintendent

Time of Execution: _____

**APPENDIX A
MATURITY SCHEDULES**

CURRENT INTEREST BONDS

Maturity Date <u>(August 1)</u>	Original <u>Par Amount</u>	Interest <u>Rate</u>	Price or <u>Yield</u>
--	---------------------------------------	---------------------------------	----------------------------------

CAPITAL APPRECIATION SERIAL BONDS

Maturity Date <u>(August 1)</u>	Original <u>Par Amount</u>	Original <u>Accretion Rate</u>	Reoffering <u>Price</u>	Maturity <u>Value</u>
--	---------------------------------------	---	------------------------------------	----------------------------------

CAPITAL APPRECIATION TERM BONDS

Maturity Date <u>(August 1)</u>	Original <u>Par Amount</u>	Original <u>Accretion Rate</u>	Reoffering <u>Price</u>	Maturity <u>Value</u>
--	---------------------------------------	---	------------------------------------	----------------------------------

Terms of Redemption

Optional Redemption. The Current Interest Bonds maturing on or before August 1, 20__, will not be subject to redemption prior to their respective stated maturity dates. The Current Interest Bonds maturing on or after August 1, 20__, will be subject to redemption prior to their stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20__, at a redemption price equal to 100% of the principal amount thereof, together with accrued interest, if any, to the redemption date.

The Capital Appreciation Bonds maturing on or before August 1, 20__, will not be subject to redemption prior to their respective stated maturity dates. The Capital Appreciation Bonds maturing on or after August 1 20__, may be redeemed before maturity, at the option of the District, from any source of available funds, in whole or in part on any date on or after August 1 20__ at a redemption price equal to 100% of the Accreted Value thereof, together with accrued interest, if any, to the redemption date.

Mandatory Sinking Fund Redemption. The Current Interest Bonds maturing on August 1, 20__ (the “20__ Term Current Interest Bonds”) are subject to mandatory sinking fund redemption prior to the stated maturity in part at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium, in the principal amounts and on the dates as follows:

20__ Term Current Interest Bonds

Mandatory Redemption Date (<u>August 1</u>)	Mandatory Sinking Fund Payment
--	---

In the event that a portion of the 20__ Term Bond is optionally redeemed, the principal amount of each remaining sinking fund payment shown above will be reduced as directed by the District in the aggregate amount equal to the amount so redeemed.

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

Mandatory Redemption Date (August 1)	Accreted Value
---	-----------------------

EXHIBIT C

FORM OF PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE – BOOK-ENTRY ONLY

Ratings:

Moody's: “ ___ ”

S&P: “ ___ ”

See “MISCELLANEOUS – Ratings” herein.

In the opinion of Hawkins Delafield & Wood LLP, Los Angeles, California and Luna & Glushon, Los Angeles, California, Co-Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with tax covenants described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Co-Bond Counsel to the District, under existing statutes, interest on the Bonds is exempt from personal income taxes imposed by the State of California. See “TAX MATTERS” herein.

**[\$[Principal Amount]*
CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
(County of Los Angeles, California)
General Obligation Bonds
Election of 2010, 2012 Series B**

Dated: Date of Delivery

Due: As shown on inside cover

The Centinela Valley Union High School District (the “District”) is issuing its \$[Principal Amount]* General Obligation Bonds Election of 2010, 2012 Series B (the “Bonds”). The Bonds are general obligation bonds approved by voters within the District and are payable from *ad valorem* property taxes levied by the County of Los Angeles (the “County”) on taxpayers within the District, which the Board of Supervisors of the County is empowered and obligated to levy without limitation of rate or amount upon all property within the District subject to taxation by the District (except as to certain personal property which is taxable at limited rates), all as more fully described herein. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

The Bonds are being issued to finance school facilities projects, as more fully described herein, and to pay the costs of issuance incurred in connection with the issuance of the Bonds. See “INTRODUCTION - Expected Use of Bond Proceeds” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

The Bonds will be issued as current interest bonds (the “Current Interest Bonds”) and capital appreciation bonds (the “Capital Appreciation Bonds”). Interest on the Current Interest Bonds is payable on February 1 and August 1 of each year, commencing on August 1, 2012. The Capital Appreciation Bonds accrete interest from their date of delivery, compounded semiannually on February 1 and August 1 of each year, commencing on August 1, 2012, and will be payable solely at maturity.

The Bonds will be initially issued in book-entry form only, in denominations of \$5,000 principal amount and Maturity Value, or integral multiples thereof, and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Owners will not receive certificates representing their interests in the Bonds. Payments of principal and Accreted Value of, premium, if any, and interest on the Bonds will be made by U.S. Bank National Association, as agent for the Treasurer and Tax Collector of the County of Los Angeles, California, the initial Paying Agent for the Bonds to DTC, which is obligated to remit such payments to its DTC Participants for subsequent disbursement to the beneficial owners of the Bonds. See APPENDIX E – “BOOK-ENTRY ONLY SYSTEM” attached hereto.

The Bonds are subject to redemption prior to their stated date of maturity as described herein. See “THE BONDS – Redemption of the Bonds” herein.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF THE SECURITY OR TERMS OF THIS ISSUE. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds will be offered when, as and if issued by the District and received by the Underwriters, subject to the approval of legality by Hawkins Delafield & Wood LLP, Los Angeles, California, and Luna & Glushon, Los Angeles, California, Co-Bond Counsel. Certain legal matters will also be passed upon for the District by its Disclosure Counsel, Hawkins Delafield & Wood LLP, Los Angeles, California, and for the Underwriters by their counsel, Nossaman LLP, Irvine, California. Keygent LLC, is

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the substitution of an offer to buy, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any jurisdiction.

serving as Financial Advisor to the District in connection with the issuance of the Bonds. The Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York on or about [Closing Date].

Cabrera Capital Markets, LLC

Piper Jaffray & Co.

Dated: _____, 2012

\$[Principal Amount]^{*}
CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
General Obligation Bonds
Election of 2010, 2012 Series B

**MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS
AND CUSIP NUMBERS**

\$ _____ **Current Interest Bonds**
Base CUSIP Number[†]: 152339

<u>Maturity Date</u> (August 1)	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP Suffix</u>
	\$	%	%	%	

\$ _____ % Bonds due August 1, 20__ - Yield: _____%; Price: _____% CUSIP: 152339 _____
 \$ _____ % Bonds due August 1, 20__ - Yield: _____%⁽¹⁾; Price: _____% CUSIP: 152339 _____

⁽¹⁾ Yield to call at par on August 1, 20__.*

\$ _____ **Capital Appreciation Bonds**
Base CUSIP Number: 152339

<u>Maturity Date</u> (August 1)	<u>Initial Principal Amount</u>	<u>Accretion Rate</u>	<u>Yield</u>	<u>Maturity Value</u>	<u>CUSIP Suffix</u>
	\$	%	%	\$	

* Preliminary, subject to change.

[†] CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP data herein is set forth for convenience of reference only. The District, the Paying Agent, the Financial Advisor and the Underwriters assume no responsibility for the selection or uses of the CUSIP numbers or for the accuracy or correctness of such data. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Offered Bonds as a result of various subsequent actions.

No dealer, broker, salesperson or other person has been authorized by the District or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such information or representation must not be relied upon as having been authorized by any of the foregoing.

The information contained herein has been obtained from sources that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE BONDS THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL BONDS TO CERTAIN DEALERS AND BANKS AT PRICES LOWER THAN THE INITIAL PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGES HEREOF AND SAID INITIAL PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE DISTRICT RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

When used in this Official Statement or in any continuing disclosure by the District, in any press release by the District or in any oral statement made with the approval of an authorized officer of the District, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward-looking statements.” Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The CUSIP data set forth on the inside cover pages of and throughout this Official Statement is provided by Standard & Poor’s CUSIP Service Bureau, a Division of the McGraw-Hill Companies, Inc., and is set forth herein for convenience of reference only. The District, Financial Advisor and the Underwriters do not assume responsibility for the accuracy of such data. Further, CUSIP is a copyright of the American Bankers Association.

The District maintains a website at www.centinela.k12.ca.us. However, the information presented there is not part of this Official Statement, is not incorporated by reference herein and should not be relied upon in making an investment decision with respect to the Bonds.

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT

BOARD OF EDUCATION

Member	Term Ending
Rocio C. Pizano, President	November 2013
Maritza R. Molina, Vice President	November 2013
Hugo M. Rojas II, Clerk	November 2013
Gloria A. Ramos, Member	November 2015
Lorena L. Gonzalez, Member	November 2015

DISTRICT OFFICIALS

Jose A. Fernandez, Superintendent
Ron Hacker, Interim Assistant Superintendent, Business Services

CO-BOND COUNSEL

Hawkins Delafield & Wood LLP
Los Angeles, California

Luna & Glushon
Los Angeles, California

DISCLOSURE COUNSEL

Hawkins Delafield & Wood LLP
Los Angeles, California

FINANCIAL ADVISOR

Keygent LLC
El Segundo, California

PAYING AGENT

U.S. Bank National Association, as agent for the
Treasurer and Tax Collector of the County of Los Angeles
Los Angeles, California

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§[Principal Amount]*
CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
(County of Los Angeles, California)
General Obligation Bonds
Election of 2010, 2012 Series B

INTRODUCTION

This Introduction is only a brief description of, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page through the appendices hereto, and the documents summarized or described herein. The offering of the Bonds to potential investors is made only by means of the entire Official Statement. A full review should be made of the entire Official Statement.

General

This Official Statement, which includes the cover page through the appendices hereto, is provided to furnish information in connection with the issuance of general obligation bonds of the Centinela Valley Union High School District (the “District”). The District is issuing its §[Principal Amount]* General Obligation Bonds Election of 2010, 2012 Series B (the “Bonds”).

The Bonds will be issued pursuant to provisions of Article 4.5 of Chapter 3, Part 1, Division 2, Title 5 (commencing at Section 53506) of the California Government Code (the “Act”), the Measure CV (2010) Authorization (defined herein) and a resolution adopted by the Board of Education of the District (the “District Board”) on April 24, 2012 (the “District Resolution”).

Security and Sources of Payment for the Bonds

The Bonds are general obligation bonds approved by voters within the District and are payable from *ad valorem* property taxes levied by the County of Los Angeles (the “County”) on behalf of the District on taxpayers within the District. The Board of Supervisors of the County has the power and is obligated under State law pursuant to the authority granted by voters of the District relating to a ballot proposition approved by at least 55% of voters of the District voting on such proposition at the November 2, 2010 election (the “Measure CV (2010) Authorization”) to annually levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal and Accreted Value (defined herein) of, and premium, if any, and interest on the Bonds. Such *ad valorem* property taxes are deposited with the County for the account of the District and applied only to pay the principal and Accreted Value of, and premium, if any, and interest on the District’s general obligation bonds, including the Bonds. The District does not receive such funds nor are they available to pay any of the District’s operating expenses. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

The District

The District is located in the western section of the County in the State of California (the “State”) and includes virtually all of the City of Lawndale, a portion of the City of Hawthorne, and unincorporated

* Preliminary. subject to change.

territory in the community of Lennox, which includes residential and industrial areas. The District serves a population of approximately _____ residents. See APPENDIX C – “REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION” for information regarding the County and the region encompassing the District.

The District was formed in 1905 as the Inglewood Union High School District and became the Centinela Valley Union High School District in 1944. The District’s average daily attendance for Fiscal Year 2011-12 is estimated to be 6,182. In the current fiscal year, the District estimates it will serve approximately 6,713 K-12 and adult students. The District currently operates four comprehensive high schools, a continuation school and an adult school. In addition, as of June 30, 2011, there were zero affiliated charter schools operated by the District and three fiscally independent charter schools that are high schools within the District’s boundaries.

The District is governed by a five-member Board of Education (the “Board”), each member of which is elected to a four-year term. The District conducts elections for positions on the Board every two years, such that the voters will elect a Board member for either two or three available positions. The management and policies of the District are administered by a Superintendent who is appointed by the Board and responsible for day-to-day District operations supervision of the District’s personnel. Jose A. Fernandez is currently serving as the Superintendent of the District.

Additional information on the District is provided in Appendices C and D hereto. See APPENDIX C – “DISTRICT FINANCIAL INFORMATION” and APPENDIX D – “SELECTED INFORMATION FROM AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2011” attached hereto.

The Bonds

The Bonds will be initially issued in book-entry form only, in denominations of \$5,000 principal amount or Maturity Value (defined herein) or integral multiples thereof, and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). The Bonds will be issued as current interest bonds (the “Current Interest Bonds”) and capital appreciation bonds (the “Capital Appreciation Bonds”). The principal of the Current Interest Bonds is payable on the maturity dates set forth on the inside cover page of this Official Statement or upon the earlier redemption thereof, as described herein. Interest on the Current Interest Bonds is payable on February 1 and August 1 of each year (each, an “Interest Payment Date”), commencing on August 1, 2012.

The Capital Appreciation Bonds accrete interest from their date of delivery, compounded semi-annually, on _____ 1 and _____ 1 of each year, commencing ____ 1, 20__, and will be payable solely at maturity. The Maturity Value (the “Maturity Value”) of each Capital Appreciation Bonds is equal to its accreted value upon the maturity thereof, being comprised of its initial purchase price and the accreted interest between the delivery date and its respective maturity date.

The Convertible CABs will initially be issued as Capital Appreciation Bonds and will convert to Current Interest Bonds on _____ 1, 20__ (the “Conversion Date”). Prior to the Conversion Date, the Convertible CABs will not pay current interest, but will accrete in value from initial amounts on the date of delivery thereof to the Conversion Date (the “Conversion Value”). Prior to the Conversion Date, interest on the Convertible CABs will be compounded on _____ 1 and _____ 1 of each year, commencing ____ 1, 20__. No payment of interest will be made to the owners of Convertible CABs prior to or on the Conversion Date. From and after the Conversion Date, the Convertible CABs will pay current interest, such interest to accrue based upon the Conversion Value of the Convertible CABs. Following the

Conversion Date, interest on the Convertible CABs will be on _____ 1 and _____ 1 of each year, commencing ____ 1, 20__.

The District’s General Obligation Bond Program

In March 2000, voters within the District approved a \$59.0 million general obligation bond authorization (the “Measure C Authorization”). The proceeds of the Measure C Authorization are designated for renovation and modernization of school facilities. On November 4, 2008, voters in the District approved a \$98 million general obligation bond authorization (the “Measure CV (2008) Authorization” and together with the Measure C Authorization and the Measure CV (2010) Authorization, the “Authorizations”). The proceeds of the Measure CV (2008) Authorization are designated for the repair and construction of schools, facilities, libraries, science and computer laboratories, the removal of mold and asbestos, and upgrades relating to fire safety. The proceeds of the Measure CV (2010) Authorization have been designated for the repair, acquisition and construction of local schools, sites and facilities, including libraries, classrooms, science labs and academic academies, the replacement of aging plumbing, heating, electrical and school security systems.

Prior to the issuance of the Bonds, a total of \$108.0 million of the \$255 million approved general obligation bonds have been issued pursuant to the Authorizations, with \$147.0 million remaining to be issued under the Authorizations as set forth in Table 1 below.

TABLE 1

**Centinela Valley Union High School District
General Obligation Bond Authorizations
Amounts and Dates Authorized, Amount Issued, Amount Unissued and Purposes**

Bond Authorization	Date Authorized by Voters	Amount Authorized (\$ Millions)	Amount Issued⁽¹⁾ (\$ Millions)	Amount Unissued (\$ Million)
Measure C	March 7, 2000	\$ 59.0	\$ 59.0	\$ 0.0
Measure CV (2008)	November 4, 2008	98.0	23.0	75.0
Measure CV (2010)	November 2, 2010	<u>98.0</u>	<u>26.0⁽²⁾</u>	<u>72.0⁽²⁾</u>
	Total	<u>\$255.0</u>	<u>\$ 108.0⁽²⁾</u>	<u>\$147.0⁽²⁾</u>

⁽¹⁾ See APPENDIX C – “DISTRICT FINANCIAL INFORMATION – District Financial Information – District Debt – General Obligation Bonds” attached hereto for the amount of outstanding general obligation bonds under the referenced Authorizations. Excludes general obligation refunding bonds.

⁽²⁾ Reflects amounts prior to the issuance of the Bonds.

Source: Centinela Valley Union High School District.

Expected Use of Bond Proceeds

A portion of the proceeds of the Bonds, after payment of costs of issuance therefor and certain related expenses, will fund school projects (collectively, the “Measure CV (2010) Projects”) approved by the Measure CV (2010) Authorization. The Bonds are comprised of authorized amounts set forth in Table 1 herein from the Measure CV (2010) Authorization. The payment of principal and Accreted Value of, premium, if any, and interest on the Bonds when due will be allocable in its entirety to the Measure CV (2010) Authorization. A complete description of the amounts allocable to the Measure CV (2010) Authorization is set forth in APPENDIX A – “ANNUAL DEBT SERVICE AND TABLE OF ACCRETED VALUES” attached hereto.

A portion of the proceeds of the Bonds will be applied to fund the costs of various components of the Measure CV (2010) Projects in accordance with the ballot measure for the Measure CV (2010) Authorization, which proposed: “To protect students from earthquakes; remove asbestos, lead paint, and other safety hazards from schools; and improve learning and academic achievement, shall the Centinela Valley Union High School District issue \$98,000,000 in bonds, at legal rates, to repair, acquire, and construct local schools, sites, and facilities, including libraries, classrooms, science labs, and academic academies; and replace aging plumbing, heating, electrical, and school security systems; with mandatory audits, independent citizen oversight, no money for administrator salaries, and all funds staying local?”

The Measure CV (2010) Authorization includes a number of specifically identified school facilities and other projects that may be funded with the proceeds of the Bonds, including, among other things: (a) school health and safety, earthquake safety and energy efficiency school projects; (b) school renovation, repair and upgrade projects; (c) District-wide wiring and instructional technology for effective learning environment projects; (d) childcare and after-school facilities projects; and (e) new construction, development and joint use projects.

Continuing Disclosure

The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (the “Annual Report”) for each fiscal year by not later than 9 months following the end of the District’s fiscal year (currently ending June 30) commencing with the Annual Report for Fiscal Year 2011-12, and to provide notices of the occurrence of certain enumerated events. The District will provide or cause to be provided the Annual Report and such notices to the Municipal Securities Rulemaking Board in the manner prescribed by the Securities and Exchange Commission (“SEC”). These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5) (the “Rule”). Reports and notices of event filings are available at the website of the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system, emma.msrb.org. The information presented on this website is not incorporated by reference in this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds. See “LEGAL MATTERS - Continuing Disclosure” herein. The information to be contained in the Annual Report and in a notice of event is set forth in APPENDIX G – “FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto.

Tax Matters

In the opinion of Hawkins Delafield & Wood LLP, Los Angeles, California and Luna & Glushon, Los Angeles, California, Co-Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with tax covenants described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code (as defined herein) and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Co-Bond Counsel to the District, under existing statutes, interest on the Bonds is exempt from personal income taxes imposed by the State of California. See “TAX MATTERS” and APPENDIX F – “PROPOSED FORM OF OPINIONS OF CO-BOND COUNSEL” attached hereto.

Other Information

This Official Statement contains brief descriptions of, among other things, the District, the District’s general obligation bond program, the District Resolution and certain matters relating to the

security for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to documents are qualified in their entirety by reference to such documents. Copies of such documents are available upon request to the Assistant Superintendent, Business Services at Centinela Valley Union High School District, 14901 South Inglewood Avenue, Lawndale, California 90260; telephone: (310) 263-3200, and, following delivery of the Bonds will be on file at the corporate trust office of U.S. Bank National Association, as agent for the Treasurer and Tax Collector of the County, the initial Paying Agent for the Bonds (the "Paying Agent"), in Los Angeles, California.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

<u>Estimated Sources of Funds</u>	
Principal Amount	\$
Net Original Issue Premium	_____
Total Sources	\$ <u>_____</u>
 <u>Estimated Uses of Funds</u>	
Building Fund	\$
Interest and Sinking Fund	
Costs of Issuance ⁽¹⁾	_____
Total Uses	\$ <u>_____</u>

⁽¹⁾ Includes fees of Co-Bond Counsel, the Disclosure Counsel, Underwriters' discount, the agent for the Paying Agent, the Financial Advisor, the rating agencies, the printer and other miscellaneous expenses.

THE BONDS

General Provisions

The Bonds will be issued in book-entry form only, without coupons, in denominations of \$5,000 principal amount or any integral multiple thereof (an "Authorized Denomination"), and, when issued, will be initially registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Bonds. The registered owners of the Bonds (the "Owners") will not receive physical certificates representing their interest in the Bonds purchased, except in the event that use of the book-entry system for the Bonds is discontinued. Payments of principal and Accreted Value of, premium, if any, and interest on the Bonds are payable by the Paying Agent to DTC, which is obligated in turn to remit such payments to its participants (the "DTC Participants") for subsequent disbursement to the beneficial owners of the Bonds. For information about the securities depository and DTC's book-entry system, see APPENDIX E – "BOOK-ENTRY ONLY SYSTEM" attached hereto.

The Bonds mature in the years indicated on the inside cover page hereof.

Interest on the Bonds

Interest on the Current Interest Bonds is payable on February 1 and August 1 of each year (each, an "Interest Payment Date"), commencing on August 1, 2012. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months. Each Current Interest Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless it is

In the event that a portion of the 20__ Term Current Interest Bond is optionally redeemed, the principal amount of each remaining sinking fund payment shown above will be reduced as directed by the District in the aggregate amount equal to the amount so redeemed.

The Current Interest Bonds maturing on August 1, 20__ (the “20__ Term Current Interest Bond”) are subject to mandatory sinking fund redemption prior to the stated maturity in part at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium, in the principal amounts and on the dates as follows:

Mandatory Redemption Date (August 1)	Mandatory Sinking Fund Payment
†	\$
† Maturity.	

In the event that a portion of the 20__ Term Current Interest Bond is optionally redeemed, the principal amount of each remaining sinking fund payment shown above will be reduced as directed by the District in the aggregate amount equal to the amount so redeemed.

Selection of Bonds for Redemption

If less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least 45 days prior to the date designated for such redemption, shall select Bonds for redemption in such order as the District may direct, or, in the absence of such direction, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption by lot; provided, however, that the Paying Agent shall select Bonds to be redeemed on the basis of a *pro rata* pass-through distribution of principal in accordance with DTC procedures and provided that, so long as the Bonds are held in book-entry form, the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of DTC then in effect and, if the DTC operational arrangements do not allow for redemption on the basis of a *pro rata* pass-through distribution of principal, the Bonds will be selected for redemption in accordance with DTC procedures, by lot. The portion of any Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof.

It is the District’s intent that redemption allocations made by DTC be made on the basis of a *pro rata* pass-through distribution of principal as described herein; however, the District is not a Direct or Indirect Participant in DTC and can provide no assurance to Owners that DTC will amend its operational arrangements to provide for such distribution.

Notice of Redemption

Notice of redemption of any Bond will be given by the Paying Agent. The Paying Agent will, upon written instruction from the District given at least 45 days prior to the date designated for such redemption, give notice (a “Redemption Notice”) of the redemption of the Bonds. Such Redemption Notice will specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price or Accreted Value; (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed; (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any

Bond to be redeemed in part only, the principal amount or Accreted Value, as appropriate, of such Bond to be redeemed; and (g) 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 will further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date and that from and after such date interest with respect thereto shall cease to accrue or accrete and be payable.

The Paying Agent will 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 will be given to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the registration books of the Paying Agent.

(b) In the event that the Bonds are no longer be held in book-entry only form, at least two days before the date of the notice required by clause (a) of this section, such Redemption Notice will be given by (i) first class mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to DTC and any other securities depository designated by the District in a notice to the Paying Agent.

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

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

Effect of Redemption

When notice of redemption has been given as described above, and the moneys for the redemption (including the interest to the applicable date of redemption) has been set aside for the payment of their redemption price, the Bonds to be redeemed will become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof has been given as described above, then from and after such redemption date, interest with respect to the Bonds to be redeemed will cease to accrue and become payable.

All money held by or on behalf of the Paying Agent for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed. All Bonds paid at maturity or redeemed prior to maturity will be cancelled upon surrender thereof and delivered to or upon the order of the District. All or any portion of a Bond purchased by the District will be cancelled by the Paying Agent upon written notice by the District given to the Paying Agent.

Defeasance

If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Owners of any or all outstanding Bonds, principal and Accreted Value of, premium, if any, and interest on such Bonds, at the times and in the manner provided in such Bonds and the District Resolution or as otherwise provided by law consistent therewith, then such Owners shall cease to be entitled to the obligation of the District described below under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - General Description" herein and such obligation and all agreements and covenants of the District and the County to such Owners under such Bonds and the District Resolution, as applicable, will thereupon be satisfied and discharged and will terminate, except only that the District will remain liable for payment of all principal and Accreted Value of, premium, if any, and interest on such Bonds, but only out of monies on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment.

Under the circumstances described below, all or any portion of the outstanding maturities of Bonds may be defeased prior to maturity in the following ways:

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

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

(3) by depositing with an institution to act as escrow agent selected by the District and which meets the requirements of serving as Paying Agent pursuant to the District Resolution, in trust, Defeasance Securities, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient, in the opinion of a verification agent, to pay and discharge all Bonds Outstanding at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; then all obligations of the District and the Paying Agent under this Resolution with respect to all Outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the District to pay to the Paying Agent amounts owing to the Paying Agent under the District Resolution;

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

Pursuant to the District Resolution, "Defeasance Securities" means: (1) Direct and general obligations of the United States of America (including state and local government series), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are

held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed "AAA" by Standard & Poor's or "Aaa" by Moody's Investors Service; and (2) Non-callable obligations of government sponsored agencies of the United States that are rated "AAA," by Standard & Poor's or "Aaa" by Moody's Investors Service but are not backed by the full faith and credit of the government of the United States.

Application and Investment of Bond Proceeds

The portion of the proceeds from the sale of the Bonds, exclusive of any premium and accrued interest received, that are being applied to finance new construction, acquisition, rehabilitation and upgrading of school facilities and acquisition of equipment will be deposited in the County Treasury to the credit of the Building Fund established pursuant to the District Resolution for the Bonds (collectively, the "Building Fund"). The District will have sole responsibility that such bond proceeds be used for the purpose for which the Bonds are being issued. Such net proceeds and interest earnings on the investment of moneys held in the Building Fund, except as required to be rebated to the Treasury Department, will be retained in the Building Fund and used only for expenditures eligible under the Measure CV (2010) Authorization. A portion of the proceeds from the sale of the Bonds will be used to pay underwriters' discount and costs of issuance. Any net premium received by the District from the sale of the Bonds will be deposited into the Interest and Sinking Fund See "INTRODUCTION - Expected Use of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein. Except as required to be rebated to the Treasury Department, interest earned on the investment of moneys held in the Interest and Sinking Fund will be retained in the Interest and Sinking Fund and used to pay interest on the Bonds when due.

All funds held by the County Treasurer on behalf of the District will be invested by the County Treasurer or its agent in the County Treasury Pool (see APPENDIX H – "THE LOS ANGELES COUNTY TREASURY POOL" attached hereto), the Local Agency Investment Fund, in the State treasury, any investment authorized pursuant to Sections 53601 and 56365 of the California Government Code, or in investment agreements, including guaranteed investment contracts, float contracts or other investment products (hereinafter collectively referred to as "Investment Agreements"); provided that such agreements comply with the requirements of Section 148 of the Code and with the requirements of each rating agency then rating the Bonds necessary in order to maintain the then-current rating on the Bonds. The County Treasurer disclaims responsibility to report, reconcile or monitor the investment of proceeds related to the Bonds except for any proceeds related to the Bonds that have been invested in the County Treasury Pool.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General Description

The Bonds are general obligation bonds approved by voters within the District and are payable from *ad valorem* property taxes levied by the County on taxpayers within the District. The Board of Supervisors of the County has the power and is obligated under State law pursuant to the authority granted by voters of the District relating to the Measure CV (2010) Authorization to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal and Accreted Value of, premium, if any, and interest on the Bonds. Such *ad valorem* property taxes are deposited with the County and applied only to pay the principal and Accreted Value of and premium, if any, and interest on the Bonds. Such taxes are in addition to other taxes levied upon property

within the District. Such taxes, when collected, will be placed by the County in the Interest and Sinking Fund, which is required to be maintained by the County, and such taxes will be used solely for the payment of principal and Accreted Value of, premium, if any, and interest on such Bonds.

California Constitutional and Statutory Provisions Relating to *Ad Valorem* Property Taxes

On June 6, 1978, California voters approved Proposition 13, adding Article XIII A to the California Constitution. Article XIII A, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean “the county assessor’s valuation of real property as shown on the 1975/76 tax bill under ‘full cash value,’ or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data for the area under taxing jurisdiction, or reduced in the event of declining property value caused by substantial damage, destruction or other factors including a general economic downturn. Any reduction in assessed value is temporary and may be adjusted for any given year by the assessor of such county. The assessed value increases to its pre-reduction level (escalated to the annual inflation rate of no more than two percent) following the year(s) for which the reduction is applied. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value except that additional taxes may be levied to pay (i) debt service on indebtedness approved by the voters prior to July 1, 1978, (ii) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition; and (iii) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the school district or community college district, but only if certain accountability measures are included in the proposition.

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of “base” revenue from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation the following year. The District is unable to predict the nature or magnitude of future revenue sources which may be provided by the State to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Separate *ad valorem* property taxes to pay voter approved indebtedness such as the Bonds are levied by the County on behalf of the local agencies. Article XIII A effectively prohibits the levying of

any other *ad valorem* property tax above the Proposition 13 limit except for taxes to support such indebtedness.

The full cash value of taxable property under Article XIII A represents the maximum taxable value for property. Accordingly, the fair market value for a given property may not be the equivalent of the full cash value under Article XIII A. During periods in which the real estate market within the District evidences an upward trend, the fair market value for a given property, which has not been reappraised due to a change in ownership, may exceed the full cash value of such property. During periods in which the real estate market demonstrates a downward trend, the fair market value of a given property may be less than the full cash value of such property and the property owner may apply for a “decline in value” reassessment pursuant to Proposition 8. Reassessments pursuant to Proposition 8, if approved by the Office of the County Assessor, lower valuations of properties (where no change in ownership has occurred) if the current value of such property is lower than the full cash value of record of the property. The value of a property reassessed as a result of a decline in value may change, but in no case may its full cash value exceed its fair market value. When and if the fair market value of a property which has received a downward reassessment pursuant to Proposition 8 increases above its Proposition 13 factored base year value, the Office of the County Assessor will enroll such property at its Proposition 13 factored base year value.

All taxable property is shown at full cash value on the tax rolls. The tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of cash value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Assessed Valuation of Property within the District

As required by State law, the District uses the services of the County for the assessment and collection of taxes for District purposes. District taxes are collected at the same time and on the same tax rolls as are County, City of Los Angeles, California and other local agency and special district taxes.

State law exempts \$7,000 of the full cash value of an owner-occupied dwelling from property tax, but this exemption does not result in any loss of revenue to local entities because an amount equivalent to the taxes which would have been payable on such exempt values is paid by the State to the County for distribution to local agencies.

The County levies property taxes on behalf of taxing agencies in the County for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (the “Supplemental Assessment”). In such instances, the property is reassessed and a supplemental tax bill is sent to the new owner based on the new value prorated for the balance of the tax year. Accordingly, each school district is to receive allocations of revenue from such Supplemental Assessments (such allocations to be from amounts remaining after allocations to each redevelopment agency in the County in connection with the 1% levy) and, in accordance with various apportionment factors, to the County, the County superintendent of schools, each community college district, each city and each special district within the County.

Under State law, a property owner can file a claim for a temporary reduction in assessed value when a property suffers a decline-in-value, which is deemed to have occurred when the current market value of the property is less than the assessed value as of January 1. The property is subject to annual review of a temporary decline-in-value reassessment granted for the prior assessment year.

In Fiscal Year 2011-12, the District's total secured and unsecured assessed valuation was approximately \$14,063,551,668, which is an increase of approximately 0.10% from the prior fiscal year. The assessed valuation of property in the District from Fiscal Years 2007-08 through 2011-12 is set forth in the following Table 2 at 100% of the "full cash value" of the property, as defined in Article XIII A of the California Constitution.

TABLE 2

**Centinela Valley Union High School District
Historical Gross Assessed Valuation of Taxable Property
Fiscal Years ended June 30, 2008 through June 30, 2012**

Fiscal Year Ended June 30	Secured	Utility	Unsecured	Total
2008	\$11,922,171,492	\$5,272,659	\$1,323,148,060	\$13,250,592,211
2009	12,775,995,018	5,272,659	1,402,223,855	14,183,491,532
2010	12,919,646,140	3,064,698	1,454,107,491	14,376,818,329
2011	12,517,744,357	3,185,254	1,529,086,231	14,050,015,842
2012	12,684,274,200	3,437,577	1,375,834,891	14,063,551,668

Source: California Municipal Statistics, Inc.

The following Table 3 sets forth the assessed valuation by land use of property within the District in Fiscal Year 2011-12.

TABLE 3

**Centinela Valley Union High School District
Assessed Valuation and Parcels by Land Use**

	<u>Fiscal Year 2011-12 Assessed Valuation⁽¹⁾</u>	<u>% of Total</u>	<u>No. of Parcels</u>	<u>% of Total</u>
Non-Residential:				
Commercial	\$	%		%
Vacant Commercial				
Industrial				
Vacant Industrial				
Recreational				
Government/Social/Institutional				
Miscellaneous				
Subtotal Non-Residential	<u>\$</u>	%		%
Residential:				
Single Family Residence	\$	%		%
Condominium/Townhouse				
2 Residential Units/Duplex				
3 Residential Units				
4 Residential Units				
5+ Residential Units/Apartments				
Vacant Residential				
Subtotal Residential	<u>\$</u>	<u>%</u>		<u>%</u>
Total	<u>\$</u>	<u>100.00%</u>		<u>100.00%</u>

⁽¹⁾ Local Secured Assessed Valuation for Fiscal Year 2011-12; excluding tax-exempt property, local utility and non-unitary valuations.

Source: California Municipal Statistics, Inc.

The following Table 4 sets forth the distribution of single-family homes within the District within various assessed valuation ranges in Fiscal Year 2011-12.

TABLE 4

**Centinela Valley Union High School District
Per Parcel 2011-12 Assessed Valuations of Single Family Homes**

	<u>No. of Parcels</u>	<u>2011-12 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>		
Single Family Residential		\$	\$	\$		
<u>2011-12 Assessed Valuation</u>	<u>No. of Parcels⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 -\$24,999		%	%	\$	%	%
\$25,000 -\$49,999						
\$50,000 -\$74,999						
\$75,000 -\$99,999						
\$100,000 -\$124,999						
\$125,000 -\$149,999						
\$150,000 -\$174,999						
\$175,000 -\$199,999						
\$200,000 -\$224,999						
\$225,000 -\$249,999						
\$250,000 -\$274,999						
\$275,000 -\$299,999						
\$300,000 -\$324,999						
\$325,000 -\$349,999						
\$350,000 -\$374,999						
\$375,000 -\$399,999						
\$400,000 -\$424,999						
\$425,000 -\$449,999						
\$450,000 -\$474,999						
\$475,000 -\$499,999						
\$500,000 and greater						
Total		%		\$	%	

⁽¹⁾ Improved single family residential parcels. Excludes condominiums and parcels with multiple family units such as apartment buildings.

Source: California Municipal Statistics, Inc.

Tax Rates, Levies, Collections and Delinquencies

Taxes are levied for each Fiscal Year on taxable real and personal property as of the preceding January 1. Real property that changes ownership or is newly constructed is revalued at the time the change occurs or the construction is completed. The current year property tax rate is applied to the reassessed value, and the taxes are then adjusted by a proration factor that reflects the portion of the remaining tax year for which taxes are due. The annual tax rate is based on the amount necessary to pay all obligations payable from *ad valorem* property taxes and the assessed value of taxable property in a given year. Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by natural or manmade disaster such as earthquake, flood, toxic dumping, etc., could

cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal and Accreted Value of and interest on the District's outstanding general obligation bonds.

For assessment and collection purposes, property is classified as either "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing property (real or personal) the taxes on which are a lien sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is listed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Properties on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then may be sold at public auction by the County Treasurer and Tax Collector.

Property taxes on the unsecured roll are due in one payment on the January 1 lien date and become delinquent after August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Proposition 13 and its implementing legislation impose the function of property tax allocation on counties in the State and prescribe how levies on countywide property values are to be shared with local taxing entities within each county. The limitations in Proposition 13, however, do not apply to *ad valorem* property taxes or special assessments to pay the interest and redemption charges on indebtedness, like its general obligation bonds, approved by the voters.

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions that serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas, which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County. See "California Constitutional and Statutory Provisions Relating to *Ad Valorem* Property Taxes" herein.

California Government Code Sections 29100 through 29107 provide the procedures that all counties must follow for calculating tax rates. The secured tax levy within the District consists of the District's share of the 1% general *ad valorem* property and unitary taxes assessed on a County-wide basis and amounts levied that are in excess of the 1% general *ad valorem* property taxes. These tax receipts are part of the District's operations. In addition, the secured tax levy also includes the amount for the District's share of special voter-approved *ad valorem* property taxes assessed on a District-wide basis, such as the *ad valorem* property taxes assessed for the District's general obligation bonds issued pursuant

to the Measure CV (2008) Authorization and the Measure CV (2010) Authorization. *Ad valorem* property taxes levied for general obligation bonds are deposited with the County and applied only to pay the principal and Accreted Value of, premium, if any, and interest on the District’s general obligation bonds. The District does not receive such funds nor are they available to pay any of the District’s operating expenses. In addition, the total secured tax levy includes special assessments, improvement bonds, supplemental taxes or other charges which have been assessed on property within the District. Since State law allows homeowners’ exemptions (described above) and certain business exemptions from *ad valorem* property taxation, such exemptions are not included in the total secured tax levy. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - California Constitutional and Statutory Provisions Relating to *Ad Valorem* Property Taxes, District Revenues and Appropriations” herein.

Further, California Education Code Section 15251 provides that all taxes levied with respect to general obligation bonds when collected will be paid into the county treasury of the county whose superintendent of schools has jurisdiction over the school district on behalf of which the tax was levied, to the credit of the debt service fund (or interest and sinking fund) of the school district, and will be used for the payment of the principal and Accreted Value of and interest on the general obligations bonds of the school district and for no other purpose. Accordingly, the County may not borrow or spend such amounts nor can the District receive such funds and use them for operating purposes.

A representative tax rate area located within the District is Tax Rate Area 9851. Table 5 below sets forth the total *ad valorem* tax rates, including tax rates for the District’s general obligation, levied upon property owners by all taxing entities in Tax Rate Area 9851 from Fiscal Years 2007-08 through Fiscal Year 2011-12.

TABLE 5

**Centinela Valley Union High School District
Property Tax Rates
(Per \$100 of assessed value)
Fiscal Years 2007-08 through Fiscal Year 2011-12**

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
General ⁽¹⁾	%	%	%	%	%
Los Angeles County					
Los Angeles County Flood Control District					
Wiseburn School District					
Centinela Valley Union High School District ⁽¹⁾⁽²⁾					
El Camino Community College District					
The Metropolitan Water District of Southern California					
Total	%	%	%	%	<u>%</u>

⁽¹⁾ The District receives a portion of this District-wide tax with other overlapping agencies receiving their respective portion.

⁽²⁾ Reflects tax rate for general obligation bonds.

Source: California Municipal Statistics, Inc.

The following Table 6 sets forth secured tax charges and amounts and rates of delinquencies in the District from Fiscal Years ended June 30, 2007 through June 30, 2011.

TABLE 6

**Centinela Valley Union School District
Property Tax Levies and Delinquencies⁽¹⁾⁽²⁾
Fiscal Years 2006-07 to Fiscal Year 2010-11
(\$ in thousands)**

Fiscal Year Ended June 30	Secured Tax Charge	Amount Delinquent as of June 30	% Delinquent June 30
2007	\$2,994,492.79	\$92,923.65	3.10%
2008	3,656,982.11	155,262.24	4.25
2009	2,890,368.65	119,592.04	4.14
2010	3,745,503.67	85,852.86	2.29
2011	3,939,978.53	69,338.85	1.76

Fiscal Year Ended June 30	Secured Tax Charge	Amount Delinquent as of June 30	% Delinquent June 30
2007	\$12,512,337.81	\$469,290.71	3.75%
2008	13,875,588.13	689,597.89	4.97
2009	14,811,156.00	690,169.16	4.66
2010	15,010,416.92	512,520.02	3.41
2011	14,276,704.50	351,617.34	2.39

⁽¹⁾ Debt service levy only.

⁽²⁾ 1% general fund apportionment. Excludes redevelopment agency impounds. Reflects county-wide delinquency rate.

Source: California Municipal Statistics, Inc.

Largest Taxpayers in the District

The following Table 7 sets forth the twenty largest secured taxpayers in the District for Fiscal Year 2011-12.

TABLE 7

**Centinela Valley Union High School District
Largest Local Secured Taxpayers
Fiscal Year 2011-12**

	<u>Property Owner⁽¹⁾</u>	<u>Primary Land Use</u>	<u>Assessed Valuation</u>	<u>Total⁽²⁾</u>
1.	Continental Development Corp.	Office Building	\$ 521,233,203	3.32%
2.	Hughes Aircraft Co. / Hughes Space and Communications	Industrial	331,972,663	2.62
3.	Aerospace Corporation	Office Building	275,005,475	2.17
4.	Pacific Corporate Towers LLC	Office Building	162,058,456	1.28
5.	PES Partners LLC	Shopping Center	148,875,831	1.17
6.	Boeing Co.	Industrial	137,323,507	1.08
7.	Hines REIT El Segundo LP	Office Building	123,029,395	0.97
8.	Kilroy Realty Finance Partnership	Office Building	115,936,540	0.91
9.	CREA Windstar Pacific LLC	Apartments	97,680,669	0.77
10.	Northrop Corp.	Industrial	96,728,399	0.76
11.	Digital 2260 East El Segundo LLC	Office Building	89,063,891	0.70
12.	Realty Associates Funds	Office Building	86,150,000	0.68
13.	300 N. Sepulveda Owner LLC	Office Building	71,000,000	0.56
14.	Plaza CP LLC	Office Building	70,241,197	0.55
15.	Mattel Realty Corp.	Office Building	64,880,068	0.51
16.	Hearthstone Multi Asset Entity	Residential Development	59,937,128	0.47
17.	101 Continental Partners LLC	Office Building	52,910,988	0.42
18.	Costco Wholesale Corporation	Commercial	50,843,123	0.40
19.	LA4 LLC	Industrial	48,627,368	0.38
20.	BRCP 2160 Grand Avenue LLC	Office Building	<u>48,533,251</u>	<u>0.38</u>
			<u>\$2,552,031,152</u>	<u>20.12%</u>

⁽¹⁾ Excludes taxpayers with values derived from mineral rights or a possessory interest. Historically, among the top 10 taxpayers within the District are landowners with primary land use of oil and gas production, including Atlantic Richfield Company, Tosco Corporation and Ultramar Inc., which are not reflected in the table above.

⁽²⁾ Percentages reflect total 2011-12 local secured assessed valuation of \$14,063,551,668, based upon a calculation of the total secured assessed valuation less local utility and non-unitary valuations, as reported by California Municipal Statistics, Inc.

Source: California Municipal Statistics, Inc.

General Obligation Bond Program and Bonding Capacity

Voters within the District have approved a total of \$255 million of general obligation bonds in three separate bond elections since 2000. See “INTRODUCTION – The District’s General Obligation Bond Program” herein for additional information regarding the Measure C Authorization, the Measure CV (2008) Authorization, and the Measure CV (2010) Authorization. See APPENDIX C – “DISTRICT FINANCIAL INFORMATION – District Debt” for additional information regarding the District’s outstanding general obligation bonds.

Pursuant to Sections 15106 of the Education Code, the District's bonding capacity for general obligation bonds may not exceed 1.25% of taxable property value in the District as shown by the last equalized assessment of the County. Prior to the issuance of the Bonds the District's bonding capacity for general obligation bonds for Fiscal Year 2011-12 is approximately \$80 million.

TAX MATTERS

Opinion of Co-Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP and Luna & Glushon, Co-Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Co-Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Bonds, and Co-Bond Counsel has assumed compliance by the District with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Co-Bond Counsel to the District, under existing statutes, interest on the Bonds is exempt from personal income taxes imposed by the State of California.

Co-Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Bonds. Co-Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Co-Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on such Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a

particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a

compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification", or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Continuing Disclosure

The District has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") for each fiscal year by not later than 9 months following the end of the District's fiscal year (currently ending June 30) commencing with the Annual Report for Fiscal Year 2011-12, and to provide notices of the occurrence of certain enumerated events. The District will provide or cause to be provided the Annual Report and these notices to the Municipal Securities Rulemaking Board through its EMMA system, emma.msrb.org, in the manner prescribed by the SEC, although the information presented there is not

incorporated by reference in this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds. The specific nature of the information to be contained in the notices of events is set forth in APPENDIX G – “FORM OF CONTINUING DISCLOSURE CERTIFICATE” attached hereto. These covenants have been made in order to assist the Underwriters in complying with SEC Rule 15c2-12(b)(5) (the “Rule”). The District has not failed to comply in all material respects in the last five years with each of its previous undertakings with regard to the Rule to provide annual reports and notices of certain events.

Limitation on Remedies; Amounts Held in the County Treasury Pool

The opinions of Co-Bond Counsel, the proposed form of which is attached hereto as Appendix F, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor’s rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County’s Treasury Pool, as described in APPENDIX H – “THE LOS ANGELES COUNTY TREASURY POOL” attached hereto. In the event the District or the County were to go into bankruptcy, a federal bankruptcy court might hold that the owners of the Bonds are unsecured creditors with respect to any funds received by the District or the County prior to the bankruptcy, which may include taxes that have been collected and deposited into the Interest and Sinking Fund, where such amounts are deposited into the County Treasury Pool, and such amounts may not be available for payment of the principal and Accreted Value of and interest on the Bonds unless the owners of the Bonds can “trace” those funds. There can be no assurance that the Owners could successfully so “trace” such taxes on deposit in the Interest and Sinking Fund where such amounts are invested in the County Treasury Pool. The District Resolution and the California Government Code require the County to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal and Accreted Value of and premium, if any, and interest on the Bonds.

Certain Legal Matters

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Hawkins Delafield & Wood LLP, Los Angeles, California, and Luna & Glushon, Los Angeles, California, as Co-Bond Counsel, and certain other conditions. A complete copy of the proposed form of opinions of Co-Bond Counsel with respect to the Bonds is contained in Appendix F attached hereto. Certain legal matters will also be passed upon for the District by its Disclosure Counsel, Hawkins Delafield & Wood LLP, Los Angeles, California, and for the Underwriters by their counsel, Nossaman LLP, Irvine, California.

FINANCIAL STATEMENTS

Excerpts from the District’s Fiscal Year 2010-11 Comprehensive Annual Financial Report (the “Fiscal Year 2010-11 CAFR”), including its general purpose financial statements for the Fiscal Year ended June 30, 2011 are attached as APPENDIX D. The basic financial statements of the District for the Fiscal Year ended June 30, 2011, certain sections of which are included in APPENDIX D to this Official Statement, have been audited by Christy White, A Professional Accountancy Corporation, independent certified public accountants (the “Auditor”), as stated in their report appearing in APPENDIX D. In connection with the inclusion of the financial statements and the report of the Auditor thereon in

APPENDIX D to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

LITIGATION

There is no litigation pending against the District or, to the knowledge of its executive officers, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or the Authorizations or any proceedings of the District taken with respect to the issuance or sale thereof, or the levy or application of *ad valorem* property taxes for the payment of principal and Accreted Value of and interest on the Bonds or the use of the proceeds of the Bonds. To the best of the District's knowledge, there are no pending lawsuits that challenge the validity of the Bonds, the existence of the District, or the title of the executive officers to their respective offices. The District has certain claims pending against it. The aggregate amount of the uninsured liabilities of the District which may result from all claims will not, in the opinion of the District, materially affect the District's finances or impair its ability to make payments of principal and Accreted Value of, premium, if any, and interest on the Bonds.

MISCELLANEOUS

Ratings

Moody's and S&P have assigned their municipal bond ratings of “___” and “___”, respectively, to the Bonds. The District has furnished to each rating agency certain materials and information with respect to itself and the Bonds. Generally, rating agencies base their ratings on such information and materials and on their own investigations, studies and assumptions. Each rating reflects only the view of the respective rating agency, and any explanation of the significance of such rating may be obtained only from the issuing rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone: (212) 533-0300 and Standard & Poor's, 55 Water Street, New York, New York 10041, telephone: (212) 438-2124. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Bonds.

Financial Advisor

The District has retained Keygent LLC, El Segundo, California as Financial Advisor (the “Financial Advisor”) in connection with the issuance of the Bonds and certain other financial matters. The Financial Advisor is not engaged in the business of underwriting, trading or distributing municipal securities or other negotiable instruments.

Underwriting

The Bonds are being purchased by Cabrera Capital Markets LLC and Piper Jaffray & Co. (collectively, the “Underwriters”), for whom Cabrera Capital Markets LLC is acting as representative. The Underwriters have agreed to purchase the Bonds at the purchase price of \$ _____ (which is equal to the aggregate principal amount of the Bonds of \$ _____, plus a net original issue

premium of \$_____ and less an underwriters' discount of \$_____) pursuant to a Bond Purchase Agreement relating to the Bonds.

Pursuant to the Bond Purchase Agreement, the Underwriters will purchase all of the Bonds if any of such Bonds are purchased. The Underwriters may offer and sell the Bonds to certain dealers and others at prices or yields different from the initial public offering prices or yields stated on the inside cover pages of this Official Statement. The initial public offering prices or yields may be changed from time to time by the Underwriters.

Contributions to the Measure CV (2010) Authorization

The Underwriters may have made voluntary contributions to support the Measure CV (2010) Authorization authorizing the Bonds. These contributions, if any, are reported to the California Secretary of State by the filing of a Major Donor and Independent Expenditure Committee Campaign Statement (California Fair Political Practices Commission Form 461).

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries of the Bonds, the District Resolution and the constitutional provisions, statutes and other documents described herein do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not a contract or agreement between the District and the purchasers or owners of any of the Bonds.

The District has duly authorized the execution and delivery of this Official Statement.

CENTINELA VALLEY UNION
HIGH SCHOOL DISTRICT

By: _____
Jose A. Fernandez
Superintendent

APPENDIX A

ANNUAL DEBT SERVICE AND TABLE OF ACCRETED VALUES

The following tables set forth the annual debt service obligations for the year ending August 1 for all of the District's outstanding general obligation bonds and the Bonds and the accreted values relating to the Capital Appreciation Bonds described in the forepart of this Official Statement.

APPENDIX B
REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION

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REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION

The Centinela Valley Union High School District (the "District") is located in the western section of the County of Los Angeles (the "County") in the State of California (the "State") and includes virtually all of the City of Lawndale ("Lawndale"), a portion of the City of Hawthorne ("Hawthorne"), and unincorporated territory in the community of Lennox. This Appendix B provides economic and demographic information pertaining to Lawndale, Hawthorne and the County. The District's Election of 2010, General Obligation Bonds, 2012 Series A are not general obligations of Lawndale, Hawthorne or the County.

Income

The following Table B-1 sets forth the median household income for Hawthorne, the County, the State and the United States of America for the years 2005 through 2009.

TABLE B-1

**Median Household Income⁽¹⁾
For Years 2005 through 2009**

Year	City of Hawthorne	County of Los Angeles	State of California	United States of America
2006	40,045	51,315	56,645	48,451
2007	41,798	53,573	59,948	50,740
2008	45,593	55,499	61,021	52,029
2009	49,224	54,467	58,931	50,221
2010	41,541	52,684	57,708	50,046

⁽¹⁾ Estimated. Each year is set forth in inflation-adjusted dollars for that respective year. Information specific to Lawndale is unavailable.

Source: U.S. Census Bureau – Economic Characteristics – American Community Survey.

The following Table B-2 sets forth the distribution of income by certain income groupings per household for Hawthorne, the County, the State and the United States of America.

TABLE B-2

**Income Groupings 2010⁽¹⁾
(Percent of Households)⁽²⁾**

Income Per Household	City of Hawthorne	County of Los Angeles	State of California	United States of America
\$24,999 & Under	28.18%	24.06%	21.52%	24.96%
25,000-49,999	33.34	23.19	22.33	24.99
50,000 & Over	38.47	52.75	56.15	50.05

⁽¹⁾ Estimated. In inflation-adjusted dollars. Information specific to Lawndale is unavailable.

⁽²⁾ Total may not equal sum of components due to rounding.

Source: U.S. Census Bureau – Economic Characteristics – American Community Survey.

Employment

The District is within the Los Angeles-Long Beach-Glendale Primary Metropolitan Statistical Area Labor Market (Los Angeles County) reported periodically by the State Employment Development Department.

The following Table B-3 sets forth the status of wage and salary employment in the County in calendar years 2006 through 2010.

TABLE B-3

Labor Force and Employment in Los Angeles County⁽¹⁾

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Civilian Labor Force ⁽²⁾	4,808,600	4,874,600	4,930,900	4,900,100	4,879,500
Employment	4,578,700	4,626,900	4,563,200	4,336,600	4,262,300
Unemployment	229,900	247,600	367,600	563,500	617,200
Unemployment Rate ⁽³⁾	4.8%	5.1%	7.5%	11.5%	12.6%
Industry Employment ⁽⁴⁾					
Farm	7,600	7,500	6,900	6,200	6,200
Mining and Logging	4,000	4,400	4,400	4,100	4,100
Construction	157,500	157,600	145,200	117,300	104,500
Manufacturing	461,700	449,200	434,500	389,200	373,200
Trade, Transportation and Utilities	814,100	818,500	803,300	742,700	739,800
Information	205,600	209,800	210,300	191,200	191,500
Financial Activities	246,700	243,800	233,300	216,000	209,500
Professional and Business Services	598,900	605,400	582,600	529,800	527,500
Educational and Health Services	480,800	492,700	505,800	514,600	522,000
Leisure and Hospitality	388,600	397,900	401,600	385,600	384,800
Other Services	145,200	147,100	146,100	137,900	136,700
Government	589,400	595,700	603,700	595,800	579,600
Total	<u>4,100,100</u>	<u>4,129,600</u>	<u>4,077,600</u>	<u>3,830,300</u>	<u>3,779,300</u>

⁽¹⁾ Total may not equal sum of components due to rounding. All information updated per March 2010 Benchmark.

⁽²⁾ Based on place of residence.

⁽³⁾ The State Employment Development Department has reported an unemployment rate (not seasonally adjusted) within the County of 11.8% for January 2012.

⁽⁴⁾ Based on place of work.

Source: State Employment Development Department. Labor Market Information Division.

Taxable Sales

The following Tables B-4, B-5, B-6 and B-7 set forth taxable transactions in Hawthorne and Lawndale. In early 2007, the California State Board of Equalization began a process of converting business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change process, industry data for 2007 and 2008 are not directly comparable with data from prior years. The California State Board of Equalization has completed the process of converting business codes of sales and use tax permit holders to North American

Industry Classification System (“NAICS”) codes in 2009. Accordingly, data for 2010 and on is not comparable with data for calendar years 2006 through 2008.

The following Table B-4 sets forth taxable transactions in Hawthorne for the years 2006 through 2008.

TABLE B-4
City of Hawthorne
Taxable Transactions⁽¹⁾⁽²⁾
2006 through 2008
(\$ in thousands)

Type of Business	2006 <u>Annual</u>	2007 <u>Annual</u>	2008 <u>Annual</u>
Apparel Stores	\$ 23,615	\$ 23,060	\$ 27,872
General Merchandise Stores ⁽²⁾	182,113	--	--
Food Stores	30,851	31,156	28,705
Eating and Drinking Places	70,215	74,743	74,874
Home Furnishings and Appliances	61,999	53,304	67,707
Building Materials	145,198	128,716	119,802
Motor Vehicles and Parts	165,625	152,767	150,844
Service Stations	53,486	60,458	80,884
Other Retail Stores ⁽²⁾	<u>131,170</u>	<u>313,136</u>	<u>284,235</u>
Retail Stores Totals	\$ 864,272	\$837,340	\$834,923
All Other Outlets	<u>\$ 168,494</u>	<u>\$150,495</u>	<u>\$141,337</u>
TOTAL ALL OUTLETS	<u>\$1,032,766</u>	<u>\$987,835</u>	<u>\$976,260</u>

⁽¹⁾ Total may not equal sum of components due to rounding.

⁽²⁾ In 2007 and 2008, industry data for General Merchandise Stores were included in Other Retail Stores.

Source: California State Board of Equalization, Taxable Sales in California.

The following Table B-5 sets forth taxable transactions in Hawthorne for calendar years 2009 and 2010.

TABLE B-5

**City of Hawthorne
Taxable Transactions⁽¹⁾
2009 and 2010
(\$ in thousands)**

<u>Type of Business</u>	<u>2009 Annual</u>	<u>2010 Annual</u>
Motor Vehicle and Parts Dealers	\$138,352	\$162,823
Home Furnishings and Appliances Stores	75,165	70,298
Building Materials and Garden Equipment and Supplies	114,478	111,505
Food and Beverage Stores	31,695	31,298
Gasoline Stations	68,605	76,542
Clothing and Clothing Accessories Stores	32,346	32,907
General Merchandise Stores ⁽²⁾	--	93,384
Food Services and Drinking Places	71,088	71,048
Other Retail Group	<u>261,087</u>	<u>187,418</u>
Total Retail and Food Services	792,815	837,225
All Other Outlets	<u>105,222</u>	<u>104,786</u>
TOTAL ALL OUTLETS	<u><u>\$898,038</u></u>	<u><u>\$942,010</u></u>

⁽¹⁾ Total may not equal sum of components due to rounding.

⁽²⁾ In 2009, industry data for General Merchandise was included in Other Retail Group.

Source: California State Board of Equalization, Taxable Sales in California.

The following Table B-6 sets forth the history of taxable transactions in Lawndale for the calendar years 2006 through 2008.

TABLE B-6

**City of Lawndale
Taxable Transactions⁽¹⁾
2006 through 2008
(\$ in thousands)**

Type of Business	2006 <u>Annual</u>	2007 <u>Annual</u>	2008 <u>Annual</u>
Apparel Stores	\$ 4,516	\$ 4,728	\$ 4,672
General Merchandise Stores	6,563	7,061	7,036
Food Stores	8,246	10,032	11,503
Eating and Drinking Places	27,481	29,746	30,412
Home Furnishings and Appliances	7,184	5,819	7,301
Building Materials	53,305	43,891	35,065
Motor Vehicles and Parts	23,551	22,198	19,081
Service Stations	54,315	56,481	62,513
Other Retail Stores	<u>37,779</u>	<u>34,591</u>	<u>29,222</u>
Retail Stores Totals	\$222,940	\$214,547	\$206,805
All Other Outlets	<u>\$ 39,633</u>	<u>\$ 42,123</u>	<u>\$ 36,174</u>
TOTAL ALL OUTLETS	<u><u>\$262,573</u></u>	<u><u>\$256,670</u></u>	<u><u>\$242,979</u></u>

⁽¹⁾ Total may not equal sum of components due to rounding.

Source: California State Board of Equalization, Taxable Sales in California.

The following Table B-7 sets forth taxable transactions in Lawndale for calendar years 2009 and 2010.

TABLE B-7

**County of Lawndale
Taxable Transactions⁽¹⁾
2009 and 2010
(\$ in thousands)**

<u>Type of Business</u>	<u>2009 Annual</u>	<u>2010 Annual</u>
Motor Vehicle and Parts Dealers	\$ 15,525	\$ 20,378
Home Furnishings and Appliance Stores	8,530	7,714
Building Materials and Garden Equipment and Supplies	22,182	20,787
Food and Beverage Stores	13,573	12,997
Gasoline Stations	48,559	61,687
Clothing and Clothing Accessories Stores	4,429	3,618
General Merchandise Stores ⁽²⁾	--	--
Food Services and Drinking Places	29,059	29,279
Other Retail Group	<u>23,605</u>	<u>21,364</u>
Total Retail and Food Services	\$165,462	\$177,823
All Other Outlets	<u>28,435</u>	<u>26,772</u>
TOTAL ALL OUTLETS	<u>\$193,897</u>	<u>\$204,595</u>

⁽¹⁾ Total may not equal sum of components due to rounding.

⁽²⁾ In 2009 and 2010, industry data for General Merchandise was included in Other Retail Group.

Source: California State Board of Equalization, Taxable Sales in California.

Leading County Employers

The economic base of the County is diverse with no one sector being dominant. Some of the leading activities include government (including education), business/professional management services (including engineering), health services (including training and research), tourism, distribution, and entertainment. The top twenty-five non-governmental employers in the County are set forth in the following Table B-8.

TABLE B-8
County of Los Angeles
Major Non-Governmental Employers⁽¹⁾⁽²⁾

Employer	Product/Service	Employees
Kaiser Permanente	Non-profit health plan	32,700
Northrop Grumman Corp.	Defense contractor	19,000
University of Southern California	Private university	15,121
Boeing Co.	Aerospace and defense systems	13,623
Ralphs/Food 4 Less (A Division of Kroger Co.)	Grocery retailer	13,500 ⁽¹⁾
Target Corp.	Retailer	13,000
Bank of America Corp.	Banking and financial services	12,000 ⁽¹⁾
Cedars-Sinai Medical Center	Medical centers	10,467
Home Depot	Home improvement specialty retailer	10,000
Providence Health & Services California	Medical center	9,960
Wells Fargo Bank, N.A.	Diversified financial services	9,900
The Vons Companies, Inc.	Grocery retailer	9,176
ABM Industries Inc.	Facility services, janitorial, parking, security, engineering and lighting	8,800
AT&T Inc.	Telecommunications	8,505
California Institute of Technology	Private university; operator of Jet Propulsion Laboratory	8,400
FedEx Corp.	Shipping and logistics	7,700
Catholic Healthcare West	Hospitals	7,200
Amgen Inc.	Biotechnology	6,700
JP Morgan Chase	Banking and financial services	6,000
Long Beach Memorial Medical Center	Regional hospital	5,200
United Parcel Service	Transportation and freight	5,000
Children's Hospital Los Angeles	Hospital	4,200
Toyota Motor Sales U.S.A. Inc.	Automobile sales, distribution and customer service	4,100
Adventist Health	Hospitals	3,700
Huntington Memorial Hospital	Non-profit hospital	3,251

⁽¹⁾ Estimated as of September 2010.

⁽²⁾ Several additional companies may have qualified for this list. However, such companies failed to submit information or do not break out local employment data.

Source: Los Angeles Business Journal.

Construction

The following Table B-9 sets forth the valuation of permits for new residential buildings and the number of new single-family and multi-family dwelling units in Hawthorne for the years 2008 through 2011 and for January 2012 through _____ 2012 for the year 2012.

TABLE B-9
City of Hawthorne
Permit Valuations and Units of Construction
2008 to _____ 2012⁽¹⁾
(\$ in thousands)

Year	New Residential Valuation	New Single Family Dwelling Units	New Multi-Family Dwelling Units	Total Units⁽²⁾
2008	\$ 6,667	12	0	12
2009	4,259	9	0	9
2010	21,528	9	108	117
2011				
2012 ⁽¹⁾				

⁽¹⁾ As of _____ 2012.

⁽²⁾ Total may not equal sum of components due to rounding.

Source: Construction Industry Research Board.

The following Table B-10 sets forth the valuation of permits for new residential buildings and the number of new single-family and multi-family dwelling units in Lawndale for the years 2008 through 2011 and for January 2012 through _____ 2012 for the year 2012.

TABLE B-10
City of Lawndale
Permit Valuations and Units of Construction
2008 to _____ 2012⁽¹⁾
(\$ in thousands)

Year	New Residential Valuation	New Single Family Dwelling Units	New Multi-Family Dwelling Units	Total Units⁽²⁾
2008	\$2,724	2	0	2
2009	4,635	5	0	5
2010	1,006	4	0	4
2011				
2012				

⁽¹⁾ As of _____ 2012.

⁽²⁾ Total may not equal sum of components due to rounding.

Source: Construction Industry Research Board.

APPENDIX C
DISTRICT FINANCIAL INFORMATION

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DISTRICT FINANCIAL INFORMATION

The information in this Appendix C concerning the operations of the Centinela Valley Union High School District (the "District") provides investors with certain information pertaining to the District's finances. Investors must read the entire Official Statement, including this Appendix C, to obtain information essential to making an informed investment decision. The Bonds are general obligation bonds of the District, secured and payable from ad valorem property taxes assessed on taxable properties within the District. The Bonds are not an obligation of the County or of the general fund of the District. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" in the forepart of this Official Statement. See also "GLOSSARY OF CERTAIN TERMS AND ABBREVIATIONS" herein for a description of certain terms and abbreviations used in this Appendix C.

DISTRICT GENERAL INFORMATION

District Boundaries

The District is located in the western section of the County of Los Angeles (the "County") in the State of California (the "State") and include virtually all of the City of Lawndale, a portion of the City of Hawthorne, and unincorporated territory in the community of Lennox, which includes residential and industrial areas. The District was formed in 1905 as the Inglewood Union High School District and became the Centinela Valley Union High School District in 1944. The District currently operates three comprehensive high schools.

District Governance and Senior Management

The District is governed by a five-member Board of Education (the "District Board") elected by voters within the District to serve alternating four-year terms. The chief executive officer of the District appointed by the District Board to manage the day-to-day operations of the District is the Superintendent of Schools (the "Superintendent"). Jose A. Fernandez currently serves as the Superintendent. Brief biographical information for Mr. Fernandez and Ron Hacker, the District's Interim Assistant Superintendent, Business Services, is set forth below.

Jose A. Fernandez, Superintendent. Mr. Fernandez has served as the Superintendent of the District since December 2008, after having served as Interim Superintendent. Mr. Fernandez has been with the District since 1999, previously serving as Assistant Superintendent of Adult Education and Continuing Education and Principal of Adult Education. Mr. Fernandez received his Bachelor's of Arts degree in Political Science from the University of California, Los Angeles, and a Master's of Arts degree in School Administration from Pepperdine University.

Ron Hacker, Interim Assistant Superintendent, Business Services. [To Come].

Possible Unification of Wiseburn Elementary School District

Wiseburn Elementary School District ("Wiseburn") is a "feeder" elementary school district within the boundaries of the District, meaning that Wiseburn students attend high schools operated by the District. On November 9, 2001, Wiseburn submitted a petition to the Los Angeles County Office of Education ("LACOE") proposing that Wiseburn become a unified school district, the result of which would permit Wiseburn students to attend high schools within Wiseburn instead of the District. In a May 2002 report, LACOE concluded that the potential effects of Wiseburn's unification included a decrease of the District's assessed valuation of approximately 40%, a reduction of its statutory bonding capacity limit

and, because no District high school facilities are located within Wiseburn, that none of the District's bonded indebtedness could be reallocated to Wiseburn's taxpayers. LACOE recommended approval of Wiseburn's petition, on the condition that the election on Wiseburn's petition extend to all of the registered voters within the District. Wiseburn's petition was approved by the California Department of Education (the "CDE"), subject to a reallocation of a portion of the District's bonded indebtedness to taxpayers within Wiseburn. Also, contrary to LACOE's initial recommendation, the State Board ordered that the election to consider Wiseburn's petition be restricted to registered voters within Wiseburn.

Following litigation instituted by several school districts, including the District, the State Board concluded that questions had been raised about the sufficiency of the public notice preceding its 2004 decision and the State Board's compliance with State environmental laws. At a hearing held in January 2005, the State Board rescinded its decision concerning Wiseburn's petition. A draft environmental study regarding the potential impact of Wiseburn's petition was prepared and released in July 2008, and was finalized in December 2009. Wiseburn's petition was scheduled to be heard again by the State Board in May, 2010. However, Wiseburn elected to remove its petition from the State Board agenda. The petition is presently on hold. The District and each of its feeder districts have met to discuss alternatives to a unification of Wiseburn. The District can make no representations as to whether Wiseburn will re-submit its petition or propose another petition concerning unification, or whether such petition would be approved. However, regardless of the outcome of Wiseburn's petition, the District currently expects that there will be sufficient *ad valorem* property tax revenues to pay the principal and Maturity Value of, redemption premium, if any, and interest on the Bonds and all of its other outstanding general obligation bonds. [Update]

DISTRICT FINANCIAL INFORMATION

District Budget

General. State law requires that each school district maintain a balanced budget in each fiscal year, and that each district project beginning balances, revenues, expenditures, and ending balances for two subsequent years in order to provide, based upon the available information, that the district can project a positive, qualified or negative certification. See " – State Financial Accountability and Oversight Provisions – *Interim Reporting Requirements*" herein.

The CDE imposes a uniform budgeting and accounting format for school districts. Under current law, a school district governing board for school districts using a single adoption process must file with the county superintendent of schools a budget by June 30 immediately prior to each Fiscal Year (referred to herein as the "Final Adopted Budget"). A school district using a dual adoption process must file a provisional budget with the county superintendent of schools by June 30 immediately prior to each Fiscal Year and revise and re-adopt its budget by September 8 of each fiscal year. After approval of the Final Adopted Budget, the school district's administration may submit budget revisions for governing board approval during the fiscal year. The District currently uses a single adoption process with respect to its Final Adopted Budget.

School districts in the State must also conduct a review of their budgets according to certain standards and criteria established by the CDE. A written explanation must be provided for any element in the budget that does not meet the established standards and criteria. The school district superintendent or designee must certify that such a review has been conducted and the certification, together with the budget review checklist and a written narrative, must accompany the budget when it is submitted to the school district's county office of education. The balanced budget requirement makes appropriations reductions necessary to offset any revenue shortfalls, unless sufficient balances exist to cover the shortfall.

Furthermore, county offices of education are required to review school district budgets, complete the budget review checklist, and conduct an analysis of any budget item that does not meet the established standards and criteria. In addition, county offices of education are required to determine whether the adopted budget will allow the school district to meet its financial obligations during the fiscal year and is consistent with a financial plan that will enable the school district to satisfy its multiyear financial commitments. Pursuant to the Education Code, on or before August 15 of each year, the county superintendent of schools must approve, conditionally approve, or disapprove the adopted budget for each school district. A copy of the completed checklist, together with any comments or recommendations, must be provided to the school district and its governing board by November 1 of such year.

If the county office of education disapproves the school district's budget, the county superintendent will submit to the governing board of the school district on or before August 15 of such year, recommendations regarding revisions of the budget and the reasons for the recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent can conditionally approve that budget. On or before September 8 of each year, the governing board of the school district will revise the adopted budget to reflect changes in its projected income or expenditures subsequent to July 1, and to include any response to the recommendations of the county superintendent of schools, will adopt the revised budget, and will file a revised budget with the county superintendent of schools. If the county superintendent of schools disapproves the revised budget, he or she will call for the formation of a budget review committee. By November 30 of each year, every school district must have an adopted and approved budget, or the county superintendent of schools will impose one and report such school district to the State Legislature and the State Department of Public Finance.

Fiscal Year 2011-12 District Budget. The District Board adopted its budget for Fiscal Year 2011-12 on June 29, 2011 (the "Fiscal Year 2011-12 District Budget") and submitted the Fiscal Year 2011-12 District Budget to LACOE in a timely manner for review. The Fiscal Year 2011-12 District Budget reflected the information provided by the State to the District through the May Revision to the 2011-12 Proposed State Budget and the updates thereto.

The Fiscal Year 2011-12 District Budget projected a District General Fund beginning balance of \$7.3 million, revenues of \$59.4 million, total estimated expenditures of \$60.9 million and an ending balance of \$6.3 million. The District's projected ADA is 6,004 for each of Fiscal Years 2011-12, 2012-13 and 2013-14, respectively. Declining enrollment statutes enable the District to claim Fiscal Year 2011-12 revenue limit funding based on the ADA for Fiscal Year 2009-10. The full extent of revenue losses attributable to enrollment declines are expected to occur in special education, lottery, and other funding sources, as those funding sources are not afforded the same benefit that is provided for revenue limit funding by the Education Code's declining enrollment statutes.

In the Fiscal Year 2011-12 District Budget, the Base Revenue Limit, the largest unrestricted District General Fund revenue source, is projected to be \$48.8 million in Fiscal Year 2011-12. The Fiscal Year 2011-12 District Budget includes a statutory cost of living allowance of 2.24% with a deficit factor of 19.754%. After the deficit factor for Fiscal Year 2011-12 and other adjustments by the State are applied, the District's funded revenue limit is expected to generate approximately \$39.3 million in Fiscal Year 2011-12.

Based on these factors, the District's Fiscal Year 2010-11 funded Base Revenue Limit per unit of ADA was projected in the Fiscal Year 2011-12 District Budget to be \$6,398.48, which represents a decline from the estimated Fiscal Year 2010-11 funded Base Revenue Limit per ADA of \$6,275.67. The information set forth in Table C-15 herein reflects the Base Revenue Limit prior to the application of the deficit factor.

The District's Fiscal Year 2010-11 District Budget projects reserve levels of for the District General Fund of 6.39% in Fiscal Year 2011-12, 3.91% for Fiscal Year 2012-13 and 3.00% for Fiscal Year 2013-14. The budgeted reserve levels for Fiscal Years 2011-12 and 2012-13 exceed the minimum State requirements.

The Fiscal Year 2010-11 District Budget includes certain assumptions and policies, including among other things, enrollment declines related to the establishment of fiscally independent charter schools, increases in attendance relating to academy programs in each high school, reductions in non-salary expenditures, the omission of funding from the American Recovery and Reinvestment Act, the receipt of local grants to support new academies, and reductions in the budget for books and supplies.

The following Table C-1 sets forth the District's Final Adopted Budgets for the District General Fund, inclusive of Regular and Special Fund programs for Fiscal Year 2008-09 through Fiscal Year 2011-12.

TABLE C-1
CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
Adopted General Fund Budget and Statement of Changes in Fund Balance, Revenues, and Expenditures
Fiscal Years 2008-09 Through 2011-12

	2008-09 Adopted Budget	2008-09 Audited Actuals	2009-10 Adopted Budget	2009-10 Audited Actuals	2010-11 Adopted Budget ⁽¹⁾	2010-11 Audited Actuals	2011-12 Adopted Budget	2011-12 Second Interim Report ⁽²⁾
REVENUES								
Revenue Limit Sources	\$47,678,121	\$47,423,073	\$45,009,529	\$44,900,813	\$37,677,654	\$40,060,065	\$39,411,111	\$37,826,748
Federal Sources	4,287,249	8,601,475	8,332,942	8,017,652	4,171,257	6,136,036	4,088,291	129,766
Other State Sources	21,422,160	17,641,964	17,357,296	17,569,134	14,722,182	15,800,458	15,042,808	10,716,912
Other Local Sources	619,170	1,474,645	673,928	966,659	1,156,626	807,063	853,876	1,361,297
TOTAL REVENUES⁽³⁾	\$74,006,700	\$75,141,157	\$71,373,695	\$71,454,258	\$57,727,719	\$62,803,622	\$59,396,086	\$50,034,723
EXPENDITURES								
Certificated Salaries	\$27,695,155	\$27,452,578	\$26,520,097	\$26,446,970	\$25,675,836	\$27,212,344	\$22,471,078	\$22,077,021
Classified Salaries	9,149,343	9,070,019	8,920,169	9,374,193	9,277,486	10,554,928	9,378,774	6,437,163
Employee Benefits	10,279,580	10,281,488	9,729,008	9,659,421	9,940,618	10,729,209	11,144,325	9,223,493
Books & Supplies	2,606,044	2,547,047	3,224,211	2,676,690	2,215,676	3,028,398	1,939,114	1,424,176
Services & Other Operating Expenses	10,422,646	10,988,913	11,462,000	9,754,622	8,235,370	11,504,900	11,731,877	7,364,816
Capital Outlay	8,762,256	5,571,545	3,794,643	3,708,345	416,405	417,160	119,773	270,013
Other Outgo	5,211,861	5,592,021	6,148,783	6,206,902	5,734,792	5,436,343	4,314,610	6,373
Transfers of Direct Support/Indirect Costs	(186,962)	(168,055)	(157,384)	(142,107)	(165,115)	(135,405)	(166,882)	(1,313,664)
TOTAL EXPENDITURES⁽³⁾	\$73,939,923	\$71,335,556	\$69,641,527	\$67,685,036	\$61,331,068	\$68,747,877	\$60,932,669	\$45,489,392
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$66,777	\$3,805,601	\$1,732,168	\$3,769,222	\$(3,603,349)	\$(5,944,255)	\$(1,536,583)	\$4,545,332
OTHER FINANCING SOURCES/(USES)								
Operating Transfers In	\$ --	\$ 2,992,131	\$ 2,125,129	\$ 1,580,000	\$ 1,124,750	\$ 450,000	\$ 1,500,000	\$ --
Operating Transfers Out	(270,330)	(241,313)	(2,939,635)	(2,704,882)	(1,000,000)	--	(1,000,000)	1,909,408
Contributions	=	=	=	=	=	=	=	(8,049,158)
TOTAL OTHER FINANCING SOURCES/(USES)⁽³⁾	\$(270,330)	\$ 2,750,818	\$(814,506)	\$(1,124,882)	\$ 124,750	\$ 450,000	\$ 500,000	\$(9,958,566)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER/(UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ (203,553)	\$ 6,556,419	\$ 917,662	\$ 2,644,340	\$(3,478,599)	\$(5,494,255)	\$(1,036,583)	\$(5,413,234)
Fund Balance as of July 1	\$ 4,036,362	\$ 4,036,362	\$10,592,781	\$10,592,781	\$13,334,106	\$13,870,120	\$ 7,344,440	\$ 8,335,348
Adjustment for Restatement	--	--	\$ 96,986	\$ 96,986	--	\$ 1,699,967	--	--
Fund Balance as of July 1, as restated	\$ 4,036,362	\$ 4,036,362	10,689,767	10,689,767	\$13,334,106	15,570,087	\$ 7,344,440	\$ 8,335,348
Fund Balance as of June 30	\$ 3,832,808	\$10,592,781	\$11,607,429	\$13,870,120	\$ 9,855,507	\$10,075,832	\$ 6,307,857	\$2,922,114

⁽¹⁾ Reflects information based upon the District's Final Adopted Budget for Fiscal Year 2011-12. See "--District Budget and Interim Financial Estimates" herein for budgetary adjustments.

⁽²⁾ Reflects unaudited actual figures for the period from July 1, 2011 through January 31, 2012 and projections to June 30, 2012.

⁽³⁾ Totals may not equal sum of components due to rounding.

Source: Centinela Valley Union High School District.

District Budget and Interim Financial Estimates. The following Table C-2 sets forth the budgeted revenues and expenditures set forth in the District's Fiscal Year 2011-12 Adopted Budget and the projected revenues and expenditures as of the dates of the District's First Interim Financial Report for Fiscal Year 2011-12 and Second Interim Financial Report for Fiscal Year 2011-12.

TABLE C-2

**CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
District General Fund
Summary of Balances, Revenues and Expenditures⁽¹⁾
Fiscal Year 2011-12**

	District Budget Fiscal Year 2011-12	First Interim Financial Report Fiscal Year 2011-12⁽²⁾	Second Interim Financial Report Fiscal Year 2011-12⁽³⁾
Beginning Balance	\$ 8,759,340	\$ 8,759,340	\$ 8,335,348
Revenues/Other Sources	\$60,896,086	\$64,069,873	\$50,034,723
Expenditures/Other Uses	61,932,669	66,839,469	55,447,957
Operating Surplus (Deficit)	\$(1,036,583)	\$(2,679,597)	\$(5,413,234)
Ending Balance	\$ 7,722,757	\$ 5,989,743	\$ 2,922,114

⁽¹⁾ Totals may not equal sum of components due to rounding.

⁽²⁾ Reflects unaudited actual figures for the period from July 1, 2011 through October 31, 2011 and projections to June 30, 2012.

⁽³⁾ Reflects unaudited actual figures for the period from July 1, 2011 through January 31, 2012 and projections to June 30, 2012.

Source: Centinela Valley Union High School District.

State Financial Accountability and Oversight Provisions

Interim Reporting Requirements. State Assembly Bill 1200 ("A.B. 1200"), effective January 1, 1992, tightened the budget development process and interim financial reporting for public school districts, enhancing the authority of the offices of the county superintendents of schools and establishing guidelines for emergency State aid apportionments. State Assembly Bill 2756 ("A.B. 2756"), effective June 21, 2004, revised the existing provisions of A.B. 1200 and imposed additional financial accountability and oversight requirements on public school districts. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the two subsequent fiscal years. A positive certification is assigned to any school district that, based on then-current projections, will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that, based on then-current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district, based on then-current projections, which may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. Under the provisions of A.B. 2756, for school districts that are certified as qualified or negative, the county superintendent of schools is required to report to the State Superintendent of Public Instruction on the financial condition of the school district and his or her proposed remedial actions and to take all actions that are necessary to ensure that the school district meets its financial obligations. The county office of education reviews the interim reports and certifications made by school districts and may change certification to qualified or negative if necessary. If a school district has a qualified or negative certification report in any year, the school district may not issue non-voter-approved debt instruments in that fiscal year or in the next succeeding fiscal year, unless the county office of education, using criteria from the State Superintendent of Public Instruction, determines repayment is probable.

The District has not filed any of its interim financial reports during Fiscal Year 2010-11 or Fiscal Year 2011-12 with a qualified or negative certification. The County Superintendent of Schools has not classified any of the District's interim financial reports during Fiscal Year 2010-11 or Fiscal Year 2011-12 as qualified or negative.

Significant Accounting Policies, System of Accounts and Audited Financial Statements

The CDE imposes uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the California School Accounting Manual. The District uses fund accounting and maintains governmental funds, proprietary funds and fiduciary funds. The District's General Fund is the chief operating fund of the District. For a description of the other major funds of the District, see the description thereof contained in APPENDIX D – "SELECTED INFORMATION FROM AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2011". Note 1 to such audited financial statements for Fiscal Year 2010-11 sets forth significant accounting policies that the District follows. The District is required to file its audit report for the preceding fiscal year with the State Controller's Office, the CDE and the County Superintendent of Schools by December 15.

In addition to the significant accounting policies set forth in the District's audited financial statements for the fiscal year ended June 30, 2011 included in Appendix C attached hereto, the District, has implemented Governmental Accounting Standards Board Statement No. 54 - "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB 54") which was developed in order for governments to classify amounts consistently regardless of the fund type or column in which they are presented. Pursuant to GASB 54, the fund balances will be designated as one of the following five categories: (i) nonspendable fund balance which includes amounts that are not in a spendable form or are required to be maintained intact, (ii) restricted fund balance which includes amounts constrained to specific purposes by their providers, through constitutional provisions, or by enabling legislation; (iii) committed fund balance which includes amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint; (iv) assigned fund balance which includes amounts a government intends to use for a specific purpose whereby the intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; and (v) unassigned fund balance which includes amounts that are available for any purpose; these amounts are reported only in the general fund.

Christy White, A Professional Accountancy Corporation, San Diego, California, served as independent auditor (the "Independent Auditor") to the District for its audited financial statements for Fiscal Year 2010-11. See APPENDIX D – "SELECTED INFORMATION FROM AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2011" attached to this Official Statement. In connection with the inclusion of the financial statements and the report of the Independent Auditor thereon in APPENDIX D to this Official Statement, the District did not request the Independent Auditor to, and the Independent Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Independent Auditor with respect to any event subsequent to the date of its report.

The following Table C-3 sets forth the District's audited General Fund revenues, expenditures and fund balances for the Fiscal Years ended June 30, 2007 through June 30, 2011.

TABLE C-3

**CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
General Fund Revenue, Expenditures and Fund Balances
Fiscal Years 2006-07 through 2010-11**

	Fiscal Year 2006-07	Fiscal Year 2007-08	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11
REVENUES					
Revenue Limit Sources	\$ 47,829,582	\$ 47,433,030	\$ 47,423,073	\$ 44,900,813	\$40,060,065
Federal Revenue	5,232,065	4,232,782	8,601,475	8,553,665	6,136,036
Other State Revenue	14,796,024	14,498,250	17,641,964	17,666,120	15,800,451
Other Local Revenue	<u>1,161,908</u>	<u>1,416,949</u>	<u>1,474,645</u>	<u>966,659</u>	<u>807,063</u>
TOTAL REVENUES⁽¹⁾	<u>\$ 69,019,579</u>	<u>\$ 67,581,011</u>	<u>\$ 75,141,157</u>	<u>\$ 72,087,257</u>	<u>\$ 62,803,622</u>
EXPENDITURES					
Instruction	\$ 35,436,746	\$ 34,989,412	\$ 33,343,788	\$ 33,774,840	\$35,497,056
Instruction-Related Services	7,938,795	6,762,200	6,875,615	6,614,002	7,833,509
Pupil Services	5,201,606	5,791,705	5,663,624	4,564,986	4,768,935
Ancillary Services	1,509,690	162,273	182,254	137,514	1,119,626
General Administration	4,967,014	6,431,340	7,582,613	5,883,217	7,074,530
Plant Services	7,304,644	6,762,105	6,434,280	7,206,878	7,652,447
Facility Acquisition and Construction	--	665,792	5,661,361	3,273,781	99,281
Ancillary Services	--	--	--	--	215,452
Transfers to Other Agencies	--	--	--	--	5,436,343
Other Outgo	4,159,822	5,187,277	5,588,976	6,206,902	--
Debt Service - Principal	52,361	36,543	3,045	--	--
Debt Service - Interest	<u>4,417</u>	<u>4,354</u>	<u>--</u>	<u>22,916</u>	<u>80,324</u>
TOTAL EXPENDITURES⁽¹⁾	<u>\$ 66,575,095</u>	<u>\$ 66,793,001</u>	<u>\$ 71,335,556</u>	<u>\$ 67,685,036</u>	<u>\$68,747,877</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 2,444,484	\$ 788,010	\$ 3,805,601	\$ 4,402,221	\$(5,944,255)
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ 573,185	\$ 37,104	\$ 2,992,131	\$ 1,580,000	\$ 450,000
Transfers Out	(1,744,806)	(1,790,760)	(241,313)	(2,704,882)	--
Other Sources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)⁽¹⁾	<u>\$ (1,171,621)</u>	<u>\$ (1,753,656)</u>	<u>\$ 2,750,818</u>	<u>\$ (1,124,882)</u>	<u>\$ 450,000</u>
NET CHANGE IN FUND BALANCES	\$ 1,272,863	\$ (965,646)	\$ 6,556,419	\$ 3,277,339	\$ (5,494,255)
FUND BALANCE, JULY 1	\$ 3,729,145	\$ 5,002,008	\$ 4,036,362	\$ 10,592,781	\$ 13,870,120
Adjustment for Restatement	--	--	--	--	\$ 1,699,967 ⁽²⁾
FUND BALANCE, JUNE 30	\$ 5,002,008	\$ 4,036,362	\$ 10,592,781	\$ 13,870,120	\$ 10,075,832

⁽¹⁾ Totals may not equal sum of components due to rounding.

⁽²⁾ The General Fund beginning balance as of July 1, 2010 reflects an upward restatement of \$1,699,967 in accordance with GASB 54 (defined herein) which recognizes certain funds as special revenue fund types. Accordingly, the fund balances are consolidated with the General Fund.

Source: Centinela Valley Union High School District Comprehensive Annual Financial Reports for Fiscal Years ended June 30, 2007 through June 30, 2011.

Developer Fees

The District maintains a fund, separate and apart from the general fund, to account for developer fees collected by the District. Residential development is assessed a fee of [\$2.63 per square foot]. The following Table C-4 sets forth the annual developer fees collected during Fiscal Years 2007-08 through 2010-11 and the projected annual developer fees to be collected during Fiscal Year 2011-12.

TABLE C-4

**CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
Developer Fees
Fiscal Years 2007-08 through 2011-12**

<u>Fiscal Year</u>	<u>Developer Fees Collected</u>
2007-08	\$271,068
2008-09	316,551
2009-10	395,859
2010-11	
2011-12	(1)

(1) Projected.

Source: Centinela Valley Union High School District.

Redevelopment Revenue

The District receives pass-through tax revenues from the City of Lawndale Redevelopment Agency. The following Table C-5 sets forth the revenues received during Fiscal Years 2007-08 through 2010-11 and the projected revenues to be collected during Fiscal Year 2011-12.

TABLE C-5

**CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
Redevelopment Revenue
Fiscal Years 2007-08 through 2011-12**

<u>Fiscal Year</u>	<u>Redevelopment Revenue Received by the District</u>
2007-08	\$78,096
2008-09	39,848
2009-10	128,699
2010-11	
2011-12	(1)

(1) Projected.

Source: Centinela Valley Union High School District.

District Employees

As of July 1, 2011, the 2011-12 District Budget includes 278.7 full-time-equivalent certificated professionals, 268.9 full-time-equivalent classified professionals and 50.0 full-time-equivalent management, supervisor and confidential professionals. The District also employs part-time employees and temporary employees. District employees, except management and some part-time and temporary

employees, are represented by the two bargaining units as noted below. The following Table C-6 sets forth the expiration dates of the labor agreements with each of the District's employee bargaining units.

TABLE C-6

**CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
Employee Bargaining Units
[Update]**

Employee Bargaining Unit	Contract Expiration Date
Centinela Valley Secondary Teachers Association	June 30, 2014
California School Employees Association, Chapter 47	[June 30, 2011]

⁽¹⁾ As of the date hereof, the District and California School Employees Association, Chapter 47 are negotiating terms to be contained in a new contract.

Source: Centinela Valley Union High School District.

Pursuant to the Education Code, in general the District must give written notice to a certificated employee by the March 15 (each, a "March 15 Notice") prior to such school year if such certificated employee is to be released, demoted or reassigned for the following school year. If such certificated employee is in a position that requires an administrative or supervisory credential, the District must provide notice to such certificated employee not less than 45 days prior to the effective date of a change in employments status. In March 2012, the District issued notices (each, a "March 15 Notice") to approximately ___ certificated personnel notifying them that they may be released, demoted or reassigned for the following school year beginning July 1, 2012. In addition, classified employees who are employed through specially funded programs whose classified positions will be eliminated at the end of a school year and classified employees whose positions will be eliminated due to funding must be given written notice of termination on or before April 29. If the specially funded programs will terminate on a date other than June 30, the District must provide notice to the affected classified employee not less than 45 days prior to the effective date of his or her layoff. In the event the District must layoff a classified employee due to a lack of work, the District must give notice to the affected employee not less than 45 days prior to the effective date of layoff. The District has given notices regarding employment status to approximately __ classified personnel and __ management personnel notifying them that they may be released, demoted or reassigned for the following school year beginning July 1, 2012.

Retirement Systems

General. The District currently participates in the California State Teachers' Retirement System ("STRS") and the California Public Employees' Retirement System ("CalPERS"). Subject to the implementation of any layoff proposal with respect to the District's workforce or modification or approval of collective bargaining agreements, the District's regular employer contribution to CalSTRS and CalPERS for Fiscal Year 2011-12 is projected to be at least equal to its contribution for Fiscal Year 2010-11, after adjusting for specially-funded programs. For additional information regarding the District's pension and retiree health care programs and costs, see the District's financial statements for Fiscal Year 2010-11 contained in Appendix C - "Audited Financial Statements of The District for the Fiscal Year ended June 30, 2011" attached hereto.

Both CalPERS and STRS are operated on a statewide basis and, based on publicly available information, both STRS and CalPERS have unfunded liabilities. Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282. The amounts of the pension/award benefit obligation (CalPERS) or unfunded actuarially accrued liability (CalPERS and STRS) will vary from time to time

depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution.

The respective unfunded actuarial accrued liabilities of CalPERS and STRS as of their most recent actuarial valuation are set forth in the following Table C-7. The individual funding progress for the District itself is not provided in a separate actuarial report from CalPERS or STRS.

TABLE C-7
Actuarial Value of CalPERS and STRS Retirement Systems
(as of June 30, 2009)

<u>Name of Plan</u>	<u>Excess (Deficiency) of Actuarial Value of Assets Over Actuarial Accrued Liabilities (Unfunded Actuarial Accrued Liability)</u>
CalPERS State and Schools Pool ⁽¹⁾	\$(52.493) billion
State Teachers' Retirement Fund Defined Benefit Program (STRS) ⁽²⁾	(40.541) billion

⁽¹⁾ Based on actuarial valuations as of June 30, 2009, using individual entry age normal cost method and 20-year remaining amortization period. Actuarial assumptions included an assumed 7.75% investment rate of return, projected salary increases of 3.45% to 11.05%, projected 3.00% inflation and projected 2.00% or 3.00% post-retirement benefit increases. Reflects a funded ratio of 65.0%.

⁽²⁾ Based on actuarial valuations as of June 30, 2009, using entry age normal cost method. Actuarial assumptions included an assumed 7.75% investment rate of return and 6.00% interest on accounts, projected salary increases of 4.25% (3.25% due to inflation and 1.00% is due to expected gains in productivity). Reflects a funded ratio of 87%.

Sources: CalPERS State & Schools Actuarial Valuation as of June 30, 2009 and STRS Comprehensive Annual Financial Report as of June 30, 2009.

The information set forth below regarding STRS and CalPERS has been obtained from publicly available sources and has not been independently verified by the District, the Underwriters or the Financial Advisor, is not guaranteed as to the accuracy or completeness of the information and is not to be construed as a representation by the District, the Underwriters or the Financial Advisor. Furthermore, the summary data below should not be read as current or definitive, as recent gains or losses on investments made by the retirement systems generally may have changed the unfunded actuarial accrued liabilities stated below.

California State Teachers' Retirement System. STRS is a defined benefit plan that covers all full-time certificated District employees and some classified District employees, which are District employees employed in a position that does not require a teaching credential from the State. Employees and the District contribute 8% and 8.25%, respectively, of gross salary expenditures to STRS. STRS has a substantial statewide unfunded liability. The chief executive for STRS has recommended raising employer contributions by the State and, indirectly, by school districts within the State. Since this liability has not been broken down by each school district, it is impossible to determine the District's share. The District's regular employer contribution to STRS for Fiscal Year 2011-12 is projected to be at least equal to its contribution for Fiscal Year 2010-11, after adjusting for specially funded categorized programs. Benefit provisions are established by State legislation in accordance with the State Teachers' Retirement Law.

The following Table C-8 sets forth the District's regular annual contributions to STRS for Fiscal Years 2007-08 through 2010-11, the District's estimated contribution for Fiscal Year 2011-12 as estimated in the Second Interim Financial Report and the District's contributions as a percentage of

General Fund expenditures for the respective fiscal year. The District has always paid all required STRS annual contributions.

TABLE C-8
CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
Annual Regular STRS Contributions
Fiscal Years 2007-08 through 2011-12

Fiscal Year	District Contributions	District Contribution as Percentage of Total General Fund Expenditures
2007-08	\$2,392,473	3.58%
2008-09	2,343,972	3.29
2009-10	2,168,322	3.20
2010-11	2,152,697	3.13
2011-12 ⁽¹⁾	2,062,377	3.14

⁽¹⁾ Estimated.

Sources: Centinela Valley Union High School District Comprehensive Annual Financial Reports for Fiscal Years 2007-08 through 2011-12; 2011-12 Second Interim Report for Fiscal Year 2011-12 data.

The unfunded actuarial accrued liabilities and funded status of the CalSTRS pension fund as of June 30 of Fiscal Years June 30, 2006 through June 30, 2010 are set forth in the following Table C-9. The individual funding progress for the District is not provided in the actuarial report from CalSTRS.

TABLE C-9
Actuarial Value of State Teachers' Retirement Fund Defined Benefit Program
Valuation Dates June 30, 2006 through June 30, 2010
(\$ in billions)

Valuation Date (June 30)	Accrued Liability	Actuarial Value of Assets⁽¹⁾	Unfunded Liability	Funded Ratio (Actuarial Value)	Funded Ratio (Fair Market Value)
2006	\$150.872	\$131.237	\$19.635	87.0%	87.0%
2007	167.129	146.419	20.710	89.0	88.0
2008	177.734	155.215	22.519	87.0	85.0
2009	185.683	145.142	40.541	78.0	58.0
2010	196.315	140.291	56.024	71.0	60.0

⁽¹⁾ Actuarial Value of Assets does not include amounts allocable to the CalSTRS Supplemental Benefits Maintenance Account

Sources: California State Teachers' Retirement System Defined Benefit Program Actuarial Valuations as of June 30, 2006 through June 30, 2010.

The actuarial assumptions set forth in the California State Teachers' Retirement System Defined Benefit Program Actuarial Valuation as of June 30, 2010 use the "Entry Age Normal Cost Method" and, among other things, an assumed 7.75% investment rate of return and 6.00% interest on accounts, projected wage growth of 4.00%, projected 3.00% inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The amounts of CalSTRS' unfunded liability will vary from time to time depending upon actuarial assumptions, rates of return on investment, salary scales and levels of contribution.

The market value of the CalSTRS pension fund as of June 30, 2009 and June 30, 2010 was \$118.9 billion and \$129.8 billion, respectively. CalSTRS produces a comprehensive annual financial report which includes financial statements and required supplementary information. Copies of the CalSTRS' comprehensive annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, California 95851. The information presented in these reports is not incorporated by reference in this Official Statement.

California Public Employees' Retirement System. CalPERS is defined benefit plan covers classified personnel who work four or more hours per day. Benefit provisions are established by State legislation in accordance with the Public Employees' Retirement Law. The District's contribution to CalPERS is capped at 13.02% of gross salary expenditures. The District's actuarially determined contribution rate for Fiscal Year 2011-12 is 10.923% of eligible salary expenditures. If the District's contribution rate to CalPERS is less than 13.02% of gross salary expenditures for a given year, the State will reduce the District's revenue limit for that year by the amount of the difference between the District's contribution calculated based on a contribution rate of 13.02% of gross salary expenditures and the District's actual contribution. Moreover, if the required contribution rate is greater than 13.02% for a given year, then the State will provide additional revenue limit allocations to the District for that year by the amount of the difference between the District's actual contribution to CalPERS and the District's contribution calculated based on a contribution rate of 13.02% of gross salary expenditures.

Active plan members are required to contribute 7% (miscellaneous) of their monthly salary and the District is required to contribute based on an actuarially determined rate. The required employer contribution rates for the Fiscal Year ended June 30, 2011 was 10.707% for miscellaneous. The District paid the employee's contribution of ___% for most active plan members and certain percentages for employees covered under other collective bargaining units. The following Table C-10 sets forth the District's regular annual contributions, inclusive of employee contributions paid by the District, to CalPERS for Fiscal Years 2007-08 through 2010-11 and the District's estimated contribution for Fiscal Year 2011-12 as estimated in the Fiscal Year 2011-12 Second Interim Report. The District has always paid all required CalPERS annual contributions.

TABLE C-10

**CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
Annual CalPERS Regular Contributions
Fiscal Years 2007-08 through 2011-12**

Fiscal Year	District Contributions⁽¹⁾	District Contribution as Percentage of Total General Fund Expenditures
2007-08	\$ 942,328	1.41%
2008-09	990,740	1.39
2009-10	999,048	1.48
2010-11	1,196,051	1.74
2011-12 ⁽²⁾	[1,083,397]	1.65

⁽¹⁾ Includes Regular Contributions and employee contributions paid by the District and "PERS Recapture." Pursuant to State law, the State is allowed to recapture the savings corresponding to a lower CalPERS rate by reducing a school district's revenue limit apportionment by the amount of the school district's CalPERS savings in that year.

⁽²⁾ Estimated.

Sources: Centinela Valley Union High School District Comprehensive Annual Financial Reports for the Fiscal Years 2007-08 through 2011-12; Fiscal Year 2011-12 Second Interim Report.

Unlike typical defined benefit programs such as those administered by CalPERS, neither the STRS employer nor the State contribution rate varies annually to make up funding shortfalls or assess credits for actuarial surpluses. The State does pay a surcharge when the teacher and school district

contributions are not sufficient to fully fund the basic defined benefit pension (generally consisting of 2% of salary for each year of service at age 60 referred to as “pre-enhancement benefits”) within a 30-year period. However, this surcharge does not apply to the system-wide unfunded liability resulting from recent benefit enhancements. As indicated above, there is presently no required contribution from teachers, school districts or the State to fund this unfunded liability. Historically, the school district employer contribution rate has remained at 8.25%. The District is unable to predict what the amount of liabilities will be in the future or the amount of the contributions which the District may be required to make.

The following Table C-11 sets forth the funded status of CalPERS for Fiscal Years 2004-05 through 2008-09.

Table C-11
CalPERS Funded Status
Schools Portion of State and Schools Plans
Fiscal Years 2004-05 through 2008-09
(\$ in billions)

Fiscal Year ended June 30	Entry Age Normal Accrued Liability	Valuation Value of Assets	Market Value of Assets	Unfunded Liability /(Surplus)⁽¹⁾	Funded Ratio⁽¹⁾
2005	\$38,367.52	\$35,800.94	\$36,898.25	\$1,469.27	96.2%
2006	41,408.65	38,460.90	40,852.35	556.31	98.7
2007	44,810.07	41,578.62	48,292.93	(3,482.86)	107.8
2008	48,537.68	44,566.38	45,547.90	2,989.78	93.8
2009	52,493.08	46,675.76	34,146.45	18,346.63	65.0

⁽¹⁾ Based on market value of assets.

Source: CalPERS State & Schools Actuarial Valuation as of the indicated year.

In December 2009, the CalPERS Board of Administration adopted changes to the asset smoothing method in order to phase in over a three year period the impact of the negative 24% investment loss experienced by CalPERS in Fiscal Year 2008-09. Under the new methodology, which is not mandatory for employers, investment gains and losses will be tracked and the net unamortized gain or loss will be amortized and paid off over a fixed and declining 30-year period instead of the current, rolling 30-year amortization period with the exception of gains and losses in Fiscal Years 2008-09, 2009-10, and 2010-11. For Fiscal Years 2008-09, 2009-10, and 2010-11, such fiscal year’s gains or losses will be isolated and amortized over fixed and declining 30 year periods. In addition, CalPERS has adopted a policy such that if a plan’s accrued liability exceeds the actuarial value of assets, the annual contribution with respect to the total unfunded liability of such plan may not be less than the amount produced by a 30-year amortization of the unfunded liability. Further, all CalPERS plans will be subject to a minimum employer contribution rate equal to the employer normal cost plus a 30-year amortization of surplus, if any.

The actuarial funding method used in the CalPERS State & Schools Actuarial Valuation as of June 30, 2010 is the “Individual Entry Age Normal Cost Method”. The CalPERS State & Schools Actuarial Valuation as of June 30, 2010 assumes, among other things, a 7.75% investment rate of return, projected salary increases of 3.45% to 11.05%, projected 3.00% inflation and projected 2.00% or 3.00% post-retirement benefit increases.

In March 2012, the CalPERS Board of Administration voted to reduce the actuarial assumed rate of return/discount rate to 7.50% from 7.75%. In connection therewith, State and schools employer

contributions will increase by 1.2% to 1.6% for Miscellaneous plans and will increase by 2.2% to 2.4% for Safety plans beginning Fiscal Year 2012-13. CalPERS estimates that these modifications will increase expenditures by participating school districts. The District is evaluating the impact of the aforementioned rate increase upon its finances. The District has paid all required contributions in prior fiscal years and expects to continue to do so.

The market value of the CalPERS pension fund as of June 30, 2009 and June 30, 2010 was \$177.0 billion and \$200.5 billion, respectively. CalPERS issues a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS CAFR and actuarial valuations may be obtained from the CalPERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information set forth therein is not incorporated by reference in this Official Statement.

Other Post-Employment Benefits

In addition to employee health care costs, the District provides post-employment health care benefits in accordance with collective bargaining agreements. On June 21, 2004, the Governmental Accounting Standards Board (“GASB”) released its Governmental Accounting Standards Board Statement No. 45 (“Statement No. 45”), Accounting and *Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Statement No. 45 establishes standards for measuring, recognizing and disclosing post-employment healthcare as well as other forms of post-employment benefits, such as life insurance, when provided separately from a pension plan expense or expenditures and related liabilities in the financial reports of state and local governments (such other post-employment benefits are referred to herein as “OPEB”). Under Statement No. 45, governments will be required to: (i) measure the cost of benefits, and recognize other post-employment benefits expense, on the accrual basis of accounting in periods that approximate employees’ years of service; (ii) provide information about the actuarial liabilities for promised benefits associated with past services and whether, or to what extent, those benefits have been funded; and (iii) provide information useful in assessing potential demands on the employer’s future cash flows. The District’s post-employment health benefits fall under Statement No. 45. The Statement No. 45 reporting requirements for the District became effective during Fiscal Year 2008-09.

The core requirement of Statement No. 45 is that at least biennially an actuarial analysis must be prepared with respect to projected benefits (“Plan Liabilities”); against this would be measured the actuarially determined value of the related assets (the “Plan Assets”). To the extent that Plan Liabilities exceeded Plan Assets, then similar to the actuarial and accounting practices for pension plan liabilities, the difference would be amortized over a period which could be up to 30 years. The method of financial reporting for OPEB costs would be similar to financial reporting for pension plan normal costs and unfunded actuarial accrued liability. The requirements that Statement No. 45 imposes on the District only affect the District’s financial statements and would not impose any requirements regarding the funding of any OPEB plans.

The District’s OPEB consists of postemployment benefits of health, prescription drug, dental, vision and life insurance coverage for retirees; long-term care coverage, life insurance and death benefits that are not offered as part of a pension plan; and long-term disability insurance for employees. Employees who retire from the District may be eligible for OPEB if they have retired from active service prior to July 1, 1993, are 55 years of age or older, and have served at the District for 10 or more years. [The District’s “Centinela Valley Union High School District Post Employment Benefits Other Than Pensions GASB 45 Valuation” dated as of July 1, 2010 (the “Postemployment Valuation”) states that as of the June 30, 2010 valuation date there were approximately 104 active members and 370 retirees and beneficiaries who met the eligibility requirements for these benefits. The District currently funds these benefits on a pay-as-you-go basis, paying an amount in each fiscal year equal to the benefits distributed or disbursed in that fiscal year.

[The principal actuarial assumptions used in the Postemployment Valuation were (i) Actuarial Cost Method: Unit Credit Cost; (ii) Amortization Method: Closed, Level Dollar; (iii) Remaining Amortization Period: 30 years; (iv) Discount Rate: 5.0%; (v) Healthcare Rate Increase: 11.00% long-term average increase for all healthcare benefits, which is assumed to trend downward to an ultimate 5.00% increase for 2014 and subsequent years; (vi) Mortality assumptions determined using various projections; (viii) Morbidity: Medical Claims expected to increase 2% on average, as participants age; (ix) Salary scale: no salary increase rate is assumed because there are no liabilities dependent on salary; (x) Medical Coverage: It is assumed that new retirees select coverage, consistent with their active election, and are assumed to participate in Medicare %.; (xi): Miscellaneous: rates of mortality, retirement, termination.]

The Postemployment Valuation sets forth the District’s actuarial valuation of post-employment medical benefits as of June 30, 2010 its employees and retirees. The Postemployment Valuation sets forth the liabilities of the post-employment benefit plan based upon GASB Statement Nos. 43 and 45. As of June 30, 2010 District had zero assets relating to the cost of providing post-employment benefits. Accordingly, the District’s unfunded actuarial accrued liability was \$15,030,445. The District’s covered payroll as of June 30, 2010 was \$39,143,585, which reflects a UAAL percentage of covered payroll of 38%. Pursuant to Statement No. 45, OPEB expense in an amount equal to annual OPEB cost is recognized in government-wide financial statements on an accrual basis. Net OPEB obligations, if any, including amounts associated with under- or over-contributions from governmental funds, are to be displayed as liabilities (or assets) in government-wide financial statements.

The Postemployment Valuation recommended an annual required contribution (“ARC”) of \$ _____, which amount is approximately ___% of the District’s payroll at the July 1, 2010 valuation date. The Postemployment Valuation projects that the District’s payment for OPEB for the year beginning July 1, 2012 would be approximately \$ _____.

Accordingly, the District’s Net Pension Obligation (“NPO”) as of [June 30, 2011] is expected to be greater than the NPO as of June 30, 2010. NPO is the cumulative difference between the annual OPEB cost (the “Annual OPEB Cost”) to the District of the post-employment benefit plan and the actual contribution in a particular year. Annual OPEB Cost is equal to (i) the ARC, (ii) one year’s interest on the NPO, and (iii) an adjustment to the ARC to offset, approximately, the amount included in item (i) for amortization of the past contribution deficiencies.

The following Table C-12 sets forth the District’s funding of OPEB from Fiscal Years 2008-09 through 2010-11 and the estimated expenditure for other post-employment benefits for Fiscal Year 2011-12.

TABLE C-12

**CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
Expenditures for Other Post-Employment Benefits
Fiscal Years 2008-09 through 2011-12**

Fiscal Year	Amount	District Contribution as Percentage of Total General Fund Expenditures
2008-09	\$1,320,839	1.85%
2009-10	929,549	1.37
2010-11	1,439,400	2.09

⁽¹⁾ Unaudited.

Sources: Centinela Valley Union High School District Comprehensive Annual Financial Reports for Fiscal Years 2008-09 through 2011-12.

Table C-13 below reflects the District's ARC, annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for Fiscal Years 2008-09 through 2010-11.

TABLE C-13

**CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
Annual Required Contribution, OPEB Costs and Net OPEB Obligation
Fiscal Years 2008-09 through 2010-11**

Fiscal Year ended June 30	Annual Required Contribution	Annual OPB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$1,113,753	\$1,113,753	119%	\$(207,086)
2010	1,113,753	1,113,753	83	(20,406)
2011	1,056,444	1,056,444	125	(283,043)

Source: Centinela Valley Union High School District Comprehensive Annual Financial Reports for Fiscal Years 2008-09, 2010-11 and 2010-11.

The District has reviewed and is expected to continue to review the Postemployment Valuation, in conjunction with the District's obligations under its post-employment benefit plan, to determine, among other things, its course of action with respect to post-employment benefit contributions and what other post-employment benefit liability must be reported. In the opinion of District management, any further increase in the District's UAAL as described in the Postemployment Valuation will not adversely affect the District's ability to pay debt service on its general fund obligations or general obligation bonds, including the Bonds described in the forepart of this Official Statement, which are payable from *ad valorem* property taxes.

For additional information regarding the District's OPEB see Note 13 to the District's audited financial statements contained in APPENDIX C – "SELECTED INFORMATION FROM AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2011" attached to this Official Statement. Information regarding the District's OPEB in this Appendix C reflects information as of the District's postemployment valuation dated July 1, 2010.

Insurance

The District participates in two insurance joint ventures under joint powers agreements. These include the Alliance of Schools for Collective Insurance Programs ("ASCIP") and Centinela South Bay School Insurance Authority ("CSBSIA"). ASCIP and CSBIA arrange and provide for the District's health, worker's compensation and property liability coverage. ASCIP and CSBIA are governed by a board consisting of representatives from each member district. The governing board controls the operations of ASCIP and CSBIA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond the District's representation on the governing board. Member districts share surpluses and deficits proportionally to their participation in ASCIP and CSBIA.

For additional information regarding ASCIP, see Note 9 to the District's financial statements contained in APPENDIX D – "SELECTED INFORMATION FROM AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2011" to this Official Statement.

District Debt

General Obligation Bonds. Pursuant to Sections 15106 and 17422 of the Education Code, the District's bonding capacity for general obligation bonds is 1.25% of taxable property value in the District. The taxable property value in the District for Fiscal Year 2011-12 is approximately \$14.1 billion, which results in a total current bonding capacity of approximately \$176.3 million. As of April 1, 2012, the District had \$95.7 million in general obligation bonds outstanding.

The District may not issue general obligation debt without voter approval. The District has issued several series of general obligation bonds pursuant to a \$59.0 million general obligation bond authorization approved by voters in the District in March 2000 (the "Measure C Authorization"). No additional bonds, other than refunding bonds, may be issued in connection with the Measure C Authorization. The District issued its 2002 General Obligation Refunding Bonds, Series A in the aggregate principal amount of \$20,105,000 (the "2002 Refunding Bonds") and 2004 General Obligation Refunding Bonds, Series A in the aggregate principal amount of \$39,205,000 (the "2004 Refunding Bonds") which refunded all of the then-outstanding bonds issued pursuant to the Measure C Authorization. There are presently no outstanding bonds issued pursuant to the District's Measure C Authorization.

A \$98 million general obligation bond authorization was approved by voters in November 2008 (the "Measure CV (2008) Authorization"). The District has issued \$23.0 million aggregate principal amount of general obligation bonds pursuant to the Measure CV (2008) Authorization. In December 2010, the District issued its \$24,999,726.20 aggregate principal amount 2010 General Obligation Bond Anticipation Notes (Bank Qualified) (the "2010 BANs") to finance the repair and rehabilitation of schools and the construction and acquisition of school sites and facilities in anticipation of proceeds from general obligation bonds issued pursuant to the Measure CV (2008) Authorization. The 2010 BANs are scheduled to mature on December 1, 2013 and are payable from proceeds of the issuance of general obligation bonds issued pursuant to the Measure CV (2008) Authorization, other funds of the District lawfully available for the purpose of repaying the 2010 BANs, and *ad valorem* property tax revenues. The most recent bond authorization for \$98 million was approved by the voters in November 2010 (the "Measure CV (2010) Authorization"). In July 2011, the District issued its \$25,999,343.60 aggregate principal amount General Obligation Bonds Election of 2010, 2011 Series A pursuant to the Measure CV (2010) Authorization. The District expects that certain of the projects to be financed with the Measure CV 2010 Authorization will also receive funds from the proceeds of the 2010 BANs.

The following Table C-14 sets forth the general obligation bonds and general obligation refunding bonds issued by the District in connection with the Measure C (2000), Measure CV (2008) and Measure CV (2010) Authorizations.

TABLE C-14

**CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
Measure C (2000) Authorization, Measure CV (2008) Authorization,
and Measure CV (2010) Authorization**

Bonds Issued	Aggregate Principal Amount	Outstanding Amount as of April 1, 2012	Date of Issue
2002 Refunding Bonds	\$ 20,105,000.00	\$ 15,215,000.00	June 19, 2002
2004 Refunding Bonds	39,205,000.00	32,095,000.00	June 3, 2004
2008 Series A Bonds	22,995,150.70	22,389,703.20	April 14, 2009
2011 Series A Bonds	<u>25,999,343.60</u>	<u>25,999,953.50</u>	July 21, 2011
TOTAL	<u>\$166,504,494.30</u>	<u>\$95,699,656.70</u>	

Source: Centinela Valley Union High School District.

Certificates of Participation. The District does not have any certificates of participation currently outstanding.

Tax and Revenue Anticipation Notes. The District has issued tax and revenue anticipation notes to fund shortfalls due to timing differences between receipts and disbursements. In February 2012, the District issued tax and revenue anticipation notes in the principal amount of \$9,935,000 through the California School Cash Reserve Program Authority. The District’s tax and revenue anticipation notes are scheduled to mature and be paid on January 31, 2013.

Future Financings

The District has approximately \$75.0 million authorized and unissued general obligation bond authorization remaining under the Measure CV (2008) Authorization, which amount is expected to be used to pay the 2010 BANs and finance projects set forth in the Measure CV (2008) Authorization. Prior to the issuance of the Bonds described in the forepart of this Official Statement, the District has approximately \$72.0 million authorized and unissued general obligation bond authorization remaining under the Measure CV (2010) Authorization. The issuances of additional series of general obligation bonds will depend upon, among other things, the District’s need for funds and the projected assessed valuation within the District. See “DISTRICT FINANCIAL INFORMATION – District Debt – *General Obligation Bonds*” herein.

The District may issue refunding bonds to refund outstanding general obligation bonds from time to time, depending on market conditions. In addition, as described in the text of each of the ballots of Measure CV (2008) and Measure CV (2010), the District Board does not guarantee that the respective bonds authorized and issued under the Measure CV (2008) and Measure CV (2010) Authorizations will provide sufficient funds to allow completion of all potential projects listed in connection with said measures.

The District may, from time to time, approve funding for additional capital projects through the execution and delivery of certificates of participation and may issue tax and revenue anticipation notes to fund cash flow deficits in its General Fund.

Overlapping Debt Obligations

Set forth on Table C-15 on the following page is the Debt Report prepared by California Municipal Statistics Inc. dated _____, 2012, which provides information with respect to direct and overlapping debt within the District as of May 1 2012 (the "Debt Report"). The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith. The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

TABLE C-15

**Centinela Valley Union High School District
Schedule of Direct and Overlapping Bonded Debt
As of May 1, 2012**

CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT

2011-12 Assessed Valuation: \$14,063,551,668
 Redevelopment Incremental Valuation: 1,802,688,753
 Adjusted Assessed Valuation: \$12,260,862,915

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/12</u>
Los Angeles County Flood Control District	1.245%	\$ 463,078
Metropolitan Water District	0.687	1,350,264
El Camino Community College District	16.319	27,207,682
Centinela Valley Union High School District	100.000	120,698,774⁽¹⁾
Hawthorne School District	100.000	45,856,589
Lawndale School District	100.000	20,865,000
Lennox School District	100.000	9,668,698
Wiseburn School District	100.000	110,991,877
City of Hawthorne Community Facilities Districts	100.000	39,920,000
Los Angeles County Regional Park and Open Space Assessment District	1.321	<u>2,255,277</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$379,277,239

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	1.321%	\$19,653,940
Los Angeles County Superintendent of Schools Certificates of Participation	1.321	148,872
Hawthorne School District Certificates of Participation	100.000	10,869,811
Lawndale School District Certificates of Participation	100.000	13,500,000
City of Hawthorne General Fund and Pension Obligations	89.157	29,564,461
City of Inglewood General Fund and Pension Obligations	3.752	2,961,690
Los Angeles County Sanitation District No. 5 Authority	15.462	<u>7,715,501</u>
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		\$84,414,275
Less: Los Angeles County general fund obligations supported by landfill revenues		<u>235,210</u>
TOTAL NET OVERLAPPING GENERAL FUND DEBT		\$84,179,065

GROSS COMBINED TOTAL DEBT \$463,691,514⁽²⁾
NET COMBINED TOTAL DEBT \$463,456,304

⁽¹⁾ Excludes issue to be sold.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2011-12 Assessed Valuation:

Direct Debt (\$120,698,774)0.86%
 Total Direct and Overlapping Tax and Assessment Debt.....2.70%

Ratios to Adjusted Assessed Valuation:

Gross Combined Total Debt.....3.78%
 Net Combined Total Debt3.78%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: \$0

Source: California Municipal Statistics, Inc.

STATE FUNDING OF EDUCATION

General

Public school district revenues consist primarily of guaranteed State moneys, *ad valorem* property taxes and funds received from the State and federal government in the form of categorical aid, which are amounts restricted to specific categories of use, under various ongoing programs. All State apportionment of revenue limit aid ("State Aid") is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the State Legislature to the District. See "DISTRICT FINANCIAL INFORMATION" herein.

Historically, approximately 89% of the District's annual General Fund (the "District General Fund") revenues have consisted of payments from or under the control of the State. Payments made to K-12 public schools and public colleges and universities are priority payments for State funds and are expected to be made prior to other State payment obligations. Although the State Constitution protects the priority of payments to K-12 schools, college and universities, it does not protect the timing of such payments and other obligations may be scheduled and have been scheduled to be paid in advance of those dates on which payments to school districts are scheduled to be made.

School districts in the State have historically received most of their revenues under a formula known as the "revenue limit." Each school district's revenue limit, which is funded by State moneys and local *ad valorem* property taxes from the general 1% *ad valorem* property tax levy, is allocated based on the average daily attendance ("ADA") of each school district for either the current or preceding school year. Each school district receives a portion of the local *ad valorem* property taxes that are collected from the general 1% *ad valorem* property tax levy within its district boundaries. Generally, State Aid to a school district will amount to the difference between the school district's revenue limit and the school district's local property tax allocation from the general 1% *ad valorem* property tax levy. In the District's 2010-11 Fiscal Year, approximately [62.3]% of the District's operating revenues were derived from the revenue limit. See "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS" herein. Since 2002, the State has deferred certain State Aid payments to school districts from one fiscal year to the next fiscal year in order to manage the State's cash flow. See "- State Cash Management Plan" herein.

A large percentage of a school district's budgeted revenues comes from categorical funds provided exclusively by the State and federal government. These funds are to be used for specific programs and typically cannot be used for any other purpose. The State lottery is another source of funding for school districts, providing approximately 1.7% of a school district's general fund budget. Every school district receives the same amount of lottery funds per pupil from the State. The initiative authorizing the State lottery mandates the funds be used for instructional purposes and prohibits their use for land acquisition, construction or research and development. A small part of a school district's budget is from local sources other than property taxes, such as interest income, donations and sales of property. Some school districts derive a significant portion of their operating funds from voter-approved parcel taxes.

The revenue limit calculation formula was first instituted in Fiscal Year 1973-74 to provide a mechanism to calculate the amount of general purpose revenue a school district is entitled to receive from the State and local allocations of the general 1% *ad valorem* property tax levy. Prior to Fiscal Year 1973-74, taxpayers in school districts with low property values per pupil paid higher tax rates than taxpayers in school districts with high property values per pupil. However, despite higher tax rates, less was spent per pupil in school districts with low property values per pupil than school districts with high property values per pupil. Thus, the State revenue limit funding helps to alleviate the inequities between the two types of school districts.

ADA is reported by school districts each year in April, July and December. Revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among school districts in the State of similar type (i.e., unified school districts, high school districts or elementary school districts) and size (e.g., large or small).

The calculation of the amount of State Aid a school district is entitled to receive each year is basically a five-step process. First, the prior year school district revenue limit per ADA is established, with recalculations as are necessary for adjustments for equalization or other factors. Second, the adjusted prior year revenue limit per ADA is inflated according to formulas based on the implicit price deflator for government goods and services and the statewide average revenue limit per ADA for school districts. During this phase, a deficit factor may be applied to the base revenue limit if so provided in the State Budget Act for a given fiscal year (when appropriation of funds in the State’s annual budget for revenue limits or for any categorical program is not sufficient to pay all claims for State Aid, a deficit factor is applied to reduce the allocation of State Aid to the amount appropriated). Third, the current year’s revenue limit per ADA for each school district is multiplied by such school district’s ADA for the current or prior year. For a school district with declining enrollment, the current year’s revenue limit per ADA is multiplied by the school district’s ADA for the prior year. This has been the case for the District in recent years, thereby providing a cushion until the District’s cost structure adjusts to lower ADA. Fourth, revenue limit add-ons are calculated for each school district if such school district qualified for the add-ons. Add-ons include the necessary small school district adjustments, meals for needy pupils and small school district transportation, and are added to the revenue limit for each qualifying school district. Finally, local *ad valorem* property taxes allocated from the general 1% *ad valorem* property tax levy are deducted from the revenue limit to arrive at the amount of State Aid to which each school district is entitled for the current year.

The following Table C-16 sets forth the District’s revenue limit per unit of ADA from Fiscal Year 2006-07 through Fiscal Year 2010-11, and the estimated revenue limit per unit of ADA for Fiscal Year 2011-12.

TABLE C-16

**CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
K-12 Revenue Limit Per Unit of Average Daily Attendance
Fiscal Years 2007-08 to 2011-12**

Fiscal Year	ADA	Annual Change in ADA	Funded Base Revenue Limit Per ADA⁽¹⁾
2007-08	6,639	91	\$6,666.97
2008-09	6,751	112	6,493.28
2009-10	6,770	19	5,973.94
2010-11			
2011-12 ⁽¹⁾	6,181		6,413.39

⁽¹⁾ Estimated.

Sources: Centinela Valley Union High School District Comprehensive Annual Financial Report for Fiscal Years 2007-08 through 2010-11; Second Interim Financial Report for Fiscal Year 2011-12.

[The District’s base revenue limit is estimated to be \$7,316.97 per ADA for Fiscal Year 2011-12. The estimated base revenue limit for Fiscal Year 2011-12 is subject to a deficit factor of 20.602%, a negative 0.39% cost of living adjustment, and other adjustments by the State. The District’s budgeted

base revenue limit for Fiscal Year 2011-12 is subject to a deficit factor of 19.754%, a 2.24% cost of living adjustment and other adjustments by the State.] [Update]

The following Table C-17 sets forth the deficit factor and COLA from Fiscal Years 2007-08 through 2011-12.

TABLE C-17
CENTINELA VALLEY UNION HIGH SCHOOL DISTRICT
Deficit Factor and Cost of Living Adjustment
Fiscal Years 2006-07 to 2010-11

Fiscal Year	Deficit Factor	Cost of Living Adjustment
2007-08	0.000%	4.53%
2008-09	7.844	5.66
2009-10	18.355	4.25 ⁽¹⁾
2010-11 ⁽²⁾	17.963	(0.39) ⁽²⁾
2011-12	20.602 ⁽³⁾	2.24

⁽¹⁾ The 4.25% increase of the statutory COLA for Fiscal Year 2009-10 is offset is by a deficit factor of 18.355% on the base revenue limit, which results in a net funded COLA of a negative 7.64%.

⁽²⁾ The 0.39% decrease of the statutory COLA for Fiscal Year 2010-11 is eliminated by the adoption of a deficit factor less than the deficit factor in Fiscal Year 2009-10.

⁽³⁾ Pursuant to SB 81, the deficit factor for Fiscal Year 2011-12 was increased to 20.602% from 19.754% which was set forth in the 2011-12 State Budget Act.

Source: Centinela Valley Union High School District.

Proposition 1A (SCA 4) (“Proposition 1A”) approved by the voters in November 2004, provided that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibited the State from shifting to schools or community colleges any share of *ad valorem* property tax revenues allocated from the 1% levy to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of *ad valorem* property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. Proposition 1A provided, however, that beginning in Fiscal Year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues from the general 1% *ad valorem* property tax levy, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe State financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met.

Notwithstanding the aforementioned shifts in property tax revenues in prior years, certain levels of funding are guaranteed as described in “ – Proposition 98” below. *Ad valorem* property taxes levied to pay debt service on the District’s general obligation bonds, are not subject to the shifts described above for *ad valorem* property taxes provided from the 1% levy. Further, the State’s ability to initiate future exchanges and shifts of funds may be limited by Proposition 22. See CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Proposition 22” herein.

State Cash Management Plan

Pursuant to State law, the State defers a portion of the principal apportionment payments from the general fund of the State (“State Aid”) to school and community college districts within a fiscal year (“Intra-Fiscal Year Deferrals”) and from one fiscal year to a subsequent fiscal year (“Cross-Fiscal Year Deferrals”) in order to manage the State’s cash flow. Pursuant to the State Education Code, warrants for

the principal apportionments for the month of February in the amount of \$2 billion are drawn in July of the same calendar year, warrants for the principal apportionments for the month of April in the amount of \$678.6 million and for the month of May in the amount of \$1 billion are drawn in August of the same calendar year, warrants for the principal apportionments for the month of April in the amount of \$419 million and for the month of May in the amount of \$800 billion, and for the month of June in the amount of \$500 million are drawn in July of the same calendar year and warrants for the principal apportionments for the month of March in the amount of \$1.3 billion and for the month of April in the amount of \$763.8 billion are drawn in August of the same calendar year. SB 82 contains a provision pursuant to which a school district may, subject to the approval of the State's Director of Finance, receive scheduled payments from the State Controller if payments are deferred, if the county superintendent of schools certifies to the State Superintendent of Public Instruction and Director of Finance, that the deferral of warrants will result in a hardship for the school district.

Charter School Funding

A charter school is a public school authorized by a school district, county office of education or the Board of Education of the State. A proposed charter school submits a petition to one of these entities for approval and that petition details the operations of the charter school. State law requires that charter petitions be approved if they comply with the statutory criteria. The District has certain fiscal oversight and other responsibilities with respect to both affiliated and independent charter schools. Affiliated charter schools, if any, would receive their funding from the District and would be included in the District's budgets and audit reports. Fiscally independent charter schools within the District's boundaries receive their funding directly from the State are not included in the District's audit report and function like independent agencies, including having control over their staffing and budgets, which are received directly from the State.

Charter schools generally receive funding in three broad categories. Charter schools receive a block grant that is similar to school district revenue limit funding and is based on statewide average revenue limits for school districts within specified ranges of grades. These charter school revenues are deducted from the amount of State Aid a school district is entitled to receive each year. Charter schools also receive a block grant in lieu of many categorical programs. Charter schools may spend these block grants for any educational purpose. The third broad category of funding for charter schools is categorical funds not included in the block grant. A charter school must apply for these funds, program by program, and if received, must spend the funds in accordance with the same program requirements as traditional schools. An increase in the number of independent charter schools within a school district, or of independent charter school students in a school district who had previously been students at a traditional school in that same school district, results in a reduction of the revenue limit and, possibly, program funding for that school district. There are no affiliated charter schools operated by the District. There are currently three fiscally independent charter schools, which enroll high school students, within the District's boundaries.

Proposition 98

On November 8, 1988, voters of the State approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act." Proposition 98 changed State funding of public education below the university level and the operation of the State's appropriation limit as described in Article XIIB of the State Constitution, primarily by guaranteeing K-14 schools a minimum share of State General Fund revenues. Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), there are currently three tests which determine the minimum level of K-14 funding. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" herein. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the revenue limit to K-14 schools under Article XIIB of the State Constitution.

Proposition 98 permits the State Legislature by two-thirds vote of both houses, with the Governor's concurrence, to suspend the K-14 schools' minimum funding formula for a one-year period. The amount of suspension is eventually repaid according to a specified State Constitutional formula, thereby restoring Proposition 98 funding to the level that would have been required in the absence of such suspension. The Fiscal Year 2004-05 State Budget Act suspended the Proposition 98 minimum guarantee for Fiscal Year 2004-05; however, the suspended amount was fully paid in Fiscal Year 2005-06. The Proposition 98 minimum guarantee was fully funded for Fiscal Years 2005-06 through Fiscal Year 2009-10. The State's Fiscal Year 2010-11 State Budget Act suspended the Proposition 98 minimum guarantee in Fiscal Year 2010-11.

Litigation Regarding State Budgetary and Fiscal Actions

On May 20, 2010, more than 60 individual students and their respective families, nine school districts within the State, the California Congress of Parents Teachers & Students, the Association of California School Administrators, and the California School Boards Association filed a complaint for declaratory and injunctive relief, entitled *Maya Robles-Wong, et al. v. State of California, et al.*, (the "Robles Complaint") in the Alameda County Superior Court. The Robles Complaint alleges, among other things, that the State's current system of funding public education is not designed to support the core education program required by the State and that the State has failed to meet its duties under the State Constitution to keep up and support a "system of common schools." The Robles Complaint further alleges that the State does not provide and sufficiently fund an educational finance system that is intentionally, rationally, and demonstrably aligned with the goals and objectives of the State's prescribed educational program and the costs of ensuring that all children of all needs have the opportunity to become proficient in accordance with the State's academic standards. The Robles Complaint requests that the court enter a permanent injunction to, among other things, require the State to align its school finance system with its prescribed educational program and direct the defendants to cease operating the existing public school finance system or any other system of public finance that does not meet the requirements of the State Constitution. The District is not listed as a party in the Robles Complaint.

On July 13, 2010, 18 individual students and their respective families, three taxpayer citizens, the Campaign for Quality Education, the Alliance of Californians for Community Empowerment, Californians for Justice and the San Francisco Organizing Project filed a complaint for declaratory and injunctive relief, entitled *Campaign for Quality Education, et al., v. State of California and Arnold Schwarzenegger, Governor of the State of California*, (the "CQE Complaint") in the Alameda County Superior Court. The CQE Complaint alleges, among other things, that the State has violated its constitutional duties by failing to provide the individual plaintiffs' school districts with sufficient funds and that the State has failed to adopt policies to enable the districts to ensure that the individual plaintiffs and students of the districts have access to a meaningful education. The CQE Complaint further alleges that the State has violated the constitutional guarantees of equal protection under the State Constitution by failing to fulfill its constitutionally mandated duties to maintain a school finance system that allocates funds sufficient to provide students in the individual plaintiffs' school districts with a meaningful education and to first set apart and provide those funds to the public school system. The CQE Complaint requests that the court issue a declaratory judgment that the State has failed to adhere to its constitutional duties relating to the system of education, and provide injunctive relief as necessary to achieve compliance with the State Constitution. The District is not listed as a party in the CQE Complaint.

The District cannot predict whether any party listed in the Robles Complaint or the CQE Complaint will be successful, and if so, how any final court decision with respect to either lawsuit would affect the financial status of the District, as the nature of any court's remedy and the responses of the State Legislature and the Governor are unknown.

On September 28, 2011, five petitioners filed a complaint for declaratory and injunctive relief, entitled *California School Boards Association, et. al v. State of California, et. al* (the "Proposition 98

Complaint”) in the Superior Court of the State of California located in the County of San Francisco. The Proposition 98 Complaint alleged, among other things, that the 2011-12 State Budget Act violated the State’s constitutional obligation to fund public education. Pursuant to the 2011-12 State Budget Act, the State diverted a portion of the State’s Sales and Use tax revenues from the State General Fund to counties and cities and thereby excluded such revenues from the calculation of the required Proposition 98 minimum funding guarantee. See “State Funding of Education - State Budget - Fiscal Year 2011-12 State Budget” herein. The petitioners alleged that the State improperly lowered the Proposition 98 minimum funding guarantee by redefining these revenues, which were expected to total approximately \$5.1 billion in Fiscal Year 2011-12 as “not General Fund revenues”. Accordingly, the aggregate amount of General Fund revenues used to calculate the minimum guarantee under Test 1 of Proposition 98 was reduced. Due to this action, among other things, the petitioners alleged that the minimum funding requirement set forth in the 2011-12 State Budget Act was at least \$2.1 billion less than the amount required by Proposition 98. See “California Constitutional and Statutory Provisions relating to *Ad Valorem* Property Taxes, District Revenues and Appropriations - Proposition 98” herein. The 2011-12 State Budget Act provided that the modified calculation may be terminated if voters approve certain ballot measures at or prior to the statewide election in November 2012. In the alternative, the State could adopt a five year repayment plan. The petitioners alleged that neither option would satisfy the minimum guarantee under Proposition 98 and requested a judicial declaration directing the State to recalculate the minimum guarantee under Proposition 98 and implement such recalculation in a manner to ensure that school and community college districts do not receive less than the constitutionally required minimum level of funding. [In March 2012, the Superior Court for the County of San Francisco tentatively ruled that the State can reduce funding to education by diverting State revenues into different funds rather than the State’s General Fund without violating the minimum funding requirement of Proposition 98.] The District cannot predict whether any of the parties listed in the Proposition 98 Complaint will appeal the ruling, and if so, how any final court decision with respect to the Proposition 98 Complaint would affect the financial status of the District, as the nature of any court’s remedy and the responses of the State Legislature, the State Attorney General and the Governor are unknown.

State Budget

General. The District’s operating income consists primarily of three components, which include the State Aid portion funded from the State General Fund and a locally generated portion derived from the District’s share of the general 1% *ad valorem* property tax levy authorized by the State Constitution. In addition, school districts, such as the District, may be eligible for other special categorical funding, including for State and federal programs. Currently, the District receives approximately 79% of its District General Fund revenues from funds of or controlled by the State. As a result, decreases in State revenues, or in State legislative appropriations made to fund education, may significantly affect District operations.

The following description of the State’s budget has been obtained from publicly available information which the District believes to be reliable. However, the District, the Financial Advisor and the Underwriters do not guarantee the accuracy or completeness of this information and have not independently verified such information. Additional information regarding State budgets is available at various State-maintained websites, including www.dof.ca.gov. These websites are not incorporated herein by reference and the District, the Financial Advisor and the Underwriters do not make any representation as to the accuracy of the information provided therein.

The State Budget Process. The State’s fiscal year begins on July 1 and ends on June 30. According to the State Constitution, the Governor of the State (the “Governor”) is required to propose a budget for the next fiscal year (the “Governor’s Budget”) to the State Legislature no later than January 10 of each year. Proposition 25, which was adopted by voters in the State at an election held on November 2, 2010, amended the State Constitution such that a final budget must be adopted by a simple majority vote of each house of the State Legislature by no later than June 15 and the Governor must sign the adopted

budget by no later than June 30. The budget becomes law upon the signature of the Governor. In certain recent years, the State's final budget has not been timely adopted.

Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the State Legislature takes up the proposal. Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the State Legislature and signed by the Governor. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the State Legislature. Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the State Legislature and be signed by the Governor. Bills containing K-14 education appropriations require only a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution. Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt. However, delays in the adoption of a final State budget in any fiscal year may affect payments of State funds during such budget impasse. See " - State Funding of Schools Without a State Budget" below for a description of payments of appropriations during a budget impasse.

Fiscal Year 2011-12 State Budget. On June 30, 2011, the Governor signed the 2011 State Budget Act for Fiscal Year 2011-12 (the "2011-12 State Budget Act") to address a then-projected \$26.6 billion deficit through June 30, 2012. After accounting for budgetary actions adopted by the State Legislature, higher than expected revenues and updated expenditure projections, the 2011-12 State Budget Act projected that the State's structural deficit had been reduced to less than \$5 billion annually. The 2011-12 State Budget Act estimates Fiscal Year 2011-12 revenues and transfers of \$88.5 billion, total expenditures of \$85.9 billion and a year-end surplus of \$1.3 billion (net of the negative \$1.2 billion prior-year State General Fund balance). The 2011-12 State Budget Act allocated the projected surplus to the reserve for the liquidation of encumbrances (\$770 million) and the special fund for economic uncertainties (\$543 million).

The 2011-12 State Budget Act authorized approximately \$601.0 million in funding reductions in the areas of higher education, health and human services and public safety, beginning in January 2012, if the State's Director of Finance estimated that the State's General Fund revenues for Fiscal Year 2011-12 would be less than \$87.5 billion, but would be at least \$86.5 billion. If the State's Director of Finance estimated that the State's General Fund revenues for Fiscal Year 2011-12 would be less than \$86.5 billion, the 2011-12 State Budget Act authorized an additional \$1.86 billion in education reductions including, among other things, the reductions described in paragraph (5) below. See "District Financial Information - District Budget - Reductions to Fiscal Year 2011-12 Education Expenditures and District Contingency Plan" herein.

Certain of the features of the 2011-12 State Budget Act which could affect school districts in the State included the following:

1. The 2011-12 State Budget Act proposed to fund Proposition 98 for Fiscal Year 2011-12 at approximately \$48.7 billion, which reflected a decrease of \$1.1 billion from the estimated Fiscal Year 2010-11 funding level.

2. In addition to traditional calculations based upon General Fund revenues, the Proposition 98 guarantee set forth in the 2011-12 State Budget Act reflected: (i) an increase of \$578.1 million to ensure that the Proposition 98 minimum guarantee does not decrease with the shift in motor vehicle fuel revenues; (ii) an increase of \$221.8 million to reflect the inclusion of mental health and

out-of-home care services within the Proposition 98 guarantee; (iii) a decrease of \$1.134 billion to reflect the exclusion of child care programs, with the exception of part-day preschool programs from Proposition 98; and (iv) a decrease of \$1.7 billion to ensure that the total Proposition 98 guarantee remains unchanged as a result of new local revenue related to redevelopment agencies. See “State Funding of Education - Litigation Regarding State Budgetary and Fiscal Actions” herein.

3. In connection with the 2011-12 State Budget Act, Assembly Bill 114 directed school districts to budget based upon the same level of revenue per unit of average daily attendance as it received in Fiscal Year 2010-11 and to maintain staffing and program levels commensurate with that level. Pursuant to AB 114, the State reduced funding beginning in February 2012 because the State’s revenues were below the projections set forth in the 2011-12 State Budget Act. In addition, for the 2011-12 fiscal year, each school district is not required to demonstrate that it is able to meet its financial obligations for the two subsequent fiscal years as part of the interim report process. AB 114 also provided schools with the authority to reduce the minimum number of instructional days and minutes by up to seven days during Fiscal Year 2011-12, which is in addition to the authority to reduce the number of instructional days by up to five days under previous law.

4. Pursuant to the 2011-12 State Budget Act, certain sales and use tax revenues transferred in accordance with the Governor’s realignment plan would not be General Fund revenues for the purposes of calculating the Proposition 98 guarantee. The State’s treatment of such revenues will be operative for Fiscal Year 2011-12 and subsequent years only if one or more ballot measures, which must be approved before November 17, 2012, authorize such revenues to be so treated and provide funding for school districts and community college districts in an amount equal to that which would have been provided if such tax revenues were General Fund revenues for purposes of Proposition 98. See “State Funding of Education - Litigation Regarding State Budgetary and Fiscal Actions” herein.

5. The 2011-12 State Budget Act authorized trigger reductions to certain Proposition 98 allocations in the event the State’s Director of Finance determined that the State’s revenues for Fiscal Year 2011-12 would not meet or exceed projected levels. In such event, the 2011-12 State Budget Act authorized a reduction of up to \$1.5 billion from K-12 education relating to the aforementioned seven day reduction in the school year and a reduction of up to \$248 million relating to the elimination of funding for home-to-school transportation. See “District Financial Information - District Budget - Reductions to Fiscal Year 2011-12 Education Expenditures and District Contingency Plan” herein.

6. The 2011-12 State Budget Act included the deferral of \$2.1 billion in State Aid to Fiscal Year 2012-13 from Fiscal Year 2011-12 which was proposed in the 2011-12 Proposed State Budget and withdrawn in the May Revision to the 2011-12 Proposed State Budget.

7. The 2011-12 State Budget Act imposed a deficit factor of 19.754% on the revenue limit for Fiscal Year 2011-12, which reflected an increase from the deficit factor of 19.608% previously authorized for Fiscal Year 2011-12 under the Education Code.

8. In connection with the Governor’s realignment plan, the 2011-12 State Budget Act approved a Voluntary Alternative Redevelopment Program (“VARP”), pursuant to which redevelopment agencies may continue operating provided that their respective establishing cities or counties agree to provide \$1.7 billion in payments to K-12 schools. If the establishing cities or counties did not agree to make payments to K-12 schools, the related redevelopment agency would be required to cease operations pursuant to Assembly Bill X1 26 and any property tax revenues that remained after payment of such redevelopment agency’s outstanding debt service obligations and allowable administrative costs would be distributed to cities, counties, special districts, and K-14 schools.

9. The 2011-12 State Budget Act provided \$98.6 million from the Mental Health Services Fund to county mental health services on a one-time basis for mental health services to special education

students. On-going responsibility for these services, including out-of-home residential services, is realigned to school districts. The Governor stated that schools districts may contract with counties to provide services using Proposition 63 funds, but school districts would be responsible for any costs exceeding this amount.

10. The 2011-12 State Budget Act allocated \$6.6 million in federal funding for the California Longitudinal Pupil Achievement Data System. The Governor vetoed the provision of \$2.1 million in federal funds that the State Legislature had provided for the California Longitudinal Teacher Integrated Data Education System in Fiscal Year 2011-12.

11. The 2011-12 State Budget Act allocated \$3.2 million to support the Clean Technology and Renewable Energy Job Training, Career Technical Education, and Dropout Prevention Program. The program is designed to create partnerships between schools and businesses to provide occupational training for at-risk high school students in areas such as conservation, renewable energy, and pollution reduction.

12. The 2011-12 State Budget Act authorized flexibility to school districts for an additional two years for categorical programs, routine and deferred maintenance expenditure requirements, class size requirements, instructional time requirements, sale of surplus property, instructional materials purchase requirements, and local budget reserve requirements.

State Budget for Fiscal Year 2012-13

Fiscal Year 2012-13 Proposed State Budget. On January 5, 2012, Governor Brown released his 2012-13 Proposed Budget (the “Fiscal Year 2012-13 Proposed State Budget”), which estimates that, without corrective action, the State will end Fiscal Year 2012-13 with a \$9.2 billion deficit consisting of a \$4.1 billion State General Fund deficit through the end of Fiscal Year 2011-12 (rather than the \$1.5 billion reserve balance assumed in the 2011-12 State Budget Act) and a \$5.1 billion excess of expenditures over revenues for Fiscal Year 2012-13. The Fiscal Year 2012-13 Proposed State Budget proposes \$10.3 billion in expenditure reductions and increased revenues (including a temporary increase in income and sales taxes proposed for the November 2012 ballot (the “Governor’s 2012 Tax Initiative”)) to balance the State’s budget for Fiscal Year 2012-13 and to rebuild a reserve. Subsequent to the release of the Governor’s 2012 Tax Initiative, the Governor released the Governor’s Revised 2012 Tax Initiative (defined herein). See “ - Governor’s Revised 2012 Tax Initiative” herein. Assuming the passage of the Governor’s 2012 Tax Initiative, the Fiscal Year 2012-13 Proposed State Budget estimated Fiscal Year 2012-13 revenues and transfers of \$95.4 billion, total expenditures of \$92.6 billion and a year-end surplus of \$1.9 billion (net of the negative \$985 million prior-year State General Fund balance). The Fiscal Year 2012-13 Proposed State Budget allocates the projected surplus to the reserve for the liquidation of encumbrances (\$719 million) and the special fund for economic uncertainties (\$1.1 billion).

The Fiscal Year 2011-12 Proposed State Budget relied in part on passage of the Governor’s 2012 Tax Initiative, pursuant to which the personal income tax rates for certain high income earners would increase for five years (2012 through 2016) and State sales and use tax would increase by one-half percent for four years (2013 through 2016). The Fiscal Year 2012-13 Proposed State Budget projected that Governor’s 2012 Tax Initiative, if approved, would generate approximately \$6.9 billion through Fiscal Year 2012-13 and generate billions of dollars per year until its expiration. The taxes would be deposited into the State’s General Fund to pay for Proposition 98 school funding obligations and certain State programs. In the event the Governor’s 2012 Tax Initiative failed to pass, the Fiscal Year 2012-13 Proposed State Budget specified approximately \$5.4 billion in expenditure reductions in, among other things, education (accounting for 90% of the targeted reductions) and judicial branch appropriations. The Governor noted that the implementation of many of the proposals contained in the Fiscal Year 2012-13 Proposed State Budget would require additional time before savings are accrued and additional expenditure reductions would be needed. Subsequent to the release of the 2012 Tax Initiative and the

Fiscal Year 2012-13 Proposed State Budget, the Governor released the Governor's Revised 2012 Tax Initiative (defined herein). See " - Governor's Revised 2012 Tax Initiative" herein.

Certain of the features of the Fiscal Year 2012-13 Proposed State Budget which could affect school districts in the State include the following:

1. The Fiscal Year 2012-13 Proposed State Budget proposes State General Fund expenditures for Proposition 98 of approximately \$37.5 billion during Fiscal Year 2012-13 which reflects an increase from the projected \$32.6 billion General Fund expenditures for Proposition 98 during Fiscal Year 2011-12. Such increase includes a proposal to increase General Fund expenditures for Proposition 98 by \$2.2 billion during Fiscal Year 2012-13 to reduce inter-year budgetary deferrals. The proposed Proposition 98 expenditures assumed approval of the Governor's 2012 Tax Initiative.

2. The Fiscal Year 2012-13 Proposed State Budget proposes a zero percent COLA for Fiscal Year 2012-13 rather than the projected statutory COLA of 3.17% (which would have provided a \$1.8 billion increase in expenditures from the State to the extent Proposition 98 resources were sufficient). Due to the absence of a COLA, the Fiscal Year 2012-13 Proposed State Budget proposes to establish a deficit factor for school district and county office of education revenue limit apportionments.

3. The Fiscal Year 2012-13 Proposed State Budget proposes to eliminate the mandate that local education agencies provide transitional kindergarten instruction, which is the first year of a two-year kindergarten program that uses a modified kindergarten curriculum for children not eligible for kindergarten based on their age. Such proposal, if enacted, would reduce the State's General Fund expenditures by \$223.7 million. Local education agencies would have the option to enroll children not meeting kindergarten age on a case-by-case basis.

4. The Fiscal Year 2012-13 Proposed State Budget proposes to increase General Fund expenditures for Proposition 98 for special education by approximately \$190 million, inclusive of \$98.6 million for students with exceptional needs supported with Mental Health Services Act funds for Fiscal Year 2011-12, \$91.4 million to backfill budgetary adjustments in Fiscal Year 2011-12 and \$12.3 million for increases in ADA.

5. The Fiscal Year 2012-13 Proposed State Budget proposes to provide to charter schools additional access to funds by specifying that local educational agencies may include charter schools in their issues of County Treasury Revenue Anticipation Notes. Local education agencies that issue County Treasury Revenue Anticipation Notes would be statutorily identified as senior creditors for the purposes of the repayment of the County Treasury Revenue Anticipation Notes issued on behalf of a charter school.

6. The Fiscal Year 2012-13 Proposed State Budget proposes to modify the mandate reimbursement system for K-14 schools and provide an increase of \$110.1 million in General Fund expenditures to fund the new system. If approved, the proposal would eliminate certain mandates beginning and consolidate the remaining mandates in a block grant commencing Fiscal Year 2013-14. The Fiscal Year 2012-13 Proposed State Budget proposes to allow local education agencies the option to receive block grant funding for all mandates in the block grant or claim reimbursement separately for each individual program.

6. In *California Redevelopment Association et al. v. Matosantos et al.*, the California Supreme Court upheld Assembly Bill 26 of the 2010-11 First Extraordinary Session, which will lead to the dissolution of all redevelopment agencies within the State on February 1, 2012. Revenues that would have been directed to the redevelopment agencies will be used to make pass-through payments (*i.e.*, payments that such entities would have received under prior law) to local agencies and to successor agencies for retirement of the debts and certain administrative costs of the redevelopment agencies. The

Fiscal Year 2012-13 Proposed State Budget projects that the elimination of redevelopment agencies will provide additional property tax revenue in the amount of \$1.05 billion for K-14 schools, \$340 million for counties, \$220 million for cities and \$170 million for special districts. See “State Funding of Education - Litigation Regarding Redevelopment Agency Revenues and Education Expenditures” herein.

7. The Fiscal Year 2012-13 Proposed State Budget proposes to implement a weighted pupil funding formula which would consolidate funding for the majority of categorical programs (excluding federally required programs such as special education) and revenue limit funding into a single source of funding. If approved, the formula would allocate funds based on the costs of educating specific student populations, including among others, economically disadvantage students and English language learners. The Fiscal Year 2012-13 Proposed State Budget proposes to phase in the formula over a period of five years. During such period, funding for the programs to be replaced by the formula would be made flexible for use in supporting any locally determined educational purpose.

8. The Fiscal Year 2012-13 Proposed State Budget proposes a decrease of \$694 million in Fiscal Year 2011-12 for school district and county office of education revenue limits as a result of a decrease in projected ADA from the 2011 Budget Act. The Fiscal Year 2012-13 Proposed State Budget proposes an increase of \$158 million in 2012- 13 for school district and county office of education revenue limits as a result of projected growth in ADA for Fiscal Year 2012-13.

LAO Analysis of the 2012-13 Proposed State Budget. On January 11, 2012, the LAO released a report entitled “The 2012-13 Budget: Overview of the Governor’s Budget” (the “2012 LAO Budget Overview”), which provides an analysis by the LAO of the Fiscal Year 2012-13 Proposed State Budget. The 2012 LAO Budget Overview states that the Governor has made a good-faith effort in revenue and economic forecasting despite the many uncertainties involved in projecting the State’s recovery from the current economic downturn. Nevertheless, the LAO’s revenue estimates for Fiscal Years 2011-12, 2012-13, and subsequent years currently are lower than the Governor’s estimates and the LAO’s estimates of revenues from the Governor’s 2012 Tax Initiative are significantly lower than those of the Governor’s. In reviewing the Governor’s major proposals, the 2012 LAO Budget Overview states that the Governor’s proposals for restructuring the school finance system, community college categorical funding and education mandates and his proposals for reducing social services and child care program funding merit consideration. The 2012 LAO Budget Overview also stated that the Governor’s 2012 Tax Initiative would increase the State budget’s dependence on the volatile income tax payments by the State’s wealthiest individuals and the trigger reductions proposed therein would create significant uncertainty for schools, community colleges, and universities in Fiscal Year 2012-13 if implemented. The 2012 LAO Budget Overview concludes that if the State chooses either of the Governor’s two paths (*i.e.*, the multiyear tax increases and significant reductions in social services and subsidized child care programs or the trigger reductions largely relating to schools), the State budget would come closer to being balanced over the next several years.

LAO Economic and Revenue Update. On February 27, 2012, the LAO released a report entitled “The 2012-13 Budget: Economic and Revenue Update” (the “Economic and Revenue Update”), which provides analysis and projections by the LAO of the trends in the economy and State revenues. The LAO notes that the economic recovery in the State and in the United States is continuing. However, the LAO cautions that such recovery is limited by an unemployment rate within the State that remains significantly high compared to other states, a growth in long-term unemployment, and a labor force participation rate in the State is lower than the United States as a whole. Nevertheless, the Economic and Revenue Update projects that employment and personal income will continue to increase during Fiscal Year 2012-13. The Economic and Revenue Update states that recovery is generally on track with expectations but has been limited by lingering foreclosure activity and declining home values, weak growth in disposable income, and constrained spending by federal, State and local governments. The LAO cautions that certain economic risks and uncertainties, including among others, future federal policies, spikes in oil prices, a prolonged slump in the housing market that reduces growth of building permits and the State’s

construction industry, and significant and persistent economic problems in Europe limit the certainty within the forecasts set forth in the Economic and Revenue Update.

The Economic and Revenue Update projects that the State's revenues for Fiscal Years 2011-12 and 2012-13, including consideration of federal tax policy assumptions, estimates relating to the Governor's 2012 Tax Initiative, and estimates of revenues due to the public stock offerings of technology companies located in the State, will be \$6.5 billion less than the Governor's projections. The Economic and Revenue Update indicates that the State will have to identify additional budgetary measures to balance the State's budget for Fiscal Year 2012-13 in the event the LAO's revenue projections are more accurate than those set forth in the Fiscal Year 2012-13 Proposed State Budget.

Governor's Revised 2012 Tax Initiative. On March 14, 2012, the Governor announced that he would combine the Governor's 2012 Tax Initiative with an initiative proposed by the California Federation of Teachers to place the "California Sales and Income Tax Increase Initiative" (the "Governor's Revised 2012 Tax Initiative") on the November 2012 ballot. If approved in its current form, the Governor's Revised 2012 Tax Initiative would temporarily increase maximum marginal personal income tax rates for individuals, heads of households and joint filers above 9.3 percent by creating three additional tax brackets of 10.3 percent, 11.3 percent and 12.3 percent. The LAO projects that the increased personal income tax rates would affect approximately 1 percent of personal income tax filers in the State due to the high income threshold. If approved, the Governor's Revised 2012 Tax Initiative would be in effect from the 2012 tax year to the 2018 tax year. In addition, the Governor's Revised 2012 Tax Initiative would temporarily increase the State's sales and use tax rate by 0.25 percent from 2013 to 2016. On March 16, 2012, the LAO released its review of the Governor's Revised 2012 Tax Initiative. [The LAO projects that revenues attributable to the Governor's 2012 Tax Initiative will be \$2.2 billion less than the Governor's \$9 billion estimate.]

Additional Information. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of the State budget may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget." Various analyses of the budget may be found at the website of the LAO at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found via the website of the State Treasurer, www.treasurer.ca.gov. The information presented in these websites is not incorporated by reference in this Official Statement.

Future State Budgets. The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address the State's current or future budget deficits and cash management practices. Future State budgets will be affected by national and State economic conditions, including the current economic downturn, over which the District has no control, and other factors over which the District will have no control. To the extent that the State budget process results in reduced revenues, deferred revenues or increased expenses for the District, the District will be required to make adjustments to its budget and cash management practices. In the event current or future State Budgets decrease the District's revenues or increase required expenditures by the District from the levels assumed by the District, the District will be required to generate additional revenues, curtail programs or services, or use its reserve funds to ensure a balanced budget.

State Funding of Schools Without a State Budget

Although the State Constitution requires that the State Legislature adopt a State Budget by June 15 of the prior fiscal year and that the Governor sign a State Budget by June 30, this deadline has been missed from time to time. Delays in the adoption of a final State budget in any fiscal year could impact the receipt of State funding by the District. On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell*

(as Controller of the State of California), et al. (also referred to as *White v. Davis*) (“*Connell*”). The Court of Appeal concluded that, absent an emergency appropriation, the State Controller may authorize the payment of State funds during a budget impasse only when payment is either (i) authorized by a “continuing appropriation” enacted by the State Legislature, (ii) authorized by a self-executing provision of the State Constitution, or (iii) mandated by federal law. The Court of Appeal specifically concluded that the provisions of Article XVI, Section 8 of the State Constitution – the provision establishing minimum funding of K-14 education enacted as part of Proposition 98 – did not constitute a self-executing authorization to disburse funds, stating that such provisions merely provide formulas for determining the minimum funding to be appropriated every budget year but do not appropriate funds. Nevertheless, the State Controller has concluded that the provisions of the Education Code of the State (the “Education Code”) establishing K-12 and county office of education revenue limit funding do constitute continuing appropriations enacted by the State Legislature and, therefore, has indicated that State payments of such amounts would continue during a budget impasse. The State Controller, however, has concluded that K-12 categorical programs are not authorized pursuant to a continuing appropriation enacted by the State Legislature and, therefore, cannot be paid during a budget impasse. To the extent the *Connell* decision applies to State payments reflected in the District’s budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of some payments to the District while such required legislative action is delayed, unless the payments are self-executing authorizations, continuing appropriations or are subject to a federal mandate.

The State Supreme Court granted the State Controller’s petition for review of the *Connell* case on a procedural issue unrelated to continuous appropriations and on the substantive question as to whether the State Controller is authorized to pay State employees their full and regular salaries during a budget impasse. No other aspect of the Court of Appeal’s decision was addressed by the State Supreme Court. On May 1, 2003, with respect to the substantive question, the State Supreme Court concluded that the State Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO AD VALOREM PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues there shall first be set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. California school districts receive a significant portion of their funding from State appropriations. As a result, decreases as well as increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIII B of the State Constitution

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution. In June 1990, the voters through their approval of Proposition 111 amended Article XIII B. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, special district, authority or other political subdivision of the State (e.g. local governments) to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The “base year” for establishing such appropriation limit is the 1978-79 fiscal year. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to a governmental entity, or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced accordingly to prevent any aggregate increase above the

Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by or for the State, exclusive of certain State subventions for the use and operation of local government, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation of an entity of local government include any authorization to expend during a fiscal year the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity and refunds of taxes. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues and (iii) certain State subventions received by local governments.

Article XIII B includes a requirement pursuant to which fifty percent (50%) of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be transferred and allocated, from a fund established for that purpose, pursuant to Article XVI of the State Constitution. In addition, fifty percent (50%) of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount which may be appropriated by the State in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years. Further, Article XIII B includes a requirement that all revenues received by an entity of government, other than the State, in a fiscal year and in the fiscal year immediately following it that exceed the amount which may be appropriated by that entity in compliance with Article XIII B during that fiscal year and the fiscal year immediately following it shall be returned by revising tax rates or fee schedules within the next two subsequent fiscal years.

As amended in June 1990, the appropriations limit for counties in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living for a school district, such as the District, is the percentage change in the average daily attendance of the school district or community college district from the preceding fiscal year, as determined by a method prescribed by the State Legislature.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

The District's annual appropriation limit for Fiscal Year 2011-12 was approximately [\$36.2 million]. The limitation applies only to proceeds of taxes and therefore does not apply to service fees and charges, investment earnings on non-proceeds of taxes, fines, and revenue from the sale of property and taxes received from the State and federal governments that are tied to special programs.

Article XIIC and Article XIID of the State Constitution

On November 5, 1996, the voters of the State approved Proposition 218, the so called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIC and XIID to the State Constitution, which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

Article XIID deals with assessments and property related fees and charges. Article XIID explicitly provides that nothing in Article XIIC or XIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however, it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District.

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit, primarily by guaranteeing State funding for K-12 school districts and community college districts (collectively, "K-14 districts").

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 districts are guaranteed the greater of (a) in general, a fixed percent of the State General Fund's revenues ("Test 1"), (b) the amount appropriated to K-14 districts in the prior year, adjusted for changes in the cost of living (measured as in Article XIIB by reference to State per capita personal income) and enrollment ("Test 2"), or (c) a third test, which would replace Test 2 in any year when the percentage growth in per capita State General Fund revenues from the prior year plus one half of 1% is less than the percentage growth in State per capita personal income ("Test 3"). Under Test 3, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 would become a "credit" to schools which would be the basis of payments in future years when per capita State General Fund revenue growth exceeds per capita personal income growth. Legislation adopted prior to the end of Fiscal Year 1988-89, implementing Proposition 98, determined the K-14 districts' funding guarantee under Test 1 to be 40.3% of the State General Fund tax revenues, based on 1986-87 appropriations. However, that percentage has been adjusted to 34.559% to account for a subsequent redirection of local property taxes whereby a greater proportion of education funding now comes from local property taxes.

Proposition 98 permits the State Legislature by a two-thirds vote of both houses of the State Legislature, with the Governor's concurrence, to suspend the K-14 districts' minimum funding formula for a one-year period. In the fall of 1989, the State Legislature and the Governor utilized this provision to avoid having 40.3% of revenues generated by a special supplemental sales tax enacted for earthquake relief go to K-14 districts. In the fall of 2004, the State Legislature and the Governor agreed to suspend the K-14 districts' minimum funding formula set forth pursuant to Proposition 98 in order to address a projected shortfall during Fiscal Year 2004-05. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the Article XIIB limit to K-14 districts.

Proposition 39

Proposition 39, which was approved by California voters in November 2000, provides an alternative method for passage of school facilities bond measures which lowers the constitutional voting requirement from two-thirds to 55% of voters and allows property taxes to exceed the current 1% limit in

order to repay such bonds. The lower 55% vote requirement would apply only to bond issues to be used for construction, rehabilitation, or equipping of school facilities or the acquisition of real property for school facilities. The State Legislature enacted additional legislation which placed certain limitations on this lowered threshold, requiring that (i) two-thirds of the governing board of a school district approve placing a bond issue on the ballot, (ii) the bond proposal be included on the ballot of a statewide or primary election, a regularly scheduled local election, or a statewide special election (rather than a school district election held at any time during the year), (iii) the tax rate levied as a result of any single election not exceed \$25 for a community college district, \$60 for a unified school district, or \$30 for an elementary school or high school district per \$100,000 of taxable property value, and (iv) the governing board of the school district appoint a citizen's oversight committee to inform the public concerning the spending of the bond proceeds. In addition, the school board of the applicable district is required to perform an annual, independent financial and performance audit until all bond funds have been spent to ensure that the funds have been used only for the projects listed in the measure. The District's Measure CV (2008) and Measure CV (2010) bond programs were authorized pursuant to Proposition 39. The District is in full compliance with all Proposition 39 requirements.

Proposition 1A

Proposition 1A ("Proposition 1A"), proposed by the Legislature as a Senate Constitutional Amendment in connection with the 2004-05 Budget Act and approved by California voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the VLF rate below 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. The State's ability to initiate future exchanges and shifts of funds will be limited by Proposition 22. See " – Proposition 22" below.

Proposition 22

Proposition 22 ("Proposition 22"), which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State General Fund or any other State fund. Due to the prohibition with respect to State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A of 2004. See " - Proposition 1A" herein. In addition, Proposition 22 generally eliminates the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increase school and community college district's share of property tax revenues, prohibits the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibits the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of

each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. The LAO states that Proposition 22 will prohibit the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies revert to the formula in effect on June 30, 2009. The LAO anticipates that Proposition 22 will require the State to adopt alternative actions to address its fiscal and policy objectives, particularly with respect to short-term cash flow need. The District does not believe that the adoption of Proposition 22 will have a significant impact on its revenues and expenditures during Fiscal Year 2011-12.

State School Facilities Bonds

Proposition 47. The Class Size Reduction Kindergarten – University Public Education Facilities Bond Act of 2002 (“Proposition 47”) appeared on the November 5, 2002 ballot as Proposition 47 and was approved by the California voters. This measure authorizes the sale and issuance of \$13.05 billion in general obligation bonds by the State for funding construction and renovation of K-12 school facilities (\$11.4 billion) and higher education facilities (\$1.65 billion). Proposition 47 includes \$6.35 billion for acquisition of land and new construction of K-12 school facilities. Of this amount, \$2.9 billion will be set aside to fund backlog projects for which school districts submitted applications to the State on or prior to February 1, 2002. The balance of \$3.45 billion would be used to fund projects for which school districts submitted applications to the State after February 1, 2002. K-12 school districts will be required to pay 50% of the costs for acquisition of land and new construction with local revenues. In addition, Proposition 47 provided that up to \$100 million of the \$3.45 billion would be allocated for charter school facilities. Proposition 47 provides up to \$3.3 billion for reconstruction or modernization of existing K-12 school facilities. Of this amount, \$1.9 billion will be set aside to fund backlog projects for which school districts submitted applications to the State on or prior to February 1, 2002 and the balance of \$1.4 billion would be used to fund projects for which school districts submitted applications to the State after February 1, 2002. K-12 school districts will be required to pay 40% of the costs for reconstruction or modernization with local revenues. Proposition 47 provides a total of \$1.7 billion to K-12 school districts which are considered critically overcrowded, specifically to schools that have a large number of pupils relative to the size of the school site. In addition, \$50 million will be available to fund joint-use projects. Proposition 47 also includes \$1.65 billion to construct new buildings and related infrastructure, alter existing buildings and purchase equipment for use in the State’s public higher education systems.

Proposition 55. The Kindergarten-University Public Education Facilities Bond Act of 2004 (“Proposition 55”) appeared on the March 2, 2004 ballot as Proposition 55 and was approved by the California voters. This measure authorizes the sale and issuance of \$12.3 billion in general obligation bonds by the State for funding the construction and renovation of public K-12 school facilities (\$10 billion) and public higher education facilities (\$2.3 billion). Proposition 55 includes \$5.26 billion for the acquisition of land and construction of new school buildings. A school district would be required to pay for 50% of costs with local resources unless it qualifies for state hardship funding. The measure also provides that up to \$300 million of these new construction funds is available for charter school facilities.

Proposition 55 makes \$2.25 billion available for the reconstruction or modernization of existing public school facilities. Districts would be required to pay 40% of project costs from local resources. Proposition 55 directs a total of \$2.44 billion to school districts with schools which are considered critically overcrowded. These funds would go to schools that have a large number of pupils relative to the size of the school site. Proposition 55 also makes a total of \$50 million available to fund joint-use

projects. Proposition 55 includes \$2.3 billion to construct new buildings and related infrastructure, alter existing buildings and purchase equipment for use in these buildings for California's public higher education systems. The measure allocates \$690 million to the University of California and California State University and \$920 million to community colleges in the State. The Governor and the State Legislature will select specific projects to be funded by the bond proceeds.

Proposition 1D. The Kindergarten-University Public Education Facilities Bond Act of 2006 ("Proposition 1D") appeared on the November 7, 2006 ballot as Proposition 1D and was approved by the California voters. This measure authorizes the sale and issuance of \$10.4 billion in general obligation bonds by the State for funding the construction and renovation of public K-12 school facilities (\$7.3 billion) and public higher education facilities (\$3.1 billion). Proposition 1D includes \$1.9 billion for the acquisition of land and construction of new school buildings. A school district would be required to pay for 50% of costs with local resources unless it qualifies for state hardship funding. Proposition 1D also provides that up to \$500 million of these construction funds is available for charter school facilities.

Proposition 1D makes \$3.3 billion available for the reconstruction or modernization of existing public school facilities. Districts would be required to pay 40% of project costs from local resources. Proposition 1D directs a total of \$1.0 billion to school districts with schools that are considered critically overcrowded. These funds would go to schools that have a large number of pupils relative to the size of the school site. Proposition 1D also makes a total of \$29 million available to fund joint-use projects. Proposition 1D includes \$3.1 billion to construct new buildings and related infrastructure, alter existing buildings and purchase equipment for use in these buildings for California's public higher education systems. The measure allocates \$890 million to the University of California campuses and \$690 million to the California State University campuses and \$1.5 billion to California community colleges. The Governor and the State Legislature will select specific projects to be funded by the bond proceeds. In December 2008, the Investment Board announced plans to stop lending money for projects throughout the State.

The District applies for apportionments from State bond initiatives and historically has received funding from such State bond initiatives. No assurances can be given that the District will continue to apply for apportionments from current or future State bond initiatives or that the District will continue to receive funding from State bond initiatives for which it applies.

Future Initiatives

The foregoing described amendments to the State Constitution and propositions were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted that further affect District revenues or the District's ability to expend revenues.

APPENDIX D

**SELECTED INFORMATION FROM AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

THE INFORMATION IN THIS APPENDIX E CONCERNING THE DEPOSITORY TRUST COMPANY, NEW YORK, NEW YORK AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DISTRICT AND THE UNDERWRITERS BELIEVE TO BE RELIABLE, BUT THE DISTRICT AND THE UNDERWRITERS TAKE NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

The Depository Trust Company, New York, New York (“DTC”), will act as securities depository for the Centinela Valley Union High School District General Obligation Bonds, Election of 2010, 2012 Series B (the “Bonds”). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity of such issue, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and other payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the District subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, security certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC and the requirements of the District Resolution with respect to certificated Bonds will apply.

THE DISTRICT, THE COUNTY, THE PAYING AGENT, THE FINANCIAL ADVISOR AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SECURITIES (I) PAYMENTS OF PRINCIPAL OF AND INTEREST EVIDENCED BY THE SECURITIES (II) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SECURITIES OR (III) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE SECURITIES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

NEITHER THE DISTRICT, THE COUNTY, THE PAYING AGENT, THE FINANCIAL ADVISOR NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON SECURITIES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE TRUST AGREEMENT; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE SECURITIES.

APPENDIX F

PROPOSED FORM OF OPINIONS OF CO-BOND COUNSEL

Upon the delivery of the Bonds, Hawkins Delafield & Wood LLP and Luna & Glushon, Co-Bond Counsel to the District, proposes to render their respective final approving opinions with respect to the Bonds in substantially the following form:

Board of Education of the Centinela Valley Union High School District
Lawndale, California

Members of the Board of Education:

We have acted as Co-Bond Counsel to the Centinela Valley Union High School District (the "District") in connection with the issuance of its \$_____ aggregate principal amount of General Obligation Bonds Election of 2010, 2012 Series B (the "Bonds") issued pursuant to and by authority of Article 4.5 of Chapter 3, Part 1, Division 2, Title 5 (commencing at Section 53506) of the California Government Code (the "Act") and a resolution adopted by the Board of Education of the District (the "District Board") on April 24, 2012 (the "District Resolution").

In such connection, we have examined the District Resolution, certain estimates, expectations and assumptions made by or on behalf of the District, originals, or copies identified to our satisfaction as being true copies, of such records and proceedings of the County and such other documents, including a certificate of the District relating to certain federal income tax matters (the "Tax Certificate"), and other matters deemed necessary to render the opinions set forth herein.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. On the date of issuance of the Bonds, the District will execute a Tax Certificate containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the District covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest on the Bonds will, for federal income tax purposes, be excluded from gross income. Noncompliance with such requirements may cause interest on the Bonds to be included in gross income of the owners thereof for federal income tax purposes retroactive to their date of issue, irrespective of the date on which such noncompliance is ascertained.

Based on the foregoing, we are of the opinion that:

(1) The District Resolution has been duly adopted by the District Board and constitutes a valid and binding obligation of the District enforceable upon the District.

(2) The Bonds have been duly authorized, executed and delivered by the District Board and constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount (except as to certain personal property which is taxable at limited rates).

(3) Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Code and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

In rendering the opinions in this paragraph (3), we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate delivered on the date hereof by the District, and (ii) compliance by the District with procedures and covenants set forth in the Tax Certificate as to such matters.

(4) Interest on the District is exempt from State of California personal income tax.

The foregoing opinions are qualified to the extent that the enforceability of the Bonds and the District Resolution may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

We express no opinion as Co-Bond Counsel regarding the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

Except as stated in paragraphs (3) and (4) above, we express no opinion regarding any other Federal, state or local tax consequences with respect to the Bonds or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or under state and local tax law.

Very truly yours,

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Centinela Valley Union High School District (the “District”) in connection with the issuance of its \$ _____ General Obligation Bonds Election of 2010, 2012 Series B, which are being issued pursuant to the District Resolution (defined herein). The District covenants and agrees as follows:

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

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

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

“CUSIP Numbers” shall mean the Committee on Uniform Security Identification Procedure’s unique identification number for each public issue of a security.

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

“Bonds” shall mean the \$ _____ General Obligation Bonds Election of 2010, 2012 Series B.

“County” shall mean the County of Los Angeles, California.

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

“District Resolution” shall mean the resolution of the Board of Education of the District adopted on [April 24, 2012] authorizing the issuance of the Bonds.

“EMMA System” shall mean the MSRB’s Electronic Municipal Market Access system or any other depository so designated by the MSRB or the SEC.

“Holder” shall mean either the registered owners of the Bonds, or if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

“Official Statement” shall mean the Official Statement dated [Pricing Date] with respect to the Bonds.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

“SEC” shall mean Securities and Exchange Commission of the United States of America.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than 9 months following the end of the District’s fiscal year (currently ending June 30), commencing with the report for the 2011-12 Fiscal Year, provide to the MSRB through its EMMA System an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB through its EMMA System an Annual Report by the date required in subsection (a), the District shall send a notice to the MSRB through its EMMA System.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the EMMA System; and

(ii) (if the Dissemination Agent is other than the District) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and that it was provided to the MSRB through the EMMA System.

Section 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information

prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statement of the District, the Annual Report shall also include the following:

1. Description of amount of general fund revenues and expenditures which have been budgeted for the current fiscal year, together with audited actual budget figures for the preceding fiscal year.
2. District average daily attendance for the preceding fiscal year.
3. Aggregate principal amount of short-term borrowings, lease obligations and other long-term borrowings of the District as of the end of the preceding fiscal year.
4. Information regarding total assessed valuation of taxable properties within the District, if and to the extent provided to the District by the County.
5. Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent provided to the District by the County for the prior fiscal year.
6. Information regarding the largest local secured taxpayers for the current fiscal year.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB through its EMMA System. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

(d) The descriptions contained in clause (b) above of financial information and operating data constituting to be included in the Annual Report are of general categories or types of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, or due to changes in accounting practices, legislative or organizational changes, a statement to that effect shall be provided in lieu of such information. Comparable information shall be provided if available.

Section 5. Reporting of Listed Events.

(a) If a Listed Event occurs, the District shall provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days after the occurrence of such Listed Event, notice of such Listed Event to (i) the MSRB and (ii) the Dissemination Agent, if any.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events (each, a "Listed Event") with respect to the Bonds:

1. principal and interest payment delinquencies.

2. non-payment related defaults, if material.
3. modifications to rights of Holders, if material.
4. Bond calls, if material and tender offers.
5. defeasances.
6. rating changes.
7. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
8. unscheduled draws on the debt service reserves reflecting financial difficulties.
9. unscheduled draws on the credit enhancements reflecting financial difficulties.
10. release, substitution or sale of property securing repayment of the Bonds, if material.
11. bankruptcy, insolvency, receivership or similar event of the District (such event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District;
12. substitution of credit or liquidity providers, or their failure to perform;
13. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

If the District determines that a Listed Event has occurred, the District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (a). If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB through its EMMA System in a timely manner not in excess of ten (10) Business Days after the occurrence of such Listed Event.

Section 6. CUSIP Numbers. Whenever providing information to the Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements and notices of Listed Events, the District shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall be Keygent LLC. If at any time there is no designated Dissemination Agent appointed by the District, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of the Dissemination Agent hereunder, the District shall be the Dissemination Agent and undertake or assume its obligations hereunder. The Dissemination Agent (other than the District) shall not be responsible in any manner for the content of any notice or report required to be prepared by the District pursuant to this Disclosure Certificate.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized Bond Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) The amendment or waiver either: (i) is approved by the Holders of the Bonds in the same manner as provided in the resolution for amendments to the District Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized Bond Counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

(d) In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be

followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, the Dissemination Agent may (and, at the request of any Participating Underwriter or the Holders or Beneficial Owners of at least 25% of aggregate principal amount of the Bonds then outstanding, shall) or any Holders or Beneficial Owners of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Los Angeles or in the U.S. District Court in the County of Los Angeles. A default under this Disclosure Certificate shall not be deemed an Event of Default under the District Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: May __, 2012

CENTINELA VALLEY UNION HIGH SCHOOL
DISTRICT

By: _____
Jose Fernandez
Superintendent

APPENDIX H

THE LOS ANGELES COUNTY TREASURY POOL

The Treasurer and Tax Collector of the County of Los Angeles (the "Treasurer") manages, in accordance with California Government Code Section 53600 et seq., funds deposited with the Treasurer by County school and community college districts, various special districts and some cities. State law generally requires that all moneys of the County, school districts and certain special districts be held in the County's Treasury Pool (the "Treasury Pool") as described below. The composition and value of investments under management in the Treasury Pool vary from time to time, depending on the cash flow needs of the County and the other public agencies invested in the Treasury Pool, the maturity or sale of investments, purchase of new securities and fluctuations in interest rates generally. The Treasurer maintains a website, the address of which is <http://tfc.lacounty.gov>, on which the Treasurer periodically places information relating to the Treasury Pool. However, the information presented there is not part of this Official Statement, is not incorporated by reference herein and should not be relied upon in making an investment decision with respect to the Refunding Bonds.

Los Angeles County Pooled Surplus Investments

The Treasurer has the delegated authority to invest funds on deposit in the County Treasury (the "Treasury Pool"). As of February 29, 2012, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	\$ 7.199
Schools and Community Colleges	12.812
Independent Public Agencies	3.586
Total	<u>\$23.597</u>

Of these entities, the involuntary participants accounted for approximately 84.80%, and all discretionary participants accounted for 15.20% of the total Treasury Pool.

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 15, 2011, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the "Investment Report") summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated March 30,

2012, the February 29, 2012 book value of the Treasury Pool was approximately \$23.597 billion and the corresponding market value was approximately \$23.657 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside auditor (the "External Auditor") reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for nonconformance with the approved Investment Policy and annual accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of February 29, 2012.

Type of Investment	% of Pool
U.S. Government and Agency Obligations	44.01
Certificates of Deposit	20.08
Commercial Paper	32.78
Bankers Acceptances	0.00
Municipal Obligations	0.03
Corporate Notes & Deposit Notes	3.10
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	<u>0.00</u>
	100.00

The Treasury Pool is highly liquid. As of February 29, 2012 approximately 54.03% of the investments mature within 60 days, with an average of 583 days to maturity for the entire portfolio.

EXHIBIT D
FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Centinela Valley Union High School District (the “District”) in connection with the issuance of its \$_____ General Obligation Bonds Election of 2010, 2012 Series B, which are being issued pursuant to the District Resolution (defined herein). The District covenants and agrees as follows:

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

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

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

“CUSIP Numbers” shall mean the Committee on Uniform Security Identification Procedure’s unique identification number for each public issue of a security.

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

“Bonds” shall mean the \$_____ General Obligation Bonds Election of 2010, 2012 Series B.

“County” shall mean the County of Los Angeles, California.

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

“District Resolution” shall mean the resolution of the Board of Education of the District adopted on [April 24, 2012] authorizing the issuance of the Bonds.

“EMMA System” shall mean the MSRB’s Electronic Municipal Market Access system or any other depository so designated by the MSRB or the SEC.

“Holder” shall mean either the registered owners of the Bonds, or if the Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

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

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

“Official Statement” shall mean the Official Statement dated [Pricing Date] with respect to the Bonds.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

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

“SEC” shall mean Securities and Exchange Commission of the United States of America.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than 9 months following the end of the District’s fiscal year (currently ending June 30), commencing with the report for the 2011-12 Fiscal Year, provide to the MSRB through its EMMA System an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB through its EMMA System an Annual Report by the date required in subsection (a), the District shall send a notice to the MSRB through its EMMA System.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the EMMA System; and

(ii) (if the Dissemination Agent is other than the District) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and that it was provided to the MSRB through the EMMA System.

Section 4. Content of Annual Reports. The District’s Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information

prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statement of the District, the Annual Report shall also include the following:

1. Description of amount of general fund revenues and expenditures which have been budgeted for the current fiscal year, together with audited actual budget figures for the preceding fiscal year.
2. District average daily attendance for the preceding fiscal year.
3. Aggregate principal amount of short-term borrowings, lease obligations and other long-term borrowings of the District as of the end of the preceding fiscal year.
4. Information regarding total assessed valuation of taxable properties within the District, if and to the extent provided to the District by the County.
5. Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent provided to the District by the County for the prior fiscal year.
6. Information regarding the largest local secured taxpayers for the current fiscal year.

(c) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the MSRB through its EMMA System. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

(d) The descriptions contained in clause (b) above of financial information and operating data constituting to be included in the Annual Report are of general categories or types of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, or due to changes in accounting practices, legislative or organizational changes, a statement to that effect shall be provided in lieu of such information. Comparable information shall be provided if available.

Section 5. Reporting of Listed Events.

(a) If a Listed Event occurs, the District shall provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days after the occurrence of such Listed Event, notice of such Listed Event to (i) the MSRB and (ii) the Dissemination Agent, if any.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events (each, a "Listed Event") with respect to the Bonds:

1. principal and interest payment delinquencies.

2. non-payment related defaults, if material.
3. modifications to rights of Holders, if material.
4. Bond calls, if material and tender offers.
5. defeasances.
6. rating changes.
7. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
8. unscheduled draws on the debt service reserves reflecting financial difficulties.
9. unscheduled draws on the credit enhancements reflecting financial difficulties.
10. release, substitution or sale of property securing repayment of the Bonds, if material.
11. bankruptcy, insolvency, receivership or similar event of the District (such event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District;
12. substitution of credit or liquidity providers, or their failure to perform;
13. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. appointment of a successor or additional trustee or the change of name of a trustee, if material.

If the District determines that a Listed Event has occurred, the District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (a). If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB through its EMMA System in a timely manner not in excess of ten (10) Business Days after the occurrence of such Listed Event.

Section 6. CUSIP Numbers. Whenever providing information to the Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements and notices of Listed Events, the District shall indicate the full name of the Bonds and the 9-digit CUSIP numbers for the Bonds as to which the provided information relates.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall be Keygent LLC. If at any time there is no designated Dissemination Agent appointed by the District, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of the Dissemination Agent hereunder, the District shall be the Dissemination Agent and undertake or assume its obligations hereunder. The Dissemination Agent (other than the District) shall not be responsible in any manner for the content of any notice or report required to be prepared by the District pursuant to this Disclosure Certificate.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

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

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized Bond Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) The amendment or waiver either: (i) is approved by the Holders of the Bonds in the same manner as provided in the resolution for amendments to the District Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized Bond Counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

(d) In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be

followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, the Dissemination Agent may (and, at the request of any Participating Underwriter or the Holders or Beneficial Owners of at least 25% of aggregate principal amount of the Bonds then outstanding, shall) or any Holders or Beneficial Owners of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Los Angeles or in the U.S. District Court in the County of Los Angeles. A default under this Disclosure Certificate shall not be deemed an Event of Default under the District Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: May __, 2012

CENTINELA VALLEY UNION HIGH SCHOOL
DISTRICT

By: _____
Jose Fernandez
Superintendent