



Stradling Yocca Carlson & Rauth LLP
660 Newport Center Drive, Suite 1600
Newport Beach, CA 92660-6422
949 725 4000
stradlinglaw.com

Lawrence Chan
949 725 4095
lchan@stradlinglaw.com

June 9, 2025

The Honorable Board of Supervisors
County of Los Angeles
c/o Cristina Talamantes, Head Board Specialist
383 Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

SUBJECT: HERMOSA BEACH CITY SCHOOL DISTRICT REQUEST FOR
THE BOARD OF SUPERVISORS TO APPROVE THE ISSUANCE
OF BONDS BY THE DISTRICT ON ITS OWN BEHALF, LEVY
TAXES AND DIRECT THE AUDITOR-CONTROLLER TO
PLACE TAXES ON TAX ROLL

Dear Supervisors:

On November 5, 2024, the electorate of the Hermosa Beach City School District (the “District”) authorized the District to issue bonds in the aggregate principal amount of up to \$28,700,000 (the “Authorization”). At this time, the District has authorized and intends to issue its first series of bonds pursuant to the Authorization in an aggregate initial principal amount of not to exceed \$8,000,000, to be designated “Hermosa Beach City School District (Los Angeles County, California) Election of 2024 General Obligation Bonds, Series A (Bank Qualified)” (the “Bonds”). This action was approved by resolution adopted by the Board of Education of the District on June 4, 2025, pursuant to Section 53506 *et seq.* of the California Government Code and other applicable provisions of law, a copy of which is included herewith.

The District formally requests, in accordance with Education Code Sections 15140(b) and 15250 and other applicable provisions of law, that the Board of Supervisors (the “Board of Supervisors”) of the County of Los Angeles (the “County”) adopt the enclosed resolution (the “Resolution”), to approve the issuance of the Bonds by the District on its own behalf pursuant to the Education Code, to levy the appropriate taxes for the payment of the Bonds and to direct the Auditor-Controller of the County to place these taxes on the tax roll every year, beginning with fiscal year 2025-26, according to a debt service schedule and instructions that will be provided upon the sale of the Bonds, and to appoint the Treasurer and Tax-Collector of the County to act as the authenticating agent, bond registrar, transfer agent and paying agent for the Bonds.

IT IS THEREFORE REQUESTED THAT:

1. The Board of Supervisors adopt the enclosed Resolution at the next available meeting of the Board of Supervisors.
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 furnish one (1) certified copy of the Resolution to:

Lawrence Chan, Esq.
Stradling Yocca Carlson & Rauth LLP
660 Newport Center Drive, Suite 1600
Newport Beach, California 92660
lchan@stradlinglaw.com

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

Los Angeles County Treasurer and Tax Collector
ATTN: John Patterson,
500 W. Temple Street, Room 432
Los Angeles, CA 90012

Los Angeles County Auditor Controller
ATTN: Rachelene Rosario
500 W. Temple Street, Room 603
Los Angeles, CA 90012

Los Angeles County Counsel
ATTN: Debbie Cho
500 W. Temple Street, Room 653
Los Angeles, CA 90012

Very truly yours,

STRADLING YOCCHA CARLSON & RAUTH LLP



Lawrence Chan

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, CALIFORNIA AUTHORIZING THE LEVY OF TAXES FOR HERMOSA BEACH CITY SCHOOL DISTRICT ELECTION OF 2024 GENERAL OBLIGATION BONDS, SERIES A (BANK QUALIFIED), DESIGNATING THE PAYING AGENT THEREFOR AND DIRECTING THE COUNTY AUDITOR-CONTROLLER TO PLACE TAXES ON THE TAX ROLL

WHEREAS, a duly called election was held in the Hermosa Beach City School District, County of Los Angeles (the “County”), State of California (hereinafter referred to as the “District”), on November 5, 2024 and thereafter canvassed pursuant to law;

WHEREAS, at such election there was submitted to and approved by the requisite fifty-five percent vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for various purposes set forth in the measure submitted to the voters, in the maximum principal amount of \$28,700,000, payable from the levy of an *ad valorem* tax against the taxable property in the District (the “Authorization”);

WHEREAS, the Board of Education of the District (the “District Board”) has determined in a resolution adopted on June 4, 2025 (the “District Resolution”) to issue and sell general obligation bonds pursuant to the Authorization in an aggregate principal amount not to exceed \$8,000,000 to be designated as the “Hermosa Beach City School District (Los Angeles County, California) Election of 2024 General Obligation Bonds, Series A (Bank Qualified)” (the “Bonds”) pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Section 53506) of the California Government Code (the “Bond Law”);

WHEREAS, Section 15140(b) of the California Education Code provides that the board of supervisors of a county may authorize a school district in the county to issue and sell its own bonds without further action of the board of supervisors or officers of the county if said school district has not received a qualified or negative certification in its most recent interim report;

WHEREAS, the District has certified that it did not receive a qualified or negative certification on its most recent interim report;

WHEREAS, the District Resolution formally requests the Board of Supervisors of the County (the “Board”) to permit the District to issue the Bonds on its own behalf, to levy taxes in an amount sufficient to pay the principal of and interest on the Bonds when due, and to direct the Auditor-Controller of the County (the “Auditor-Controller”) to place on the 2025-26 tax roll, and all subsequent tax rolls, taxes sufficient to fulfill the requirements of the debt service schedule for the Bonds that will be provided to the Auditor-Controller by the District following the sale of the Bonds; and

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

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

SECTION 1. Issuance of Bonds. That pursuant to Section 15140(b) of the California Education Code, the Board is granted the power to and hereby approves the issuance of the Bonds by the District on its own behalf under the Bond Law.

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

SECTION 3. Preparation of Tax Roll. That the Auditor-Controller is hereby directed to place on the fiscal year 2025-26 tax roll, and all subsequent tax rolls, taxes in amounts sufficient to fulfill the requirements of the debt service schedule for the Bonds, which schedule will be provided to the Auditor-Controller by the District following the sale of the Bonds.

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

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

The foregoing resolution was adopted on the ____ day of _____, 2025, by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

EDWARD YEN, Executive Officer-Clerk of the
Board of Supervisors of the County of Los Angeles

By: _____
DEPUTY

APPROVED AS TO FORM:

DAWYN R. HARRISON
County Counsel

By:  _____
Deputy County Counsel

RESOLUTION NO. 21:24/25

RESOLUTION OF THE BOARD OF EDUCATION OF HERMOSA BEACH CITY SCHOOL DISTRICT AUTHORIZING THE ISSUANCE OF THE HERMOSA BEACH CITY SCHOOL DISTRICT (LOS ANGELES COUNTY, CALIFORNIA) ELECTION OF 2024 GENERAL OBLIGATION BONDS, SERIES A PURSUANT TO CERTAIN PROVISIONS OF THE GOVERNMENT CODE IN A PRINCIPAL AMOUNT NOT TO EXCEED \$8,000,000 AND APPROVING CERTAIN OTHER MATTERS RELATED THERETO

WHEREAS, a duly called election was held in the Hermosa Beach City School District (the “District”), Los Angeles County (the “County”), State of California, on November 5, 2024 (the “Election”) and thereafter canvassed pursuant to law;

WHEREAS, at the Election, there was submitted to and approved by the requisite fifty-five percent of the qualified electors a ballot measure, designated as Measure HV, to approve the issuance and sale of general obligation bonds of the District for various purposes set forth in Measure HV as submitted to the voters, in the maximum principal amount of \$28,700,000 payable from the levy of an *ad valorem* tax against the taxable property in the District (the “Authorization”);

WHEREAS, at this time this Board of Education of the District (the “Board”) has determined that it is necessary and desirable to issue the first series of bonds pursuant to the Authorization in an aggregate principal amount not to exceed \$8,000,000 (the “Bonds”);

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

WHEREAS, the District desires to issue the Bonds through a negotiated sale, which the District determines will provide more flexibility in the timing of the sale, an ability to implement the sale in a shorter time period, an increased ability to structure the Bonds to fit the needs of particular purchasers, and a greater opportunity for the Underwriter (as defined herein) to pre-market the Bonds to potential purchasers prior to the sale, all of which will contribute to the District’s goal of achieving the lowest overall cost of funds;

WHEREAS, this Resolution was publicly noticed as an information item at a regular meeting of this Board held on May 14, 2025, in accordance with Government Code Section 53508.5 and Education Code Section 14146(b);

WHEREAS, in accordance with Government Code Section 5852.1, there has been presented to this Board of Education and disclosed to the public certain good faith estimates provided to the District by its municipal advisor with respect to the Bonds, as set forth in Exhibit B hereto, and the requirements of Section 5852.1 have been satisfied;

WHEREAS, all acts, conditions and things required by law to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of general

obligation bonds of the District, and the indebtedness of the District, including this proposed issue of Bonds, is within all limits prescribed by law;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF EDUCATION OF THE HERMOSA BEACH CITY SCHOOL DISTRICT, LOS ANGELES COUNTY, CALIFORNIA, AS FOLLOWS:

SECTION 1. Purpose. To raise money for the purposes authorized by voters of the District in Measure HV at the Election, and to pay all necessary legal, financial and contingent costs in connection with the issuance of the Bonds, this Board hereby authorizes the issuance of the Bonds. The Bonds to be issued and sold are designated as the “Hermosa Beach City School District (Los Angeles County, California) Election of 2024 General Obligation Bonds, Series A.” The Bonds may be issued as Current Interest Bonds, Capital Appreciation Bonds or Convertible Capital Appreciation Bonds, or any combination thereof, with the interest on any Bond to be subject to federal income taxation or excluded from federal income taxation as determined at the time of sale.

SECTION 2. Paying Agent. This Board does hereby appoint the County Treasurer and Tax Collector (the “Treasurer”) to act as authenticating agent, bond registrar, transfer agent and paying agent (collectively, the “Paying Agent”) for the Bonds on behalf of the District and consents to the Treasurer’s contracting with a third party to perform the services of the Paying Agent.

SECTION 3. Approval of Purchase Contract. The form of the Bond Purchase Contract (the “Purchase Contract”) by and between the District and Robert W. Baird & Co. Incorporated (the “Underwriter”), for the purchase and sale of the Bonds, substantially in the form on file with the Clerk of the Board, is hereby approved and each of the Superintendent of the District, the Chief Business Officer of the District, and such other officers or employees of the District as the Superintendent may designate (each an “Authorized Officer” and, collectively, the “Authorized Officers”), acting alone, is hereby authorized to execute and deliver the Purchase Contract for the Bonds, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; provided, however, that the maximum interest rate on any maturity of the Bonds shall not exceed the maximum rate permitted by law, that the Underwriter’s discount or fee for selling the Bonds, excluding original issue discount on the Bonds, shall not exceed 0.31% of the aggregate of principal amount of Bonds issued, and the final maturity of the Bonds shall not exceed thirty (30) years from the date of the issuance of the Bonds, except that the Board hereby authorizes the issuance of Current Interest Bonds which have a maturity greater than 30 years but not greater than 40 years pursuant to Government Code Section 53508.6, if the useful life of the facility financed with the proceeds of the Bonds equals or exceeds the maturity date of those Bonds. An Authorized Officer who is familiar with the projects to be financed with the proceeds of the Bonds is authorized to make such determination and to execute a certificate to such effect in the event the Current Interest Bonds have a maturity greater than 30 years.

The Board hereby approves the sale of the Bonds at a negotiated sale, which is determined to provide more flexibility in the timing of the sale, an ability to implement the sale in a shorter time period, an increased ability to structure the Bonds to fit the needs of particular purchasers, and a greater opportunity for the Underwriter to pre-market the Bonds to potential purchasers prior to the sale, all of which will contribute to the District’s goal of achieving the lowest overall cost of funds. The estimates of the costs associated with the issuance of the Bonds are shown in Exhibit B hereto. The Authorized Officers, acting alone, are further authorized to determine the principal amount of

the Bonds to be specified in the Purchase Contract, provided that the aggregate principal amount of Bonds sold under this Resolution shall not exceed \$8,000,000. The Purchase Contract with the Underwriter shall be executed by an Authorized Officer only if the conditions set forth in this Resolution are satisfied.

The terms of the Purchase Contract shall recite the aggregate principal amount of the Bonds, and with respect to the Current Interest Bonds shall recite the date thereof, the maturity dates, principal amounts and annual rates of interest of each maturity thereof, the initial and semiannual interest payment dates thereof, and the terms of optional and mandatory sinking fund redemption thereof; and with respect to the Capital Appreciation Bonds shall recite the date thereof, the initial principal amounts, maturity dates, and maturity values of each maturity thereof, and the terms of optional and mandatory sinking fund redemption, if any, thereof; and, with respect to the Convertible Capital Appreciation Bonds, shall recite the date thereof, the Conversion Dates (defined below) thereof, initial principal amounts, accreted values at the Conversion Dates and annual rates of interest of each maturity thereof, the initial and semiannual interest payment dates thereof, and the terms of optional and mandatory sinking fund redemption, if any, thereof.

SECTION 4. Certain Definitions. As used in this Resolution, the terms set forth below shall have the meanings ascribed to them (unless otherwise set forth in the Purchase Contract or in the Official Statement):

- (a) **“Accreted Interest”** means, with respect to the Capital Appreciation Bonds and the Convertible Capital Appreciation Bonds, the interest that has accrued on such Bond at the Accretion Rate from its Dated Date.
- (b) **“Accretion Rate”** means, unless otherwise provided by the Purchase Contract, the rate which, (i) when applied to the Principal Amount of any Capital Appreciation Bond and compounded semiannually on each February 1 and August 1 commencing on the first February 1 or August 1 following the issuance of such Bond, produces the Maturity Value on the maturity date, and (ii) when applied to the Principal Amount of any Convertible Capital Appreciation Bond and compounded semiannually on each February 1 and August 1 commencing on the first February 1 or August 1 following the issuance of such Bond, produces the Conversion Value for such Bond on the Conversion Date.
- (c) **“Accreted Value”** means with respect to the Capital Appreciation Bonds and any Convertible Capital Appreciation Bonds prior to the Conversion Date, as of the date of calculation, the Principal Amount thereof, plus Accreted Interest thereon to such date of calculation, compounded semiannually on each February 1 and August 1 commencing on the first February 1 or August 1 following the issuance of such Bond, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months.
- (d) **“Bond Obligation”** means, 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 Capital Appreciation Bond, prior to the Conversion Date the Accreted Value thereof and on and after the Conversion Date the Conversion Value thereof.

- (e) **“Bond Payment Date”** means (i) with respect to any Bonds which bear any interest on a current basis, the payment dates specified in the Purchase Contract, and (ii) with respect to Principal payments on the Bonds which accrete interest, the dates provided in the Purchase Contract.
- (f) **“Capital Appreciation Bonds”** means the Bonds the interest component of which is compounded semiannually on each Bond Payment Date to maturity as shown in the table of Accreted Values in the Official Statement for such Bonds.
- (g) **“Code”** means the Internal Revenue Code of 1986, as amended.
- (h) **“Continuing Disclosure Certificate”** means that certain Continuing Disclosure Certificate executed by the District and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.
- (i) **“Conversion Date”** means, with respect to each Convertible Capital Appreciation Bond, the date as stated in the Purchase Contract, as the date on which such Convertible Capital Appreciation Bond converts to a Bond which bears interest payable on each Bond Payment Date.
- (j) **“Conversion Value”** means the Accreted Value of a Convertible Capital Appreciation Bond as of its Conversion Date.
- (k) **“Convertible Capital Appreciation Bonds”** means any Bonds which are originally issued as Capital Appreciation Bonds, but which convert to Current Interest Bonds on a Conversion Date. Prior to its Conversion Date, a Convertible Capital Appreciation Bond shall be treated as a Capital Appreciation Bond hereunder and after the Conversion Date shall be treated as a Current Interest Bond hereunder.
- (l) **“County”** means the County of Los Angeles, California.
- (m) **“Current Interest Bonds”** means the Bonds the interest on which is payable semiannually on each Bond Payment Date specified for each such Bond as designated and maturing in the years and in the amounts set forth in the Purchase Contract.
- (n) **“Dated Date”** means the date on which a Bond is initially issued by the District and delivered to the initial purchaser thereof.
- (o) **“Depository”** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as securities depository for the Bonds, or such other securities depository acting as Depository pursuant to Section 5(c) hereof.
- (p) **“Information Services”** means the Electronic Municipal Market Access System operated by the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the District or the Paying Agent may select.

- (q) **“Maturity Value”** means the Accreted Value of any Capital Appreciation Bond on its maturity date.
- (r) **“Nominee”** means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 5(c) hereof.
- (s) **“Outstanding,”** when used with reference to the Bonds, means, as of any date, Bonds theretofore issued or thereupon being issued under this Resolution except:
 - (i) Bonds canceled at or prior to such date;
 - (ii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to this Resolution; or
 - (iii) Bonds for the payment or redemption of which funds or Government Obligations 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 17 of this Resolution.
- (t) **“Owner”** means the registered owner of a Bond as shown on the bond register maintained by the Paying Agent in accordance with Section 7 hereof.
- (u) **“Participants”** means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.
- (v) **“Paying Agent”** means the Treasurer, acting through its agent, initially U.S. Bank Trust Company, National Association, as authenticating agent, bond registrar, transfer agent and paying agent for the Bonds on behalf of the District, or any successor thereto.
- (w) **“Principal”** or **“Principal Amount”** means, with respect to any Current Interest Bond, the principal amount thereof and, with respect to any Capital Appreciation Bond or Convertible Capital Appreciation Bond before its Conversion Date, the initial principal amount thereof as of its date of issuance as stated in the Purchase Contract.
- (x) **“Record Date”** means the close of business on the fifteenth (15th) day of the month (whether or not such day is a business day) preceding each Bond Payment Date.
- (y) **“Securities Depositories”** means The Depository Trust Company, 55 Water Street, New York, New York 10041, Telephone: (212) 855-1000, Facsimile transmission: (212) 855-7320 or such other depository as is appointed by the District or the Paying Agent from time to time and whose business is to perform the functions of a clearing agency with respect to exempted securities, as defined in Section 3(a)(12) of the Securities Exchange Act of 1934, and who is registered as a clearing agency under Section 17A of the Act.

- (z) **“Tax Certificate”** means the certificate by that name executed by the District on the date of issuance of a series of Bonds the interest on which is excluded from gross income for federal income tax purposes.
- (aa) **“Term Bonds”** means those Bonds for which mandatory redemption dates have been established in the Purchase Contract.
- (bb) **“Transfer Amount”** means, with respect to any Outstanding Current Interest Bond, the Principal Amount, with respect to any Outstanding Capital Appreciation Bond, the Maturity Value and, with respect to any Outstanding Convertible Capital Appreciation Bond, its Conversion Value.
- (cc) **“Treasurer”** means the Treasurer and Tax Collector of the County of Los Angeles.

SECTION 5. Terms of the Bonds.

(a) Denomination, Interest, Dated Dates. The Bonds shall be issued as bonds registered as to both Principal and interest, in the denominations of, with respect to the Current Interest Bonds, \$5,000 Principal Amount or any integral multiple thereof, with respect to the Capital Appreciation Bonds, \$5,000 Maturity Value, or any integral multiple thereof (except for one odd denomination) and with respect to Convertible Capital Appreciation Bonds, \$5,000 Conversion Value, or any integral multiple thereof (except for one odd denomination). The Bonds will be initially registered to “Cede & Co.”, the Nominee of the Depository Trust Company, New York, New York.

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

Each Convertible Capital Appreciation Bond shall be dated, and shall accrete interest at the Accretion Rate for such Bond from, its Dated Date, or such other date as shall appear in the Purchase Contract, to its Conversion Date and during such period no interest shall be payable on a current basis. From and after its Conversion Date, each Convertible Capital Appreciation Bond shall bear interest payable on a current basis on the Conversion Value thereof on each Bond Payment Date at the interest rate set forth in the Purchase Contract. From and after its Conversion Date, interest shall be payable on the respective Bond Payment Dates and shall be calculated on the basis of a 360-day year of twelve 30-day months. The Convertible Capital Appreciation Bonds shall be issued in fully registered form, shall mature in the years and shall be issued in the aggregate Principal Amounts set forth in the Purchase Contract and shall have Principal Amounts per each five thousand dollars (\$5,000) in Conversion Value and Accreted Values on each Bond Payment Date to and including the Conversion Dates as shown in the Accreted Value Table appended to the Official Statement; provided that, in the event that an amount shown in such Accreted Value Table and the Accreted Value calculated by the District or the Paying Agent by application of the definition of Accreted

Value set forth in Section 4 differ, the latter amount shall be the Accreted Value of such Convertible Capital Appreciation Bond.

Each Capital Appreciation Bond shall be dated, and shall accrete interest at the Accretion Rate for such Bond from, its Dated Date, or such other date as shall appear in the Purchase Contract or the Official Statement, to its Maturity Date and during such period no interest shall be payable on a current basis. The Capital Appreciation Bonds shall mature in the years and shall be issued in the aggregate Principal Amounts set forth in the Purchase Contract or the Official Statement and shall have Principal Amounts per each five thousand dollars (\$5,000) in Maturity Value and Accreted Values on each Bond Payment Date as shown in the Accreted Value Table appended to the Official Statement for such Bonds; provided, that in the event that an amount shown in such Accreted Value Table and the Accreted Value calculated by the District or the Paying Agent by application of the definition of Accreted Value set forth in Section 4 differ, the latter amount shall be the Accreted Value of such Capital Appreciation Bond. Capital Appreciation Bonds will not bear interest on a current basis.

Notwithstanding any other provision herein, the ratio of total debt service to principal for the Bonds shall not exceed four-to-one, and Capital Appreciation Bonds and Convertible Capital Appreciation Bonds may not mature more than 25 years from their respective dates of issuance.

(b) Redemption.

(i) Optional Redemption. The Purchase Contract shall state whether any Bonds are subject to optional redemption prior to their stated maturity dates and shall set forth the terms for any optional redemption; provided, however, that, notwithstanding any other provision herein, any Capital Appreciation Bond or Convertible Capital Appreciation Bond maturing more than 10 years after its date of issuance shall be subject to redemption before its fixed maturity date, with or without premium, at any time, or from time to time, at the option of the District, beginning no later than the 10th anniversary of the date such Bond is issued.

(ii) Mandatory Redemption. The Purchase Contract shall state whether any Bonds are Term Bonds subject to mandatory redemption prior to their stated maturity dates and shall set forth the terms for any mandatory redemption. Unless otherwise provided in the Purchase Contract, the Term Bonds are subject to mandatory redemption from moneys in the Debt Service Fund established in Section 11 hereof prior to their stated maturity date, at the Principal Amount, Accreted Value or Conversion Value thereof, as applicable, without premium, on the dates set forth in the Purchase Contract.

In lieu of, or partially in lieu of, any mandatory sinking fund redemption of the Bonds pursuant to the terms hereof, moneys in the Debt Service Fund may be used to purchase Outstanding Bonds that were to be redeemed with such funds in the manner hereinafter provided. Purchases of Outstanding Bonds may be made by the District or the Treasurer through the Paying Agent prior to the selection of Bonds for redemption at public or private sale as and when and at such prices as the District may in its discretion determine but only at prices (including brokerage or other expenses) not more than par plus accrued or accreted interest as applicable. Any accrued interest payable upon the purchase of Bonds may be paid from the Debt Service Fund for payment of interest on the next following Interest Payment Date. Any Bond purchased in lieu of redemption shall be transmitted to the Paying Agent and shall be canceled by the Paying Agent upon surrender thereof and shall not be re-issued or resold.

(iii) Selection of Bonds for Redemption. Whenever provision is made in accordance with this Resolution for the optional redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select one or more maturities of Bonds for redemption as so directed by the District and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Current Interest Bond to be redeemed in part shall be in an amount equal to \$5,000 or any integral multiple thereof, the portion of any Convertible Capital Appreciation Bond to be redeemed in part shall be in an amount equal to the Accreted Value per \$5,000 Conversion Value of such Convertible Capital Appreciation Bond or an integral multiple thereof and the portion of any Capital Appreciation Bond to be redeemed in part shall be in an amount equal to the Accreted Value per \$5,000 Maturity Value of such Capital Appreciation Bond or an integral multiple thereof (except for one odd denomination, if any).

(iv) Notice of Redemption. When redemption is authorized or required pursuant to Section 5(b)(i) or (ii) hereof, the Paying Agent shall give notice (a "Redemption Notice") of the redemption of the Bonds by first class mail, postage prepaid to each Owner of the Bonds at the addresses appearing on the bond register at least 30 but not more than 60 days prior to the redemption date, or, so long as the Bonds are registered in the name of the Nominee, in such manner as complies with the requirements of the Depository. In the case of any optional redemption pursuant to Section 5(b)(i), the Paying Agent shall send a notice of redemption only following receipt of written instructions from the District to send such notice and specifying the maturity or maturities to be so redeemed.

Each Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, (g) the Principal Amount, Accreted Value or Conversion Value, as applicable, of such Bond to be redeemed, and the original issue date, interest rate or Accretion Rate and stated maturity date of each Bond to be redeemed in whole or in part. Each Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued or accreted to the redemption date, and that from and after such date, interest with respect thereto shall cease to accrue or accrete. Redemption Notices (and related notices) may state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed thereon or on the Bonds.

In case of the redemption as permitted herein of all the Bonds of any one maturity then Outstanding, notice of redemption shall be given as herein provided, except that the Redemption Notice need not specify the serial numbers of the Bonds of such maturity.

Any Redemption Notice for an optional redemption of the Bonds delivered in accordance with this section may be conditional, and, if any condition stated in the Redemption Notice shall not have been satisfied on or prior to the redemption date: (i) the Redemption Notice 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 entities to whom such Redemption Notice was sent, in the same

manner in which the conditional Redemption Notice was given, that such condition or conditions were not met and that the redemption was canceled.

Neither the failure to receive any Redemption Notice given hereunder, nor any defect in any such Redemption Notice, shall affect the sufficiency of the proceedings for the redemption of the affected Bonds.

(v) Additional Notice. In addition to the Redemption Notice given pursuant to Section 5(b)(iv), further notice shall be given by the Paying Agent as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as described in Section 5(b)(iv) above.

Each further notice of redemption shall be sent at least thirty (30) days before the redemption date by registered or certified mail or overnight delivery service, or in such other manner as is approved by the recipient of such notice, to the Securities Depositories and to the Information Services; provided that, if the Securities Depositories are other than the Depository and the Information Services are other than the Municipal Securities Rulemaking Board, the District shall designate the recipients in a written notice to the Paying Agent.

(vi) 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 the same series and of like tenor and maturity and of authorized denominations equal in Transfer Amount to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner and the District shall be released and discharged thereupon from all liability to the extent of such payment.

(vii) Effect of Notice of Redemption. Notice having been given as provided in Section 5(b)(iv) above, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside in the District's Debt Service Fund (as defined in Section 11 below), 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 5(b)(i) and (ii) hereof, together with interest accrued or accreted 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 provided in Section 5(b)(iv) above, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue or accrete 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 this Section 5 shall be cancelled upon surrender thereof and be 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.

(viii) Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity under the provisions of this Resolution, or

with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held by the Paying Agent or an escrow agent appointed by the District irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, in the case of Current Interest Bonds, accrued interest with respect thereto to the date fixed for redemption, all as provided in this Resolution, then such Bonds shall no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation at the earlier of maturity or the applicable redemption date.

(c) Book-Entry System.

(i) Issuance of Bonds as Book-Entry Bonds. Unless otherwise stated in the Purchase Contract, the Bonds shall be issued in book-entry form in accordance with the provisions of this Section 5(c).

(ii) Provisions Regarding Book-Entry System. The Bonds issued in book-entry form shall initially be delivered in the form of a separate single fully-registered bond (which may be typewritten) for each maturity date of such Bonds (or in the case of two or more interest rates within a maturity a single fully-registered Bond in the respective Principal Amount for each interest rate) in an authorized denomination (except for any odd denomination Bond). The ownership of each such Bond shall be registered in the bond register maintained by the Paying Agent in accordance with Section 7 below in the name of the Nominee, as nominee of the Depository, and ownership of the Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 5(c)(ii)(4) below.

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

any, and interest on the Bonds. Upon delivery by the Depository to the Owner and the Paying Agent, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to the Record Date, the word Nominee in this Resolution shall refer to such nominee of the Depository.

1. Delivery of Letter of Representations. In order to qualify the book-entry Bonds for the Depository's book-entry system, the District shall execute and deliver to the Depository a Letter of Representations ("Letter of Representation"). The execution and delivery of a Letter of Representations shall not in any way impose upon the District any obligation whatsoever with respect to persons having interests in such book-entry Bonds other than the owners, as shown on the bond register. In addition to the execution and delivery of a Letter of Representations, the District and the Paying Agent shall take such other actions, not inconsistent with this Resolution, as are reasonably necessary to qualify book-entry Bonds for the Depository's book-entry program.

2. Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for book-entry Bonds, or (ii) the District determines that continuation of the book-entry system is not in the best interest of the beneficial owners of the Bonds or the District, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered bond for each maturity date of such book-entry Bond, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (4) hereof. If the District fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such bond register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of this Section 5(c).

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

4. Transfer of Bonds to Substitute Depository.

(A) Registered ownership of the Bonds held in book-entry form, or any portions thereof, may not thereafter be transferred following their registration in the name of the Nominee except:

(1) to any successor of the Depository or its nominee, or of any substitute depository designated pursuant to Section 5(c)(ii)(4)(A)(2) ("Substitute Depository"); provided that any successor of the Depository or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) to any Substitute Depository designated by the District, upon (1) the resignation of the Depository or its successor (or any Substitute Depository or

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

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

(B) In the case of any transfer pursuant to Section 5(c)(ii)(4)(A)(1) or (2), upon receipt of all outstanding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent designating the Substitute Depository, a single new Bond, which the District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Bonds then outstanding (or in the case of two or more interest rates within a maturity a single fully registered Bond in the respective Transfer Amount for each interest rate), registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to Section 5(c)(ii)(4)(A)(3), upon receipt of all outstanding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent, new Bonds, which the District shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the District, provided that the Paying Agent shall not be required to deliver such new Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the District.

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

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

SECTION 6. Execution of Bonds. The Bonds shall be signed by the President of the Board by manual or facsimile signature and countersigned by the manual or facsimile signature of the Clerk of the Board and the seal or facsimile seal of the District, if any, may be affixed thereto by the Clerk of the Board, all in their official capacities. No Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Bond is signed by the Paying Agent as authenticating

agent. Authentication by the Paying Agent shall be conclusive evidence that the Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution.

SECTION 7. Paying Agent; Resignation or Renewal; Transfer and Exchange.

(i) Bond Register. So long as any of the Bonds remain unpaid, the District will cause the Paying Agent to maintain and keep at its principal office a bond register containing all books and records relating to the registration, exchange and transfer of the Bonds as provided in this Section. Subject to the provisions of Section 8 below, the person in whose name a Bond is registered shall be regarded as the absolute Owner of that Bond for all purposes of this Resolution. Payment of or on account of the Accreted Value of, Conversion Value of or Principal of and premium, if any, and interest on any Bond shall be made only to or upon the order of that person; neither the District nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in this Section. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

(ii) Resignation or Removal. The Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least 60 days' written notice to the District. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and signed by the District. A successor Paying Agent shall be appointed by the District which shall be a bank or trust company organized under the laws of any state of the United States, a national banking association or any other financial institution, having capital stock and surplus aggregating at least \$100,000,000 and doing business in the State of California and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Resolution. Such 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.

In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor, or, if there is no successor, to the Treasurer. In the event that for any reason there shall be a vacancy in the office of the Paying Agent, the Treasurer shall act as such Paying Agent. The District shall cause the new Paying Agent appointed to replace any resigned or removed Paying Agent to mail notice of its appointment and the address of its principal office to all registered Owners.

(iii) Transfer and Exchange of Bonds. Any Bond may be exchanged for Bonds of like series, tenor, maturity and Transfer Amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred by the Paying Agent only upon presentation and surrender of the Bond at the principal office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like series, tenor, maturity and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on

the same date. Capital Appreciation Bonds, Convertible Capital Appreciation Bonds and Current Interest Bonds may not be exchanged for one another.

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

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

Any Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer shall be cancelled by the Paying Agent. The District may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Bonds that the District may have acquired in any manner whatsoever, and those Bonds shall be promptly cancelled by the Paying Agent. Written reports of the surrender and cancellation of Bonds shall be made to the District by the Paying Agent on or before February 1 and August 1 of each year. The cancelled Bonds shall be retained for two years, then destroyed by the Paying Agent.

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

SECTION 8. Payment. Payment of interest on any Bond Payment Date on any Current Interest Bond, and on any Convertible Capital Appreciation Bond after its Conversion Date, shall be made to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by check mailed to such Owner on the Bond Payment Date at his or her address as it appears on such registration books or at such other address as he may have filed with the Paying Agent for that

purpose on or before the Record Date. The Owner in an aggregate Principal Amount or Conversion Value of \$1,000,000 or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The Principal of and redemption premiums, if any, on any Current Interest Bond, the Conversion Value and redemption premiums, if any, on Convertible Appreciation Bonds and the Accreted Value and redemption premiums, if any, on the Capital Appreciation Bonds shall be payable upon maturity or redemption upon surrender at the principal office of the Paying Agent. The interest, Principal, Accreted Value, Conversion Value, Maturity Value and premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is hereby authorized to pay the Bonds when duly presented for payment at maturity or redemption, and to cancel all Bonds upon payment thereof. The Bonds are general obligation bonds of the District, payable solely from the proceeds of *ad valorem* taxes levied on all property subject to such taxes within the District.

SECTION 9. Form of Bonds. The Bonds shall be in substantially the following forms, allowing those officials executing the Bonds to make the insertions and deletions necessary to conform the Bonds to this Resolution, the Purchase Contract and the Official Statement.

(Form of Current Interest Bond)

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE DISTRICT 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
\$

**HERMOSA BEACH CITY SCHOOL DISTRICT
(LOS ANGELES COUNTY, CALIFORNIA)
ELECTION OF 2024 GENERAL OBLIGATION BONDS, SERIES A
(BANK QUALIFIED)**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
___% per annum	August 1, 20__	_____,	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____

The Hermosa Beach City School District (the “District”) in Los Angeles County, California (the “County”) for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, or upon prior redemption hereof, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the “Bond Payment Dates”), commencing February 1, 2026. 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 January 15, 2026, 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 thereto is in default, interest with respect thereto shall be payable from the Bond Payment Date to which interest has previously been paid or made available for payment. Interest on this bond shall be computed on the basis of a 360-day year of twelve 30-day months. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the “Registered Owner”) on the register maintained by U.S. Bank Trust Company, National Association (the “Paying Agent”). Principal is payable upon surrender of this bond at the principal office of the

Paying Agent. Interest is payable by check mailed by the Paying Agent on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the register at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date (the "Record Date"). The Owner of Current Interest Bonds in the aggregate principal amount of One Million Dollars (\$1,000,000) or more may request in writing to the Paying Agent that the Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

This bond is one of an authorization of bonds approved by the voters of the District at an election held on November 5, 2024 (the "Election") and is being issued under authority of and pursuant to the laws of the State of California, in particular Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and the resolution of the Board of Education of the District adopted on June 4, 2025 (the "District Resolution"). This bond and the issue of which this bond is a part are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252. The bonds of this issue are general obligation bonds of the District. All capitalized terms not defined herein shall have the meaning set forth in the District Resolution.

The bonds of this issue (the "Bonds") are comprised of \$_____ principal amount of Current Interest Bonds, Convertible Capital Appreciation Bonds and Capital Appreciation Bonds, and this bond is a Current Interest Bond.

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

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

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

The Current Interest Bonds maturing on August 1, 20__ are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount represented by such Bonds to

be so redeemed and the dates therefor and the final principal payment date are as indicated in the following table:

<i>Redemption Date (August 1)</i>	<i>Principal Amount</i>
(1)	\$
	\$

⁽¹⁾ Maturity.

Whenever provision is made in accordance with the District Resolution for the optional redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed by the District and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Current Interest Bond to be redeemed in part shall be in an amount equal to \$5,000 or any integral multiple thereof, the portion of any Convertible Capital Appreciation Bond to be redeemed in part shall be in an amount equal to the Accreted Value per \$5,000 Conversion Value of such Convertible Capital Appreciation Bond or an integral multiple thereof and the portion of any Capital Appreciation Bond to be redeemed in part shall be in an amount equal to the Accreted Value per \$5,000 Maturity Value thereof or an integral multiple thereof (except for one odd denomination, if any).

The rights and obligations of the District and of the Owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the District in certain cases with the written consent of Owners of at least 60% in aggregate Bond Obligation of the Outstanding Bonds and other bonds issued under the District Resolution, exclusive of Bonds, if any, owned by the District and in certain cases without the consent of the Owners as further specified in the District Resolution.

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

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that payment in full for the bonds has been received; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due.

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

IN WITNESS WHEREOF, the Hermosa Beach City School District, Los Angeles County, California, has caused this bond to be executed on behalf of the District and in its official capacity by the manual or facsimile signature of the President of the Board of Education of the District, and to be countersigned by the manual or facsimile signature of the Clerk of the Board of Education of the District, all as of the date stated above.

HERMOSA BEACH CITY SCHOOL DISTRICT

By: _____
President, Board of Education

COUNTERSIGNED:

Clerk, Board of Education

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the District Resolution referred to herein which has been authenticated and registered on _____, 2025.

TREASURER AND TAX COLLECTOR OF LOS
ANGELES COUNTY

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

By: _____
Authorized Signatory

ASSIGNMENT

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

Dated: _____

Signature Guaranteed:

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

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

LEGAL OPINION

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

Clerk, Board of Education

(Form of Legal Opinion)

(Form of Capital Appreciation Bond)

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE DISTRICT 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
\$

**HERMOSA BEACH CITY SCHOOL DISTRICT
LOS ANGELES COUNTY, CALIFORNIA
ELECTION OF 2024 GENERAL OBLIGATION BONDS, SERIES A
(BANK QUALIFIED)**

ACCRETION RATE: MATURITY DATE: DATED AS OF: CUSIP

August 1, ____ Date of Delivery

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

MATURITY VALUE:

The Hermosa Beach City School District (the "District") in Los Angeles County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Maturity Value on the Maturity Date, each as stated above, such Maturity Value comprising the Principal Amount stated above and interest accreted thereon. This bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing on February 1, 2026, at the Accretion Rate specified above to the Maturity Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the Principal Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months. Accreted Value and redemption premium, if any, are payable in lawful money of the United States of America, without deduction for 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 Trust Company, National Association (the "Paying Agent"). Accreted Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the principal office of the Paying Agent.

This bond is one of an authorization of bonds approved by the voters of the District at an election held on November 5, 2024 (the "Election") and is being issued under authority of and

pursuant to the laws of the State of California, in particular Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and the resolution of the Board of Education of the District adopted on June 4, 2025 (the "District Resolution"). This bond and the issue of which this bond is a part are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252. The bonds of this issue are general obligation bonds of the District. All capitalized terms not defined herein shall have the meaning set forth in the District Resolution.

The bonds of this issue (the "Bonds") are comprised of \$_____ principal amount of Current Interest Bonds, Convertible Capital Appreciation Bonds and Capital Appreciation Bonds, and this bond is a Capital Appreciation Bond.

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

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

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

The rights and obligations of the District and of the Owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the District in certain cases with the written consent of Owners of at least 60% in aggregate Bond Obligation of the Outstanding Bonds and other bonds issued under the District Resolution, exclusive of Bonds, if any, owned by the District and in certain cases without the consent of the Owners as further specified in the District Resolution.

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

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that payment in full for the bonds has been received; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due.

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

IN WITNESS WHEREOF, the Hermosa Beach City School District, Los Angeles County, California, has caused this bond to be executed on behalf of the District and in official capacity by the manual or facsimile signature of the President of the Board of Education of the District, and to be countersigned by the manual or facsimile signature of the Clerk to the Board of Education of the District, all as of the date stated above.

HERMOSA BEACH CITY SCHOOL DISTRICT

By: _____
President, Board of Education

COUNTERSIGNED:

Clerk, Board of Education

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the District Resolution referred to herein which has been authenticated and registered on _____, 2025.

TREASURER AND TAX COLLECTOR OF LOS
ANGELES COUNTY

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

By: _____
Authorized Signatory

ASSIGNMENT

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

Dated: _____

Signature Guaranteed:

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

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

LEGAL OPINION

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

Clerk, Board of Education

(Form of Legal Opinion)

(Form of Convertible Capital Appreciation Bond)

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE DISTRICT 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
\$

**HERMOSA BEACH CITY SCHOOL DISTRICT
(LOS ANGELES COUNTY, CALIFORNIA)
ELECTION OF 2024 GENERAL OBLIGATION BONDS, SERIES A
(BANK QUALIFIED)**

CONVERTIBLE CAPITAL APPRECIATION BOND

ACCRETION RATE TO <u>CONVERSION DATE:</u>	INTEREST RATE AFTER THE CONVERSION <u>DATE:</u>	CONVERSION <u>DATE:</u>	MATURITY <u>DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP</u>
			August 1, 20__		

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

ACCREDITED VALUE AT CONVERSION DATE:

The Hermosa Beach City School District (the "District") in Los Angeles County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Accreted Value at Conversion Date on the Maturity Date, each as stated above, or upon prior redemption hereof. Interest due and payable on the Maturity Date consists of interest compounded from the Dated Date at the Accretion Rate through Conversion Date specified above to the Conversion Date, compounded on each February 1 and August 1, commencing on February 1, 2026, assuming that the sum of such compounded interest and the Principal Amount hereof 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 at Conversion Date (the "Conversion Value") until the Conversion Value is paid or provided for at the Interest Rate after the Conversion Date stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing _____ 1, 20__ . This bond will bear such interest from the Bond Payment Date

next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 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 _____ 15, 20__, in which event it will bear interest from the Conversion Date; provided, however, that, after the Conversion Date, if at the time of registration of any bond interest with respect thereto is in default, interest with respect thereto shall be payable from the Bond Payment Date to which interest has previously been paid or made available for payment. From and after its Conversion Date, interest shall be payable on the respective Bond Payment Dates and shall be calculated on the basis of a 360-day year of twelve, 30-day months. The Conversion Value hereof 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 Trust Company, National Association (the “Paying Agent”) Accreted Value or Conversion Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the principal office of the Paying Agent. Commencing on the Bond Payment Date after the Conversion Date, interest is payable by check mailed by the Paying Agent on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the register at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date (the “Record Date”). The Owner of Convertible Capital Appreciation Bonds in the aggregate Conversion Value of One Million Dollars (\$1,000,000) or more may request in writing to the Paying Agent that the Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

This bond is one of an authorization of bonds approved by the voters of the District at an election held on November 5, 2024 (the “Election”) and is being issued under authority of and pursuant to the laws of the State of California, in particular Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, and the resolution of the Board of Education of the District adopted on June 4, 2025 (the “District Resolution”). This bond and the issue of which this bond is a part are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Sections 15250 and 15252. The bonds of this issue are general obligation bonds of the District. All capitalized terms not defined herein shall have the meaning set forth in the District Resolution.

The bonds of this issue (the “Bonds”) are comprised of \$_____ principal amount of Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, and this bond is a Convertible Capital Appreciation Bond.

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

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bond during a period beginning with the opening of business on the 15th day of the month next preceding

any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given or (b) to transfer any Bond which has been selected or called for redemption in whole or in part.

The Convertible Capital Appreciation Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Convertible Capital Appreciation Bonds maturing on or after August 1, 20__ are subject to redemption at the option of the District, as a whole or in part, on any date on or after August 1, 20__, at a redemption price equal to 100% of the Conversion Value of the Convertible Capital Appreciation Bonds called for redemption plus interest accrued thereon to the date fixed for redemption, without premium.

The Convertible Capital Appreciation Bonds maturing on August 1, 20__ are subject to mandatory redemption from moneys in the Debt Service Fund prior to their stated maturity date, at the Conversion Value thereof to be redeemed, together with accrued interest to the redemption date, without premium on each August 1 on and after August 1, 20__, in the Conversion Value as set forth in the following table:

<i>Year (August 1)</i>	<i>Conversion Value To Be Redeemed</i>
-----------------------------------	---

Whenever provision is made in accordance with the District Resolution for the optional redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed by the District and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Current Interest Bond to be redeemed in part shall be in an amount equal to \$5,000 or any integral multiple thereof, the portion of any Convertible Capital Appreciation Bond to be redeemed in part shall be in an amount equal to the Accreted Value per \$5,000 Conversion Value of such Convertible Capital Appreciation Bond or an integral multiple thereof and the portion of any Capital Appreciation Bond to be redeemed in part shall be in an amount equal to the Accreted Value per \$5,000 Maturity Value thereof or an integral multiple thereof (except for one odd denomination, if any).

The rights and obligations of the District and of the Owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the District in certain cases with the written consent of Owners of at least 60% in aggregate Bond Obligation of the Outstanding Bonds and other bonds issued under the District Resolution, exclusive of Bonds, if any, owned by the District and in certain cases without the consent of the Owners as further specified in the District Resolution.

Reference is made to the District Resolution for a more complete description of the provisions, among others, with respect to the nature and extent of the security for the bonds of this series, the rights, duties and obligations of the District the Paying Agent and the Registered Owners,

and the terms and conditions upon which the bonds are issued and secured. The registered Owner of this bond assents, by acceptance hereof, to all of the provisions of the District Resolution.

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that payment in full for the bonds has been received; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due.

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

IN WITNESS WHEREOF, the Hermosa Beach City School District, Los Angeles County, California, has caused this bond to be executed on behalf of the District and in official capacity, by the manual or facsimile signature of the President of the Board of Education of the District, and to be countersigned by the manual or facsimile signature of the Clerk of the Board of Education of the District, all as of the date stated above.

HERMOSA BEACH CITY SCHOOL DISTRICT

By: _____
President, Board of Education

COUNTERSIGNED:

Clerk, Board of Education

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the District Resolution referred to herein which has been authenticated and registered on _____, 2025.

TREASURER AND TAX COLLECTOR OF LOS
ANGELES COUNTY

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

By: _____
Authorized Signatory

ASSIGNMENT

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

Dated: _____

Signature Guaranteed:

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

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

LEGAL OPINION

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

Clerk, Board of Education

(Form of Legal Opinion)

SECTION 10. Delivery of Bonds. The proper officials of the District shall cause the Bonds to be prepared and, following their sale, shall have the Bonds signed in accordance with Section 6 above and delivered, together with a true transcript of proceedings with reference to the issuance of the Bonds, to the original purchaser upon payment of the purchase price therefor.

SECTION 11. Deposit of Proceeds of Bonds. The proceeds from the sale of the Bonds, to the extent of the Principal Amount thereof, shall be paid to the Treasurer to the credit of an account within the building fund of the District created and established in the County treasury in accordance with Education Code Section 15146(g) to be known as the “Hermosa Beach City School District Election of 2024 General Obligation Bonds, Series A, Building Fund” (the “Building Fund”) and shall be kept separate and distinct from all other District funds. The amounts in the Building Fund shall be used solely for the acquisition or improvement of real property and equipment and only for the purposes authorized by the voters at the Election. Any accrued interest and any premium received from the sale of the Bonds shall be kept separate and apart in an account within the interest and sinking fund of the District created and established in the County treasury in accordance with Education Code Section 15251 and to be designated as the “Hermosa Beach City School District Election of 2024 General Obligation Bonds, Series A, Debt Service Fund” (the “Debt Service Fund”) and used only for payment of the Principal of, Accreted Value, Conversion Value and interest on the Bonds. Interest earnings on moneys held in the Building Fund shall be retained in the Building Fund. Interest earnings on moneys held in the Debt Service Fund shall be retained in the Debt Service Fund. Any excess proceeds of the Bonds not needed for the authorized purposes set forth herein for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment the Principal of, Accreted Value of, Conversion Value of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the General Fund of the District.

There shall hereby be created and established the “Hermosa Beach City School District General Obligation Bond, Election of 2024 General Obligation Bonds, Series A, Costs of Issuance Fund” (the “Costs of Issuance Fund”) which shall be accounted for separately and distinctly from all other District funds and accounts. At the time of issuance of the Bonds, an Authorized Officer may direct that the Costs of Issuance Fund be held in the County treasury or by U.S. Bank Trust Company, National Association as a fiscal agent, and may transfer, or cause to be transferred, from the amount to be deposited to the Building Fund to the Costs of Issuance Fund an amount not to exceed two percent (2.00%) of the initial Principal Amount of the Bonds issued. Monies held in the Costs of Issuance Fund shall be applied, upon direction from an Authorized Officer of the District, solely to pay costs of issuance, and any remaining balance after the payment of costs of issuance shall be transferred to the Building Fund. The deposit of proceeds of the Bonds to the Costs of Issuance Fund shall be a proper charge against the Building Fund.

All amounts held in the funds and accounts established for the Bonds shall be invested by the Treasurer in accordance with Section 26 below.

SECTION 12. Rebate Fund.

(a) The District shall create and establish a special fund designated the “Hermosa Beach City School District Election of 2024 General Obligation Bonds Rebate Fund, Series A” (the “Rebate Fund”). All amounts at any time on deposit in the Rebate Fund shall be held in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the “Rebate Requirement”) pursuant to Section 148 of the Code, and the Treasury Regulations promulgated

thereunder (the “Treasury Regulations”). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and by each Tax Certificate to be executed by the District. The provisions of Sections 12(b) through (j) below, shall apply separately and only to each series of the Bonds the interest on which is excluded from gross income for federal income tax purposes.

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

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

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

(1) not later than sixty (60) days after the end of (i) the fifth (5th) Bond Year, and (ii) each fifth (5th) Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the “rebate amount” calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and

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

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

(f) Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service Center, Ogden, Utah 84201, on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, such form to be prepared or caused to be prepared by the District.

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

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

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

(j) The provisions of this Section 12 may be modified in the Tax Certificate and in any supplement thereto issued from time to time.

SECTION 13. Security for the Bonds. There shall be levied on all the taxable property in the District, in addition to all other taxes, a continuing direct *ad valorem* tax annually during the period the Bonds are outstanding in an amount sufficient to pay the Principal of, Conversion Value of and Accreted Value of, premium if any, and interest on the Bonds when due, and the proceeds of such *ad valorem* tax when collected will be placed in the Debt Service Fund of the District, which *ad valorem* taxes, together with the amounts on deposit in the Debt Service Fund, are irrevocably pledged for the payment of the Principal of, Conversion Value of and Accreted Value of, premium, if any, and interest on the Bonds when and as the same fall due. The District covenants to cause the County to take all actions necessary to levy such *ad valorem* tax in accordance with Education Code Section 15250 *et seq.* and to cause the proceeds from such levy to be deposited to the Debt Service Fund to pay the Principal of, Conversion Value of and Accreted Value of, premium, if any, and interest on the Bonds when due.

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

SECTION 14. Tax Covenants. The District hereby covenants for the benefit of the owners of each Bond that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on any of the Bonds and will restrict the use of the proceeds of Bonds in such manner and to such extent, if any, as may be necessary, so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code, and the applicable regulations prescribed under that section or any predecessor section.

SECTION 15. Good Faith Estimates and Legislative Determinations.

(a) In accordance with Government Code section 5852.1 and Education Code section 15146(b)(1), good faith estimates of the following have been obtained from the District's municipal advisor and are set forth on Exhibit B attached hereto: (a) the true interest cost of the Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Bonds, including an estimate of the costs of issuance, (c) the amount of proceeds of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments on the Bonds calculated to the final maturity of the Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Bonds. The Board finds and determines that the provisions of Government Code section 5852.1 and Education Code section 15146(b)(1) have been satisfied with respect to the authorization of the Bonds.

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

SECTION 16. Official Statement. The form of the Preliminary Official Statement (the "Preliminary Official Statement"), substantially in the form on file with the Clerk of the Board, is hereby approved, and the Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deliver to the Underwriter the Preliminary Official Statement. The Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deem the Preliminary Official Statement "final" pursuant to 15c2-12 of the Securities Exchange Act of 1934, as amended, prior to its distribution and to execute and deliver to the Underwriter a final Official Statement (the "Official Statement"), substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds and is directed to deliver copies of the Official Statement to the purchasers of the Bonds. Execution of the Official Statement shall conclusively evidence the District's approval of such Official Statement.

SECTION 17. Defeasance. All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which together with amounts then on deposit in the Debt Service Fund (as

hereinafter defined) is sufficient to pay all Bonds designated for defeasance, including all Principal of, Accreted Value of, Conversion Value of and interest and premium, if any; or

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

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

For purposes of this Section, Government Obligations shall mean:

Direct and general obligations of the United States of America, or obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips). In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (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 at least as high as direct and general obligations of the United States of America by either S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC or Moody's Investors Service, Inc.

SECTION 18. Request to County to Levy Tax. The Board of Supervisors and officers of the County are obligated by statute to provide for the levy and collection of *ad valorem* property taxes in each year sufficient to pay all principal and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds. The District hereby requests the Board of Supervisors to levy annually a tax upon all taxable property in the District sufficient to pay the Principal of, Accreted Value of, Conversion Value of, redemption premium, in any, and interest thereon as and when the same become due. The Board hereby finds and determines that such *ad valorem* taxes shall be levied specifically to pay the Bonds being issued to finance specific projects authorized by the voters of the District at the Election for Measure HV.

SECTION 19. Other Actions.

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

(b) The Board hereby reaffirms that Isom Advisors, a Division of Urban Futures Inc. ("Municipal Advisor") has been appointed as municipal advisor with respect to the issuance of the Bonds and that Stradling, Yocca, Carlson & Rauth LLP ("Bond Counsel"), has been retained by the District as bond counsel and disclosure counsel, in connection with the issuance of the Bonds.

(c) The Board hereby appoints Robert W. Baird & Co. Incorporated, as the Underwriter.

(d) The provisions of this Resolution as they relate to the terms of the Bonds may be amended by the Purchase Contract and the Official Statement.

(e) If at any time it is deemed necessary or desirable by the District, upon the written direction of an Authorized Officer of the District, the Treasurer may establish additional funds under this Resolution and/or accounts within any of the funds or accounts established hereunder.

SECTION 20. Resolution to Treasurer-Tax Collector. The Clerk of the Board is hereby directed to provide a certified copy of this Resolution to the Treasurer immediately following its adoption and the debt service schedule for the Bonds in accordance with Education Code Section 15140(c).

SECTION 21. Continuing Disclosure. The form of Continuing Disclosure Certificate on file with the Clerk of the Board is hereby approved, and each Authorized Officer, acting alone, is hereby authorized to execute and deliver the Continuing Disclosure Certificate, but with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by his or her 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, as originally executed and as it may be amended from time to time in accordance with the terms thereof. Any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. Noncompliance with this Section shall not constitute a default hereunder or result in acceleration of the Bonds.

SECTION 22. Supplemental Resolution.

(a) 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 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the District; provided, however, that no such modification or amendment shall, without the express consent of the Owner of each Bond affected, reduce the principal amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying

interest thereon or change the monetary medium in which principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification. No such Supplemental Resolution shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto.

(b) 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 without the written consent of the Owners:

(i) 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;

(ii) 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;

(iii) 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;

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

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

(c) Any act done pursuant to a modification or amendment so consented to as provided in Section 23(a) above 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 23. Resolution To Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall own the same from time to time, this Resolution shall be deemed to be and shall constitute a contract among the District and the Owners from time to time of the Bonds; and the pledge made in this Resolution shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof.

SECTION 24. Unclaimed Moneys. Anything in this Resolution to the contrary notwithstanding, and subject to the escheat laws of the State, any moneys held by the Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for one (1) year after the date when such Bonds have become due and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Paying Agent at such date, or for one (1) year after the date of deposit of such moneys if deposited with the Paying Agent after said date

when such Bonds become due and payable, shall be repaid by the Paying Agent to the District, as its absolute property and free from trust, and the Paying Agent shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the District for the payment of such Bonds; provided, however, that before being required to make such payment to the District, the Paying Agent shall, at the expense of District, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the registration books, a notice that said moneys remain unclaimed and that, after a date in said notice, which date shall not be less than thirty (30) days after the date of mailing such notice, the balance of such moneys then unclaimed will be returned to the District.

SECTION 25. Permitted Investments.

(a) All amounts held in the funds and accounts established hereunder and held by the Treasurer shall be invested by the Treasurer in any instrument which is a lawful investment for funds of the District, including the Treasurer's Pooled Investment Fund, the Local Agency Investment Fund of the State of California, any investment authorized pursuant to Sections 53601 and 53635 of the Government Code, or in investment agreements, including guaranteed investment contracts, float contracts or other investment products; provided that such agreements comply with the requirements of each rating agency then rating the Bonds necessary in order to maintain the then-current rating on the Bonds; and provided further that except as otherwise permitted by law, at no time shall Bond proceeds be withdrawn by the District for investment outside the Treasurer's Pooled Investment Fund. Unless otherwise instructed by the District in writing, amounts held in the funds established by this Resolution shall be invested in the Treasurer's Pooled Investment Fund. If invested in other than the Pooled Investment Fund or the Local Agency Investment Fund, amounts in the Debt Service Fund shall be invested in investments maturing not later than the date on which such amounts will be needed to pay the Principal of, Accreted Value of, Conversion Value of, and interest on the Bonds. 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.

(b) 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 26. Disclosure Required by Education Code section 15146. Attached as Exhibit A is disclosure regarding the financing term and time of maturity, repayment ratio and the estimated change in the assessed value of taxable property within the District over the term of the Bonds. Such disclosure is appended hereto in satisfaction of the requirements set forth in sections 15146(b)(1)(E) and 15146(c) of the Education Code, and shall not abrogate or otherwise limit any provision of this Resolution.

SECTION 27. Designation as Qualified Tax-Exempt Obligation. Based on the following representations, the Bonds are hereby designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code: (i) such Bonds are not private activity bonds within the meaning of Section 141 of the Code; (ii) the District, together with all of its subordinate entities, has not issued obligations (other than those obligations described in clause (iv) below) in the calendar

year in which the Bonds are issued the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code; (iii) the District reasonably anticipates that it, together with its subordinate entities, will issue during the remainder of the calendar year in which the Bonds are issued obligations (other than those obligations described in clause (iv) below) the interest on which is excluded from gross income for federal income tax purposes under to Section 103 of the Code which, when aggregated with all obligations described in clause (ii) above (if any), will not exceed an aggregate principal amount of \$10,000,000; and (iv) notwithstanding clauses (ii) and (iii) above, the District and its subordinate entities may have issued in the calendar year in which the Bonds are issued and may continue to issue during the remainder of the calendar year in which the Bonds are issued private activity bonds other than qualified 501(c)(3) bonds as defined in Section 145 of the Code.

SECTION 28. Action Regarding Qualified Tax-Exempt Obligation. Appropriate officials of the District are hereby authorized and directed to take such other actions as may be necessary to designate the Bonds as "qualified tax-exempt obligations," including, if either deemed necessary or appropriate, placing a legend to such effect on the form of such Bonds such form as either deemed necessary or appropriate.

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

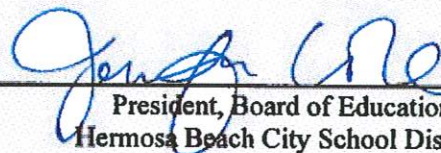
PASSED AND ADOPTED this 4th day of June, 2025, by the following vote:

AYES: 5

NOES: 0

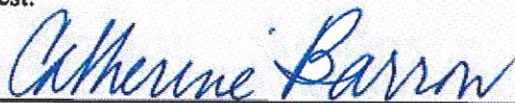
ABSENT: 0

ABSTENTIONS: 0



President, Board of Education
Hermosa Beach City School District

Attest:



Clerk, Board of Education
Hermosa Beach City School District

Clerk, Board of Education
Hermosa Beach City School District

STATE OF CALIFORNIA)
) ss
LOS ANGELES COUNTY)

I, Catherine Barrow, do hereby certify that the foregoing is a true and correct copy of Resolution No. 21:24/25, which was duly adopted by the Board of Education of the Hermosa Beach City School District at a meeting thereof held on the 4th day of June, 2025, and that it was so adopted by the following vote:

AYES: 5

NOES: 0

ABSENT: 0

ABSTENTIONS: 0

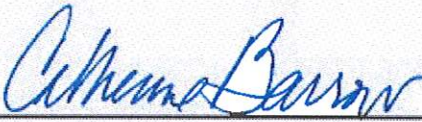
By 
Clerk

EXHIBIT A-1

**DISCLOSURE REQUIRED BY
EDUCATION CODE SECTIONS 15146(b)(1)(E) and 15146(c)**

Illustrative Option 1 below includes only capital appreciation bonds (“CABs”) while Illustrative Option 2 below includes only current interest bonds (“CIBs”). In this comparison, the difference in the overall debt service cost is estimated at \$3,258,787.60. The estimated change in assessed value of taxable property within the District over the term of the Bonds is 4%.

[SEE THE FOLLOWING PAGE]

Hermosa Beach City School District
Election of 2024 General Obligation Bonds, Series A
Statistics for Items Required Pursuant to Assembly Bill 182

Option 1 - Capital Appreciation Bonds					
Date	Principal	Current Interest ¹	Compounded Interest	Total Net Debt Service	Projected Tax Rates ²
8/1/2026	\$-	\$-	\$-	\$-	\$-
8/1/2027	-	-	-	-	-
8/1/2028	-	-	-	-	-
8/1/2029	-	-	-	-	-
8/1/2030	-	-	-	-	-
8/1/2031	326,069.65	-	88,930.35	415,000.00	3.14
8/1/2032	322,104.40	-	107,895.60	430,000.00	3.12
8/1/2033	320,935.50	-	129,064.50	450,000.00	3.14
8/1/2034	313,740.15	-	151,259.85	465,000.00	3.12
8/1/2035	309,580.35	-	175,419.65	485,000.00	3.13
8/1/2036	306,265.20	-	203,734.80	510,000.00	3.17
8/1/2037	474,254.95	-	360,745.05	835,000.00	4.99
8/1/2038	462,422.00	-	397,578.00	860,000.00	4.94
8/1/2039	451,906.40	-	438,093.60	890,000.00	4.91
8/1/2040	437,956.80	-	482,043.20	920,000.00	4.88
8/1/2041	423,082.50	-	526,917.50	950,000.00	4.85
8/1/2042	409,503.90	-	575,496.10	985,000.00	4.83
8/1/2043	397,106.40	-	622,893.60	1,020,000.00	4.81
8/1/2044	383,638.50	-	666,361.50	1,050,000.00	4.76
8/1/2045	373,303.20	-	716,696.80	1,090,000.00	4.76
8/1/2046	362,216.25	-	762,783.75	1,125,000.00	4.72
8/1/2047	497,084.00	-	1,142,916.00	1,640,000.00	6.61
8/1/2048	479,102.40	-	1,200,897.60	1,680,000.00	6.52
8/1/2049	474,848.00	-	1,300,152.00	1,775,000.00	6.62
8/1/2050	471,221.30	-	1,398,778.70	1,870,000.00	6.71
Total	\$7,996,341.85	-	\$11,448,658.15	\$19,445,000.00	

Option 2 - Current Interest Bonds Only				
Date	Principal	Current Interest ¹	Total Net Debt Service	Projected Tax Rates ²
8/1/2026	\$155,000.00	\$-	\$155,000.00	\$1.42
8/1/2027	-	408,074.90	408,074.90	3.61
8/1/2028	-	411,862.50	411,862.50	3.50
8/1/2029	-	411,862.50	411,862.50	3.37
8/1/2030	-	411,862.50	411,862.50	3.24
8/1/2031	-	411,862.50	411,862.50	3.11
8/1/2032	-	411,862.50	411,862.50	2.99
8/1/2033	-	411,862.50	411,862.50	2.88
8/1/2034	-	411,862.50	411,862.50	2.77
8/1/2035	-	411,862.50	411,862.50	2.66
8/1/2036	-	411,862.50	411,862.50	2.56
8/1/2037	185,000.00	411,862.50	596,862.50	3.56
8/1/2038	215,000.00	402,150.00	617,150.00	3.54
8/1/2039	245,000.00	390,862.50	635,862.50	3.51
8/1/2040	280,000.00	378,000.00	658,000.00	3.49
8/1/2041	315,000.00	363,300.00	678,300.00	3.46
8/1/2042	355,000.00	346,762.50	701,762.50	3.44
8/1/2043	400,000.00	328,125.00	728,125.00	3.44
8/1/2044	445,000.00	307,125.00	752,125.00	3.41
8/1/2045	495,000.00	283,762.50	778,762.50	3.40
8/1/2046	545,000.00	257,775.00	802,775.00	3.37
8/1/2047	940,000.00	229,162.50	1,169,162.50	4.72
8/1/2048	1,020,000.00	179,812.50	1,199,812.50	4.65
8/1/2049	1,140,000.00	126,262.50	1,266,262.50	4.72
8/1/2050	1,265,000.00	66,412.50	1,331,412.50	4.77
Total	\$8,000,000.00	\$8,186,212.40	\$16,186,212.40	

Additional Statistics	
Repayment Ratio for Option 1 (Net DS):	2.43x
Repayment Ratio for Option 2 (Net DS):	2.02x
Reason for Utilizing Capital Appreciation Bonds	
To issue bonds for voter-approved projects while attempting to stay below an aggregate annual tax rate target (including all of the District's outstanding general obligation bonds).	

(1) Net of Capitalized Interest

(2) Assumes 2% Secured Delinquency; per \$100,000 of Assessed Valuation

EXHIBIT A-2

G-17 LETTER

Docusign Envelope ID: 55C727B4-CFF6-429F-B874-2C88AC1E50CB

April 30, 2025



Paula Montalbo, Chief Business Officer
Hermosa Beach City Elementary School District
1645 Valley Drive
Hermosa Beach, CA 90254

Re. Engagement to Provide Underwriting Services for Proposed Issuance of Approximately \$8,000,000 Election of 2024 General Obligation Bonds, Series A (the "Securities").

Ms. Montalbo:

Robert W. Baird & Co. Incorporated ("Baird"), in its capacity as an underwriter, is pleased to provide information and advice to Hermosa Beach City Elementary School District ("you" or the "Issuer") with respect to the issuance of the above-referenced Securities. However, in light of SEC rules that define a "municipal advisor" and related guidance, if Baird were to provide advice to the Issuer with respect to the Securities prior to its engagement as an underwriter, Baird would be serving as a municipal advisor and could not then underwrite the Securities. Baird can provide advice to the Issuer regarding the contemplated issuance of the Securities once it has been engaged as an underwriter. Thus, this letter reflects our understanding that the Issuer intends or reasonably expects to engage Baird as an underwriter for the Securities. However, this engagement is preliminary in nature and is subject to conditions, such as formal approval of the selection of the underwriter for the Securities by the governing body of the Issuer or an official of the Issuer authorized to bind the Issuer and finalizing the structure of the Securities. This engagement is non-binding and may be terminated by either party without any liability, penalty or payment. The Issuer is therefore free to engage another firm to serve as underwriter for the Securities and/or to select an underwriting syndicate that does not include Baird. This letter also does not obligate the Issuer to go forward with or complete the issuance of the Securities. It is anticipated that this letter will be replaced and superseded by a bond purchase agreement to be entered into by the parties (the "Purchase Agreement") if and when the Securities are priced following successful completion of the offering process. The Purchase Agreement will set forth the terms and conditions on which Baird will purchase the Securities.

1. Services to be Provided by Baird. As underwriter, Baird may provide advice and assistance as to the structure, timing, terms and other matters concerning the proposed issuance of the Securities, in addition to other services commonly provided by an underwriter. Please note that Baird would be providing advice to you in its capacity as underwriter and not as a municipal advisor. Such services may include:

- Review and evaluate the proposed terms of the offering and the Securities
- Develop a marketing plan for the offering, including identification of potential purchasers of the Securities
- Assist in the preparation of the preliminary official statement and final official statement and other offering documents
- Contact potential purchasers of the Securities and provide them with copies of the offering materials and related information
- Respond to inquiries from potential purchasers and, if requested, coordinate their due diligence calls and meetings

Baird
2029 Century Park E, Suite 400
Los Angeles, CA 90067
Main (310) 492-8111
www.rwbaird.com

- If the Securities are to be rated, assist in the preparation of information and materials to be provided to securities rating agencies and in the development of strategies for meetings with the rating agencies
- Consult with counsel and other service providers about the offering and the terms of the Securities
- Inform the Issuer of the marketing and offering process
- Negotiate the pricing, including the interest rate, and other terms of the Securities
- Obtain CUSIP number(s) for the Securities and arrange for their DTC book-entry eligibility
- Submit documents and other information about the offering to the MSRB's EMMA website
- Plan and arrange for the closing and settlement of the issuance and the delivery of the Securities
- Such other usual and customary underwriting services as may be requested by the Issuer

2. Fees and Expenses. Baird's underwriting fee/spread will be determined by mutual agreement of the Issuer and Baird and will be reflected in the Purchase Agreement. The underwriting fee/spread will represent the difference between the price that Baird pays for the Securities and the public offering price stated on the cover of the final official statement, net of expenses paid by the underwriter. The underwriting fee/spread will be contingent upon the closing of the proposed offering and the amount of the fee/spread may be based on the principal, par amount, or public offering price of the Securities. Any costs of issuance for which Baird or the Issuer are responsible for paying will also be specified in the Purchase Agreement along with any reimbursable expenses. Baird will be responsible for paying any fees to the MSRB in connection with the issuance of the Securities.

3. Conflicts of Interest and Disclosures Pursuant to MSRB Rules. Baird is registered with the Municipal Securities Rulemaking Board ("MSRB") and the SEC. The MSRB website is www.msrb.org. Two investor brochures, Information for Municipal Securities Investors and Information for Municipal Advisory Clients, describe the protections that may be provided by the MSRB's rules. The brochures are available on the MSRB website. The MSRB website also contains information about how to file a complaint with an appropriate regulatory authority.

Baird makes the following conflict of interest and other disclosures as required by MSRB Rule G-17.

- Disclosures Concerning the Underwriter's Role:
 - MSRB Rule G-17 requires an underwriter to deal fairly at all times with both issuers and investors.
 - The underwriter's primary role is to purchase the Securities with a view to distribution in an arm's-length commercial transaction with the Issuer. The underwriter has financial and other interests that differ from those of the Issuer.
 - Unlike a municipal advisor, an underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests.
 - The Issuer may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the Issuer's interest in this transaction.

- The underwriter has a duty to purchase the Securities from the Issuer at a fair and reasonable price but must balance that duty with its duty to sell the Securities to investors at prices that are fair and reasonable.
- The underwriter will review the official statement for the Securities in accordance with, and as a part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.

- Disclosures Concerning the Underwriter's Compensation:

As underwriter, Baird's receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Securities. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriter may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

- Baird-Specific Conflicts of Interest Disclosures:

Baird is a full-service securities firm and as such Baird and its affiliates may from time to time provide advisory, brokerage, consulting and other services and products to municipalities, other institutions, and individuals including the Issuer, certain Issuer officials or employees, and potential purchasers of the Securities for which Baird may receive customary compensation; however, such services are not related to the proposed offering. Baird may also be engaged from time to time by the Issuer to manage investments for the Issuer (including the proceeds from the proposed offering) through a separate contract that sets forth the fees to be paid to Baird. Baird may compensate its associates for any referrals they have made that resulted in the Issuer's selection of Baird to serve as underwriter on the proposed offering of the Securities. Baird manages various mutual funds, and from time to time those funds may own bonds and other securities issued by the Issuer (including the Securities). Additionally, clients of Baird may from time to time purchase, hold and sell bonds and other securities issued by the Issuer (including the Securities).

In the ordinary course of fixed income trading business, Baird may purchase, sell, or hold a broad array of investments and may actively trade securities and other financial instruments, including the Securities and other municipal bonds, for its own account and for the accounts of customers, with respect to which Baird may receive a mark-up or mark-down, commission or other remuneration. Such investment and trading activities may involve or relate to the offering or other assets, securities and/or instruments of the Issuer and/or persons and entities with relationships with the Issuer. Spouses and other family members of Baird associates may be employed by the Issuer.

Baird has not identified any other actual or potential material conflicts of interest.

- Disclosures of Material Financial Characteristics and Material Financial Risks.

- Accompanying this letter is a disclosure document describing the material financial characteristics and material financial risks of the Securities as required by MSRB Rule G-17.

4. Limitation of Liability; Indemnification. The Issuer agrees that neither Baird nor its employees, officers, agents or affiliates shall have any liability to the Issuer for any services it provides

Page 4 of 10

as underwriter except to the extent it is judicially determined that Baird engaged in gross negligence or willful misconduct. Any Purchase Agreement executed in connection with the offering of the Securities will contain indemnification provisions for the benefit of Baird, on terms consistent with industry standards.

Please evidence your receipt of this letter and your acknowledgement of Baird's intended role as underwriter by signing and returning this letter or by sending me an email at jbaracy@rwbaird.com or aboutyrski@rwbaird.com. Baird looks forward to assisting you on your proposed issuance of the Securities. Please do not hesitate to contact us if you have any questions about this letter or if there is any aspect of this letter that you believe requires further clarification.

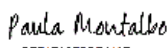

Very truly yours,

ROBERT W. BAIRD & CO. INCORPORATED

By: 
John Baracy, Managing Director

Accepted this ___ day of 5/1/2025, 20__

HERMOSA BEACH CITY ELEMENTARY SCHOOL DISTRICT

Signed by:

By: 
Paula Montalbo, Chief Business Officer

**Disclosures of Material Financial Characteristics
and Financial Risks of Proposed Offering of Fixed Rate Bonds**

Robert W. Baird & Co. Incorporated (“Baird”) has been engaged as underwriter or placement agent for the proposed offering by you (or the “Issuer”) of fixed rate bonds, notes, certificates of participation or other debt securities (“Fixed Rate Bonds”), to be sold on a negotiated basis. The following is a general description of the financial characteristics and security structures of Fixed Rate Bonds, as well as a general description of certain financial risks that you should consider before deciding whether to issue Fixed Rate Bonds.

This document is being provided to an official of the Issuer who has the authority to bind the Issuer by contract with Baird, who does not have a conflict of interest with respect to the offering.

If the Fixed Rate Bonds proposed to be issued are “conduit revenue bonds,” you will be a party to the bond purchase agreement and certain other legal documents to be entered into in connection with the issuance, but the material financial risks described below will be borne by the borrower or obligor, as set forth in those legal documents.

Financial Characteristics

Maturity and Interest. Fixed Rate Bonds are interest-bearing debt securities issued by state and local governments, political subdivisions and agencies or authorities, such as the Issuer. Maturity dates for Fixed Rate Bonds will be fixed at the time of issuance and may include serial maturities (specified principal amounts are payable on the same date in each year until final maturity) or one or more term maturities (specified principal amounts are payable on each term maturity date) or a combination of serial and term maturities. Maturity dates, including the final maturity date, are subject to negotiation and will be reflected in the official statement. At each maturity, the scheduled principal or par amount of the Fixed Rate Bonds will have to be repaid.

Fixed Rate Bonds will pay fixed rates of interest typically semi-annually on scheduled payment dates, although some Fixed Rate Bonds may accrue interest to be paid at maturity. Such bonds are often referred to as capital appreciation (as described more fully below) or zero-coupon bonds. The interest rates to be paid on Fixed Rate Bonds may differ for each series or maturity date. The specific interest rates will be determined based on market conditions and investor demand and reflected in the official statement for the Fixed Rate Bonds. Fixed Rate Bonds with longer maturity dates will generally have interest rates that are greater than securities with shorter maturity dates.

Redemption. Fixed Rate Bonds may be subject to optional redemption, which allows the Issuer, at its option, to redeem some or all of the Fixed Rate Bonds on a date prior to scheduled maturity, such as in connection with the issuance of refunding bonds to take advantage of lower interest rates. Fixed Rate Bonds may be subject to optional redemption only after the passage of a specified period of time from the date of issuance, and upon payment of the redemption price set forth in the official statement for the Fixed Rate Bonds, which typically is equal to the par amount of the Fixed Rate Bonds being redeemed (plus accrued interest) but may include a redemption premium. The Issuer will be required to send out a notice of optional redemption to the holders of Fixed Rate Bonds, usually a certain period of time prior to the redemption date. Fixed Rate Bonds with term maturity dates also may be subject to mandatory sinking fund redemption, which requires the Issuer to redeem specified principal amounts of the Fixed Rate Bonds annually in advance of the term maturity date. The mandatory sinking fund redemption price is 100% of the principal amount of the Fixed Rate Bonds to be redeemed. Fixed Rate

Bonds may also be subject to extraordinary or mandatory redemption upon the occurrence of certain events, authorizing or requiring you to redeem the Fixed Income Bonds at their par amount (plus accrued interest).

Credit Enhancements. Fixed Rate Bonds may feature credit enhancements, such as an insurance policy provided by a municipal bond insurance company that guarantees the payment of principal of and interest on the bonds when due in the event of default. Other credit enhancements could include a letter of credit provided by a financial institution, or financial support from a state agency.

Tax Status. If Fixed Rate Bonds are intended to be tax-exempt, counsel will provide an opinion that interest on the Fixed Rate Bonds will be excluded from gross income for federal income tax purposes. Certain Fixed Rate Bonds may also be exempt from state personal income tax.

Some Fixed Rate Bonds (or a portion of those being issued) may be taxable, meaning that interest on the Fixed Rate Bonds will be included in gross income for federal income tax purposes.

Security

Payment of principal of and interest on a municipal security, including Fixed Rate Bonds, may be backed by various types of pledges and forms of security, some of which are described below. The security for Fixed Rate Bonds will vary, depending on whether they are general obligation bonds, revenue bonds, conduit bonds or other types.

General Obligation Bonds

“General obligation bonds” are debt securities to which your full faith and credit is pledged to pay principal and interest. If you have taxing power, generally you will pledge to use your ad valorem (property) taxing power to pay principal and interest. Ad valorem taxes necessary to pay debt service on general obligation bonds may not be subject to state constitutional property tax millage limits (an unlimited tax general obligation bond). The term “limited” tax is used when such limits exist. General obligation bonds constitute a debt and, depending on applicable state law, may require that you obtain approval by voters prior to issuance. In the event of default in required payments of interest or principal, the holders of general obligation bonds have certain rights under state law to compel you to impose a tax levy.

Revenue Bonds

“Revenue bonds” are debt securities that are payable only from a specific source or sources of revenues that are generated from a particular enterprise or service you offer, such as water, electricity, sewer, health care, housing, transportation, toll roads and bridges, parking, parks and recreation fees, and stadiums and entertainment facilities. Revenue bonds are not a pledge of your full faith and credit and you are obligated to pay principal and interest on your revenue bonds only from the revenue source(s) specifically pledged to the bonds. Revenue bonds do not permit the bondholders to compel you to impose a tax levy for payment of debt service. Pledged revenues may be derived from operation of the financed project or system, grants, license or user fees, or excise or other specified taxes. Generally, subject to state law or local charter requirements, you are not required to obtain voter approval prior to issuance of revenue bonds. If the specified source(s) of revenue become inadequate, a default in payment of principal or interest may occur. Various types of pledges of revenue may be used to secure interest and principal payments on revenue bonds. The nature of these pledges may differ widely based on state law, the type of issuer, the type of revenue stream and other factors. Some revenue bonds may be backed by your full faith and credit or moral obligation. A moral obligation is a non-binding covenant by you to make a budget recommendation to your legislative body to appropriate moneys

needed to make up any revenue shortfall in order to meet debt service obligations on the revenue bonds, but the legislative body is not legally obligated to make such appropriation.

Certain revenue bonds may be structured as certificates of participation, which are instruments evidencing a pro rata share in a specified pledged revenue stream, usually lease payments that are typically subject to annual appropriation. With certificates of participation, the lessor or party receiving payments assigns those payments to a trustee that distributes them to the certificate holders. Certificates of participation do not constitute general obligation indebtedness of the issuer or municipality and are not backed by a municipality's full faith and credit or taxing power. Certificates of participation are payable solely from specific revenue sources.

Tax Increment or Tax Allocation Bonds

"Tax increment" or "tax allocation" bonds are a form of revenue bonds that are payable from the incremental increase in taxes realized from any appreciation in property values resulting from capital improvements benefitting the properties located in a particular location such as a tax incremental district. They are commonly used to redevelop, add infrastructure or otherwise improve a blighted, neglected or under-utilized area to encourage development in that area. Tax increment bonds may also be payable from increased sales taxes generated in a designated district. The proceeds of an issuance of tax increment or tax allocation bonds are typically applied to pay the costs of infrastructure and other capital improvements in the designated district. The incremental taxes or other revenues may not be sufficient to meet debt service obligations on the tax increment or tax allocation bonds. Some tax increment or tax allocation bonds may also be backed by an issuer's full faith and credit or moral obligation.

Conduit Bonds

Conduit revenue bonds may be issued by a governmental issuer acting as conduit for the benefit of a private sector entity or a 501(c)(3) organization (the "borrower" or "obligor"). Industrial revenue bonds are a form of conduit revenue bonds. Conduit revenue bonds commonly are issued for not-for-profit hospitals, health care facilities, educational institutions, single and multi-family housing, airports, industrial or economic development projects, corporations, and student loan programs, among other borrowers or obligors. Principal and interest on conduit revenue bonds normally are paid exclusively from revenues pledged by the borrower or obligor. Unless otherwise specified under the terms of the bonds, you are not required to make payments of principal or interest if the borrower or obligor defaults.

Charter School Bonds

Fixed Rate Bonds issued for the benefit of charter schools are a form of conduit revenue bonds. They are issued by a government entity acting as a conduit for the benefit of a charter school. The charter school is the borrower or obligor for the bonds. Principal and interest on charter school bonds normally are paid exclusively from revenues pledged by the charter school. Unless otherwise specified under the terms of the bonds, you are not required to make payments of principal or interest if the charter school defaults.

Capital Appreciation Bonds

Capital Appreciation Bonds ("CABs") are bonds that are typically sold at a price less than their par amount (i.e., an "original issue discount"). The difference between the sales price and the par amount is considered the original issue discount. CABs typically do not pay interest periodically like traditional Current Interest Bonds ("CIBs") but rather pay interest only at maturity. CABs accrete in value at a stated yield as interest accrues, regardless of the current market rate. At maturity, investors receive an

amount equal to the initial principal invested plus the interest earned, compounded at the stated yield. Convertible CABs are a hybrid structure in which the bonds accrete in value while in the CAB mode and then pay annual principal and semi-annual interest as a traditional CIB after the conversion date. The interest and principal paid after the conversion date is based on the accreted value of the bonds at the conversion date instead of the original par value. CABs may be attractive to issuers because they defer debt service payments until maturity and relieve pressure on an issuer's annual debt service budget. They may also allow issuers to smooth out debt service payments in their annual budgets by issuing CABs structured or scheduled to mature in years in which other series of bonds do not mature, or in the years between the last serial bond and the start of mandatory term bond calls.

Financial and Other Covenants

Issuers of Fixed Rate Bonds (and/or obligors) may be required to agree to certain financial and other covenants (such as debt service coverage ratios) that are designed to protect bond holders. Covenants are a form of additional security. The failure to continue to meet covenants may trigger an event of default or other adverse consequences to you and/or the obligor giving bond holders certain rights and remedies.

The description above regarding "Security" is only a brief summary of certain possible security provisions for the Fixed Rate Bonds and is not intended as legal advice. You should consult with your bond counsel for further information regarding the security for the Bonds.

Financial Risk Considerations

Certain risks may arise in connection with your issuance of Fixed Rate Bonds, including some or all of the following (generally, the borrower or obligor, rather than you, will bear these risks for conduit revenue bonds):

Issuer Default Risk

You (or the obligor) may be in default if the funds pledged to secure Fixed Rate Bonds are not sufficient to pay debt service on the bonds when due. The consequences of a default may be serious for you (and/or the obligor) and, depending on applicable state law and the terms of the authorizing documents, the holders of the bonds, the trustee and any credit support provider may be able to exercise a range of available remedies against you (or the obligor). For example, if Fixed Rate Bonds are secured by a general obligation pledge, you may be ordered by a court to raise taxes. Other budgetary adjustments also may be necessary to enable you to provide sufficient funds to pay debt service on the bonds. If the Fixed Rate Bonds are revenue bonds, you (or the obligor) may be required to take steps to increase the available revenues that are pledged as security for the bonds. A default may negatively impact your (or the obligor's) credit ratings and may effectively limit your (or the obligor's) ability to publicly offer bonds or other securities at market interest rate levels. Further, if you (or the obligor) are unable to provide sufficient funds to remedy the default, subject to applicable state law and the terms of the authorizing documents, you (or the obligor) may find it necessary to consider available alternatives under state law, including (for some issuers) state-mandated receivership or bankruptcy. A default also may occur if you (or the obligor) are unable to comply with covenants or other provisions agreed to in connection with the issuance of the Fixed Rate Bonds.

This description is only a brief summary of issues relating to defaults and is not intended as legal advice. You should consult with your bond counsel for further information regarding defaults and remedies.

Redemption Risk

Your (or the obligor's) ability to redeem Fixed Rate Bonds prior to maturity may be limited, depending on the terms of any optional redemption provisions. In the event that interest rates decline, you (or the obligor) may be unable to take advantage of the lower interest rates to reduce debt service if the Fixed Rate Bonds cannot be redeemed. In addition, if Fixed Rate Bonds are subject to extraordinary or mandatory redemption, you (or the obligor) may be required to redeem the bonds at times that are disadvantageous. CABs are generally not subject to optional redemption by issuers until the maturity date thereof.

Refinancing Risk

If your (or the obligor's) financing plan contemplates refinancing some or all of the Fixed Rate Bonds at maturity (for example, if there are term maturities or if a shorter final maturity is chosen than might otherwise be permitted under the applicable federal tax rules), market conditions or changes in law may limit or prevent you (or the obligor) from refinancing those bonds when required. Further, limitations in the federal tax rules on advance refunding of bonds (an advance refunding of bonds occurs when tax-exempt bonds are refunded more than 90 days prior to the date on which those bonds may be retired) may restrict your (or the obligor's) ability to refund the Fixed Rate Bonds to take advantage of lower interest rates.

Reinvestment Risk

You (or the obligor) may have proceeds of the Fixed Rate Bonds to invest prior to the time that you (or the obligor) are able to spend those proceeds for the authorized purpose. Depending on market conditions, you (or the obligor) may not be able to invest those proceeds at or near the rate of interest that you (or the obligor) are paying on the bonds, which is referred to as "negative arbitrage".

Tax Compliance Risk (applicable if the Fixed Rate Bonds are tax-exempt bonds)

The issuance of tax-exempt bonds is subject to a number of requirements under the United States Internal Revenue Code, as enforced by the Internal Revenue Service (IRS), and, if applicable, state tax laws. You (and the obligor) must take certain steps and make certain representations prior to the issuance of tax-exempt bonds. You (and the obligor) also must covenant to take certain additional actions after issuance of the tax-exempt bonds. A breach of the representations or a failure to comply with certain tax-related covenants may cause the interest on the Fixed Rate Bonds to become taxable retroactively to the date of issuance of the bonds, which may result in an increase in the interest rate that you (or the obligor) pay on the bonds or the mandatory redemption of the bonds. The IRS also may audit you (or the obligor) or the Fixed Rate Bonds or your (or the obligor's) other bonds, in some cases on a random basis and in other cases targeted to specific types of bond issues or tax concerns. If the Fixed Rate Bonds are declared taxable, or if you (or the obligor) are subject to audit, you may be unable to remarket or refinance the Fixed Rate Bonds or the market price of the Fixed Rate Bonds and/or your (or the obligor's) other bonds may be adversely affected. Further, your (or the obligor's) ability to issue other tax-exempt bonds also may be limited.

This description of tax compliance risks is not intended as legal advice and you should consult with your bond counsel regarding tax implications of issuing Fixed Rate Bonds.

Continuing Disclosure Risk.

In connection with the issuance of Fixed Rate Bonds, you (and/or the obligor) may be subject to continuing disclosures which require dissemination of annual financial and operating information and notices of material events. Compliance with these continuing disclosure requirements is important and facilitates an orderly secondary market. Failure to comply with continuing disclosure requirements may affect the liquidity and marketability of the Fixed Rate Bonds, as well as your (and/or the obligor's) other outstanding securities. Because instances of material non-compliance with previous

continuing disclosure requirements must be disclosed in an official statement, failure to comply with continuing disclosure requirements may also make it more difficult or expensive for you (or the obligor) to market and sell future bonds.

Interest Rate Penalty. While CABs may allow you to defer interest payments until maturity of the bond, investors require a significantly higher yield to forgo traditional semi-annual interest payments. The higher yields, together with the potential of reduced flexibility to optionally redeem the CABs prior to maturity, may result in higher total debt costs than if you had issued CIBs. This may be exacerbated if the financial assumptions underlying the issuance of CABs are ultimately incorrect.

Interest Payment Deferral. As the interest rates on CABs are generally higher than CIBs and accretes over the life of the CABs, you must prepare for an even higher debt service that will be due and payable at the stated maturity of CABs. Rather than paying the remaining principal and the final semi-annual coupon payment at maturity for traditional long-term fixed rate bonds, you will be required to pay all the principal and all the interest that will have compounded from the issuance date through maturity. Convertible CABs carry the inherent risk that, upon conversion from CABs to CIBs, the CIBs will require semi-annual interest payments.

Limited Investor Base. Due to the unique characteristics of CABs, there may be a limited universe of potential investors. This could lead the underwriters to have difficulty selling the CABs, and which could result in higher yields and higher total debt costs. Additionally, you should consider that CABs may price at a substantial yield concession to CIBs as investors value the structure relative to other product alternatives.

EXHIBIT B

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the District by the Municipal Advisor.

Principal Amount. The Municipal Advisor has informed the District that, based on the District's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Bonds to be sold is \$7,996,341.85 (the "Estimated Principal Amount"). Based on the Estimated Principal Amount, the following good faith estimates are provided:

(c) True Interest Cost of the Bonds. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Bonds, is 5.23%.

(d) Finance Charge of the Bonds. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Bonds, which means the sum of all fees and charges paid to third parties, is \$204,788.66, which includes \$24,788.66 of compensation for the Underwriter.

(e) Amount of Proceeds to be Received. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the District for sale of the Bonds, less the finance charge of the Bonds paid from Bond proceeds, is estimated to be \$7,791,533.19.

(f) Total Payment Amount. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Bonds is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the Bonds, plus the finance charge for the Bonds as described in (b) above not paid with the proceeds of the Bonds, calculated to the final maturity of the Bonds, is \$19,445,000.00.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Bonds sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Bonds sold being different from the Estimated Principal Amount, (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the District's financing plan, or a combination of such factors. The actual date of sale of the

Bonds and the actual principal amount of Bonds sold will be determined by the District based on the timing of the need for proceeds of the Bonds and other factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the District.