
RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF ORANGE, STATE OF CALIFORNIA, PROVIDING FOR THE ISSUANCE AND SALE OF TUSTIN UNIFIED SCHOOL DISTRICT - GENERAL OBLIGATION BONDS OF SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 2008-1 OF THE TUSTIN UNIFIED SCHOOL DISTRICT, 2008 ELECTION, SERIES A, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED TWENTY-FIVE MILLION DOLLARS (\$25,000,000); PRESCRIBING THE TERMS OF THE BONDS AND THEIR SALE; APPROVING BOND FORMS; AUTHORIZING EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT; AUTHORIZING EXECUTION OF NECESSARY DOCUMENTS; AND TAKING RELATED ACTIONS

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RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF ORANGE, STATE OF CALIFORNIA, PROVIDING FOR THE ISSUANCE AND SALE OF TUSTIN UNIFIED SCHOOL DISTRICT - GENERAL OBLIGATION BONDS OF SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 2008-1 OF THE TUSTIN UNIFIED SCHOOL DISTRICT, 2008 ELECTION, SERIES A, IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED TWENTY-FIVE MILLION DOLLARS (\$25,000,000); PRESCRIBING THE TERMS OF THE BONDS AND THEIR SALE; APPROVING BOND FORMS; AUTHORIZING EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT; AUTHORIZING EXECUTION OF NECESSARY DOCUMENTS; AND TAKING RELATED ACTIONS

_____, 2010

WHEREAS, the Tustin Unified School District (“School District”) is a public unified school district located within the boundaries of the County of Orange (“County”), State of California (“State”); and duly organized and operating pursuant to the Constitution and the laws of the State; and

WHEREAS, the School District has, pursuant to the provisions of California Education Code (“Education Code”) Sections 15300 *et seq.*, taken action to form (“Formation Proceedings”) “School Facilities Improvement District No. 2008-1 of the Tustin Unified School District” (“SFID 2008-1” or “Improvement District”) to include certain designated portions of the territory within the boundaries of the School District; and

WHEREAS, an election was duly called and regularly held within the boundaries of the Improvement District on November 4, 2008, pursuant to the California Constitution and California law (“Election”), and thereafter canvassed and certified pursuant to law; and

WHEREAS, at such Election there was submitted to and approved by greater than the requisite fifty-five percent (55%) favorable vote of the qualified electors of the Improvement District a question as to the issuance and sale of general obligation bonds of the Improvement District for various purposes set forth in the ballot submitted to the voters (designated as “Measure L”), in the maximum amount of Ninety-Five Million Dollars (\$95,000,000) payable from the levy of an *ad valorem* tax against taxable property located within the boundaries of the Improvement District (“Authorization”); and

WHEREAS, pursuant to Education Code Sections 15264, 15266(b), 15359.3, 15350 *et seq.*, and, to the extent applicable, Education Code Sections 15100, *et seq.*, the Board of Education of the School District (“School Board”), acting on behalf of the Improvement District, has adopted its Resolution No. 02-48-10 on February 9, 2010 (“District Resolution”), a certified copy of which has been received by this County Board of Supervisors (“County Board”) requesting the County Board to issue, in the name of and on behalf of the School District and the Improvement District, a series of such authorized school facilities improvement district bonds to

be designated “Tustin Unified School District - General Obligation Bonds of School Facilities Improvement District No. 2008-1 of the Tustin Unified School District, 2008 Election, Series A” in an aggregate principal amount not to exceed \$25,000,000 (“Bonds” or “Series A Bonds”); and

WHEREAS, the Series A Bonds are authorized to be issued by the County, on behalf of the School District and the Improvement District, pursuant to the Authorization and the applicable provisions of the Education Code, specifically Education Code Sections 15350 *et seq.* and 15100 *et seq.*; and

WHEREAS, the School Board has requested that all or a portion of the Series A Bonds may be issued as “Build America Bonds” pursuant to the provisions and limitations of the American Recovery and Reinvestment Act of 2009 which was signed into law on February 17, 2009, and the applicable requirements of the Code (as defined herein) and the County Board desires to provide certain determinations, provide certain directions, and make certain delegations of authority in connection therewith; and

WHEREAS, in the District Resolution, the School Board found and informed this County Board that all acts and conditions necessary to be performed by the School District or the Improvement District or to have been met precedent to and in the issuing and sale of the Series A Bonds in order to make them legal, valid and binding general obligations of the Improvement District have been performed and have been met, or will at the time of delivery of the Series A Bonds have been performed and met, in regular and due form as required by law; and

WHEREAS, the School District has authorized the issuance of the Series A Bonds in one or more sub-series and in any combination of Current Interest Bonds, Capital Appreciation Bonds and/or Convertible Capital Appreciation Bonds, all as defined herein; and

WHEREAS, the School Board, acting on behalf of the Improvement District, has further requested this County Board to sell the Series A Bonds, on behalf of the School District and the Improvement District, to RBC Capital Markets Corporation (“Underwriter”), by negotiated sale pursuant to the terms of the proposed form of Bond Purchase Agreement (“Purchase Agreement”) among the County, the School District, acting on behalf of the Improvement District, and the Underwriter, subject to the limitations set forth herein and in the District Resolution; and

WHEREAS, applicable provisions of the California Education Code require the County to offer the Series A Bonds for sale as soon as possible following the receipt of the District Resolution; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF ORANGE, STATE OF CALIFORNIA, AS FOLLOWS:

SECTION 1. Incorporation of District Resolution; Resolution. The District Resolution, adopted on February 9, 2010, together with the exhibits thereto, is incorporated herein by reference and all of the provisions thereof are made a part hereof and shall be applicable to the issuance, sale and delivery of the Series A Bonds, except as otherwise specified herein. Notwithstanding the foregoing, the County assumes no liability or responsibility for the findings, determinations, representations or warranties of the School District, on behalf of itself and the Improvement District, as set forth in the District Resolution and has assumed all such findings, determinations, representations or warranties of the School District to be true and correct.

SECTION 2. Purpose and Designation of the Bonds. The purpose of the Series A Bonds is to provide funds to finance various projects for the School District as authorized by the qualified electors pursuant to Education Code Sections 15264, 15266 and 15340, *et seq.*, and to pay all reasonable and necessary costs of issuing and delivering the Series A Bonds pursuant to Education Code Sections 15350, 15145 and 15146. Pursuant to Education Code Sections 15350 *et seq.* and 15145, and subject to the provisions hereof, the Series A Bonds shall be designated as the “**Tustin Unified School District - General Obligation Bonds of School Facilities Improvement District No. 2008-1 of the Tustin Unified School District, 2008 Election, Series A**”.

SECTION 3. Statutory Authorization. The Series A Bonds are authorized to be issued and sold by the County in the name and on behalf of the Improvement District pursuant to the Formation Proceedings, the Election, the Authorization, the District Resolution, the California Constitution, the provisions of Education Code Sections 15264 *et seq.*, Education Code Sections 15300 *et seq.*, Education Code Sections 15100 *et seq.* and this Resolution.

SECTION 4. Negotiated Sale.

(a) The Series A Bonds shall be sold at a negotiated sale upon the direction of the School District’s Designated Officer (as defined herein) on behalf of the School District and the Improvement District, acting together with an authorized representative of the Office of the County Treasurer-Tax Collector (“Treasurer”).

(b) The Series A Bonds may be issued in one or more sub-series as shall be determined by a Designated Officer of the District (as defined herein) as set out in the Purchase Agreement (as defined and described herein). Each sub-series of the Series A Bonds shall be issued as either Tax-Exempt Series A Bonds (as defined herein) or Taxable Series A Bonds (as defined herein) as shall be determined by the Designated Officer as set forth in the Purchase Agreement. The County Board hereby delegates to the Designated Officer the authority to determine the amount of each sub-series of the Series A Bonds and to make such other and further findings as shall be necessary to issue and sell the Series A Bonds as Taxable Series A Bonds as shall be required.

(c) The Series A Bonds shall be sold pursuant to the applicable provisions of the Education Code and the terms and conditions set forth in the Purchase Agreement, as described herein.

SECTION 5. Approval of Purchase Agreement. The form of the Purchase Agreement for the purchase and sale of the Series A Bonds, substantially in the form attached hereto as Exhibit "A," is hereby approved and the Treasurer, or the Treasurer's designee or deputy thereof, is hereby authorized to execute and deliver the Purchase Agreement, on behalf of the County with such changes therein, deletions therefrom and modifications thereto as the Treasurer, or the Treasurer's designee, or deputy, shall approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; provided, however, that the Principal amount of the Series A Bonds shall be determined by the School District (but in no event to exceed \$25,000,000), the term of the Series A Bonds shall not exceed 25 years, the true interest cost on the Series A Bonds shall not exceed nine percent (9.00%) for Series A Bonds, and the Underwriter's discount, excluding original issue discount thereon (which original issue discount shall not exceed five percent (5.00%)), shall not exceed eighty-five hundredths of one percent (0.85%) of the aggregate Principal Amount of Series A Bonds issued (excluding any amount held by the Underwriter to pay costs of issuance under the terms of the Purchase Agreement). The Treasurer, in consultation with the Underwriter and the District is authorized to determine or accept the Principal Amount or issue amount of each maturity of the Series A Bonds (including any Capital Appreciation Bonds or Convertible Capital Appreciation Bonds), the redemption provisions for the Series A Bonds and the final purchase price for the Series A Bonds (subject to the limitations set forth herein) which shall be set forth in the Purchase Agreement as executed and delivered. True interest cost for purposes of this Section means that nominal interest rate that, when compounded semiannually and used to discount the debt service payments on the Series A Bonds to the dated date(s) of the Series A Bonds, results in an amount equal to the purchase price of the Series A Bonds, excluding interest accrued to the date of delivery. For purposes of this calculation, the premium paid for the policy of municipal bond insurance, if any, shall be treated as interest paid on the Series A Bonds on the date of delivery.

The Series A Bonds issued as Tax-Exempt Bonds may be issued as Current Interest Bonds, Capital Appreciation Bonds or Convertible Capital Appreciation Bonds, or a combination thereof.

If, upon consultation with the Designated Officer (as defined below) of the School District, the School District determines to acquire municipal bond insurance to secure repayment of the Series A Bonds, the Treasurer may so provide in the Purchase Agreement.

SECTION 6. Certain Definitions. Except as expressly set forth herein, as used in this Resolution, the terms set forth below shall have the following meaning(s) ascribed to them:

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

(b) **“Accreted Value”** means, with respect to the Capital Appreciation and Convertible Capital Appreciation Bonds prior to the Conversion Date, as of the date of calculation, the Denominational Amount thereof, plus interest accreted thereon to such date of calculation, compounded semiannually on each February 1 and August 1 (commencing on the date stated in the Purchase Agreement), or such other dates or maturity date(s) as shall be specified in the Purchase Agreement, with respect to the Capital Appreciation and Convertible Capital Appreciation Bonds prior to the Conversion Date Bonds maturing on those dates specified in the Purchase Agreement, and at the stated yield to maturity thereof, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months.

(c) **“Accretion Rate”** means, unless otherwise provided by the Purchase Agreement, that rate which, when applied to the Principal Amount of a Capital Appreciation Bond or a Convertible Capital Appreciation Bond, and compounded semiannually on each February 1 and August 1 (commencing August 1, 2010), produces the Maturity Value on the maturity date (with respect to Capital Appreciation Bonds) and the Conversion Value on the Conversion Date (with respect to Convertible Capital Appreciation Bonds).

(d) **“Authorized Investments”** means the County Investment Pool, the County Educational Investment Pool (or other investment pools of the County into which the School District may lawfully invest its funds), the Local Agency Investment Fund, any investment authorized pursuant to Sections 16429.1 and 53601 of the Government Code, or in shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in investments permitted by Section 53635 of the Government Code, or in guaranteed investment contracts in direct general obligations of the United States of America (including State and Local Government Securities) (provided that such contracts comply with the requirements of Section 148 of the Internal Revenue Code, and with the requirements of the Bond Insurer, if any, and as shall be applicable).

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

(f) **“Bond Counsel”** means (a) the firm of Bowie, Arneson, Wiles & Giannone, or (b) any other attorney or firm of attorneys nationally recognized for expertise in rendering opinions as to the legality and tax exempt status of securities issued by public entities.

(g) **“Bond Insurer”** means any insurance company which issues a municipal bond insurance policy insuring the payment of Principal and interest on the Series A Bonds.

(h) **“Bond Payment Date”** or **“Interest Payment Date”** means, unless otherwise provided in the Purchase Agreement as executed and delivered, with respect to the interest on the Current Interest Bonds, February 1 and August 1, or such other dates or maturity date(s) as shall be specified in the Purchase Agreement (as executed and delivered), commencing on the date set

forth in the Purchase Agreement, with respect to the Principal payments on the Current Interest Bonds. With respect to the Capital Appreciation Bonds or Convertible Capital Appreciation Bonds prior to the conversion Date, “Bond Payment Date” means the stated maturity dates thereof, as applicable, as stated in the Purchase Agreement.

(i) **“Bond Register”** or **“Registration Books”** means the listing of names and addresses of the then-current registered owners of the Series A Bonds, as maintained by the Paying Agent in accordance with Section 13 hereof.

(j) **“Bonds”** or **“Series A Bonds”** means the Tustin Unified School District - General Obligation Bonds of School Facilities Improvement District No. 2008-1 of the Tustin Unified School District, 2008 Election, Series A, and any sub-series thereof.

(k) **“Build America Bonds”** means any Series A Bonds issued as “Direct Payment Build America Bonds” pursuant to the terms and conditions of the Recovery Act.

(l) **“Business Day”** means a day which is not a Saturday or Sunday or a day on which banking institutions are authorized or required by law or executive order to be closed in California and New York for commercial banking purposes and on which the Federal Reserve system is not closed.

(n) **“Capital Appreciation Bonds”** means those Series A Bonds, if any, designated as Capital Appreciation Bonds pursuant to Section 7, the interest component of which is compounded semiannually on each Bond Payment Date to maturity as shown in the table of Accreted Values for such Bonds in the Purchase Agreement.

(o) **“Capital Appreciation Term Bonds”** means those Capital Appreciation Bonds, if any, for which mandatory sinking fund redemption dates have been established in the Purchase Agreement.

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

(q) **“Conversion Date”** means, with respect to Convertible Capital Appreciation Bonds, the date stated in the Purchase Agreement as the date on which such Series A Bonds, originally issued as Capital Appreciation Bonds, convert to Current Interest Bonds.

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

(s) **“Convertible Capital Appreciation Bonds”** means the Series A Bonds which are originally issued as Capital Appreciation Bonds, but which convert to Current Interest Bonds on the Conversion Date.

(t) **“County”** means the County of Orange, California, a political subdivision of the State of California organized and existing under the Constitution and laws of the State of California and any lawful successor thereto.

(u) **“Current Interest Bonds”** means the Series A Bonds, if any, designated as, or converted to, Current Interest Bonds pursuant to the terms hereof, the interest on which is payable on each Bond Payment Date specified for each such Series A Bond as designated and maturing in the years and in the amounts set forth in the Purchase Agreement.

(v) **“Current Interest Term Bonds”** means those Current Interest Bonds for which mandatory sinking fund redemption dates have been established in the Purchase Agreement.

(w) **“Date of Issuance”** means the delivery date with respect to the Series A Bonds, or such other dates for the Series A Bonds as shall be designated by the Purchase Agreement.

(x) **“Debt Service Fund”** shall have the meaning set forth in Section 17 hereof.

(y) **“Denominational Amount”** means, with respect to the Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, the initial offering price thereof, which represents the initial Principal Amount thereof (exclusive of any initial premium thereon), and, with respect to the Current Interest Bonds, the Principal Amount thereof.

(z) **“Designated Officer(s)”** means the School District’s Superintendent, Deputy Superintendent Planning Operations, or other persons designated in writing by the School District’s Superintendent as a Designated Officer of the School District.

(aa) **“District”** or **“School District”** means the Tustin Unified School District, a public school district organized and operating under the Constitution and the laws of the State of California, and any lawful successor thereto.

(bb) **“DTC”** or **“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 Series A Bonds.

(cc) **“Improvement District”** or **“SFID 2008-1”** means School Facilities Improvement District No. 2008-1 of the Tustin Unified School District, a school facilities improvement district formed by the School District pursuant to the provisions of Education Code Sections 15300 and following, and the Formation Proceedings.

(dd) **“Improvement Fund”** shall have the meaning set forth in Section 17 hereof.

(ee) **“Informational Services”** means, Financial Information, Inc.’s “Daily Called Bond Service,” 1 Craigwood Road, 2nd Floor, South Plainfield, New Jersey 07080, Attention: Editor; Kenny Information Services “Called Bond Service,” 65 Broadway, 16th Floor, New York, New York 10006; Standard & Poor’s Ratings Group “Called Bond Data,” 55 Water Street, New York, New York, 10041; FIS/Mergent, 5250 77 Center Drive, Suite 150, Charlotte, North

Carolina, 28217, Attention: Called Bond Department and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the School District may designate in a written request of the School District delivered to the Paying Agent.

(ff) **“Letter of Representations” or “Representation Letter”** shall have the meaning set forth in Section 14 hereof.

(gg) **“Maturity Value”** means the Accreted Value of any Capital Appreciation Bond on its maturity date.

(hh) **“Moody’s”** means Moody’s Investors Service, Inc., a corporation duly organized and existing under the laws of the State of Delaware, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

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

(jj) **“Office of the Paying Agent”** means the principal corporate trust office of the Paying Agent in Los Angeles, California, or such other office as may be specified to the School District by the Paying Agent in writing.

(kk) **“Official Statement”** shall have the meaning set forth in Section 22 hereof.

(ll) **“Outstanding”** means, when used as of any particular time with reference to all Series A Bonds theretofore, or thereupon being, authenticated and delivered under the terms of this Resolution, except:

- (1) Series A Bonds theretofore canceled by the School District or surrendered to the School District for cancellation;
- (2) Series A Bonds for the transfer or exchange of or in lieu of or in substitution for which other Series A Bonds shall have been authenticated and delivered by the School District pursuant to the terms hereof; and
- (3) Series A Bonds paid and discharged pursuant to Sections 18 or 19 hereof.

(mm) **“Owner”** and **“Bond Owner”** means the current registered owner of a Series A Bond or Series A Bonds to whom payments of Principal and interest are made.

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

(bb) **“Paying Agent”** means U.S. Bank National Association, acting in the capacity of paying agent, registrar, authenticating agent and transfer agent or any successor thereto as duly appointed by the School District.

(oo) **“Principal”** or **“Principal Amount”** means, with respect to any Current Interest Bond, the principal amount stated thereon, and, with respect to any Capital Appreciation Bond and Convertible Capital Appreciation Bond, the Denominational Amount.

(pp) **“Purchase Agreement”** or **“Bond Purchase Agreement”** shall have the meaning set forth in Section 5 hereof.

(qq) **“Rating Agencies”** means S&P and Moody’s.

(rr) **“Rebate Fund”** shall have the meaning set forth in Section 17 hereof.

(ss) **“Recovery Act”** means the American Recovery and Reinvestment Act of 2009 adopted by the Congress of the United States and signed into law on February 17, 2009, as amended and supplemented.

(tt) **“Redemption Notice”** shall have the meaning set forth in Section 9 hereof.

(uu) **“Record Date”** means the close of business on the fifteenth day of the month preceding each Bond Payment Date whether or not such day is a Business Day.

(vv) **“Resolution”** or **“Bond Resolution”** means this Resolution, including the Exhibits hereto, as adopted by the County Board of Supervisors and as such may be amended pursuant to Section 29.

(ww) **“School District Board”** means the Board of Education of the School District.

(xx) **“Securities Depositories”** means the following: The Depository Trust Company, with Cede & Co. as its nominee, 55 Water Street, 25th Floor, New York, New York, 10041-0099, Attn: Call Notification Department, Fax (212) 855-5004, and in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in a Written Request of the District delivered to the Paying Agent.

(yy) **“S&P”** means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation duly organized and existing under the law of the State of New York, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the School District.

(zz) **“State”** means the State of California.

(aaa) **“Taxable Series A Bonds”** means any Series A Bonds the interest on which is includable in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

(bbb) **“Tax-Exempt Series A Bonds”** means any Series A Bonds the interest on which is not includable in gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended.

(ccc) **“Tax Certificate”** means the Tax Certificate executed by the School District at the time of issuance of the Series A Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may be amended from time to time.

(ddd) **“Term Bonds”** means those Series A Bonds for which mandatory redemption dates have been established in the Purchase Agreement.

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

(fff) **“Treasurer”** means the Treasurer-Tax Collector of the County of Orange, California, or any authorized deputy thereof.

(ggg) **“Underwriter”** or **“Purchaser”** means the initial purchaser of the Series A Bonds (the Underwriter) as identified in the Purchase Agreement.

(hhh) **“Written Request”** means a written request or directive of the School District provided by a Designated Officer (as defined herein).

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

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

SECTION 7. Terms of Bonds. The Series A Bonds shall be issued in one series (which may include one or more sub-series) designated “Tustin Unified School District - General Obligation Bonds of School Facilities Improvement District No. 2008-1 of the Tustin Unified School District, 2008 Election, Series A.” The Series A Bonds shall consist of Current Interest

Bonds and/or Capital Appreciation Bonds and/or Convertible Capital Appreciation Bonds as set forth in the Purchase Agreement (as executed and delivered).

The Series A Bonds shall be issued as fully registered bonds, without coupons, in the following denominations: (i) with respect to the Current Interest Bonds, \$5,000 Principal Amount or any integral multiple thereof, (ii) with respect to the Capital Appreciation Bonds, \$5,000 Maturity Value, or any integral multiple thereof, and (iii) with respect to Convertible Capital Appreciation Bonds, \$5,000 Conversion Value or any integral multiple thereof; provided that one Capital Appreciation Bond may be issued in an odd Maturity Value.

The Current Interest Bonds shall be dated the Date of Issuance, and shall bear interest at the rate or rates not to exceed the maximum interest rate specified in Section 5 hereof, payable on each Bond Payment Date of each year commencing on the date specified in the Purchase Agreement, through a date not more than 25 years from the Date of Issuance, the actual interest rate or rates and the actual maturity schedule to be fixed at the time of sale and set forth in the Purchase Agreement as executed and delivered. Each Current Interest Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Interest Payment Date to the Interest Payment Date, inclusive, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the first Record Date in which event it shall bear interest from the Date of Issuance, computed using a year of 360 days, comprised of twelve 30-day months; provided, however, that if at the time of authentication of any Current Interest Bond, interest is then in default on outstanding Current Interest Bonds, such Current Interest Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. The foregoing terms shall be subject to the terms of the Purchase Agreement as executed and delivered.

The Capital Appreciation Bonds, if issued, shall mature in the years, shall be issued in aggregate Principal Amounts, shall have Accretion Rates and shall have Denominational Amounts per each \$5,000 in Maturity Value as shown in the Accreted Value Table attached to the Purchase Agreement, provided that one Capital Appreciation Bond may be issued in an odd Maturity Value. Series A Bonds issued as Capital Appreciation Bonds will not bear interest on a current basis. The Convertible Capital Appreciation Bonds, if issued, shall mature in the years, shall be issued in the aggregate Principal Amounts, shall have Accretion Rates and shall have Denominational Amounts per each \$5,000 in Conversion Value as shown in such Accreted Value Table; provided, that in the event that the amount shown in such Accreted Value Table and the Accreted Value caused to be calculated by the District and approved by the Bond Insurer, if any, by application of the definition of Accreted Value set forth in Section 6 differ, the latter amount shall be the Accreted Value of such Capital Appreciation Bond or Convertible Capital Appreciation Bond, as applicable.

The Convertible Capital Appreciation Bonds shall convert to Current Interest Bonds on the Conversion Date. During the period while the Convertible Capital Appreciation Bonds are in the form of Capital Appreciation Bonds, they will not bear interest but will accrete value through the Conversion Date. From and after the Conversion Date, the Convertible Capital Appreciation Bonds will bear interest as Current Interest Bonds, and such interest will accrue based upon the

Conversion Value of such Bonds at the Conversion Date. No payment will be made to the Owners of Convertible Capital Appreciation Bonds on the Conversion Date.

The Series A Bonds will be sold as provided in Sections 5, 7, 8 and 9 hereof. Notwithstanding anything herein to the contrary, the terms of the Series A Bonds, as set forth in this Resolution, may be modified prior to delivery in accordance with the provisions of the Purchase Agreement, as finally approved and executed. The Series A Bond maturities may be adjusted by the Designated Officer(s), in consultation with the Underwriter and Bond Counsel, as appropriate to provide funds to finance school facilities as set forth in the Authorization and pay for the costs of issuance of the Series A Bonds, provided that the total par amount of the Series A Bonds shall not exceed \$25,000,000. In the event of a conflict or inconsistency between this Resolution and the Purchase Agreement relating to the terms of the Series A Bonds, the provisions of the Purchase Agreement shall be controlling.

SECTION 8. Additional Terms of Sale.

(a) In connection with any of the transactions authorized by this Resolution, there is hereby delegated to the Treasurer and the Designated Officer(s), as may be indicated below, the power to take the following actions and make the following determinations:

(i) To the Designated Officer(s) the authority to determine whether each sub-series of the Series A Bonds shall be issued as either Tax-Exempt Series A Bonds or Taxable Series A Bonds and, if such sub-series is to be issued as Taxable Series A Bonds, whether to treat such sub-series as “Build America Bonds” for purposes of the Recovery Act;

(ii) To the Designated Officer(s) the authority to determine the application of the proceeds of the Series A Bonds for the purposes stated herein, including, without limitation, the amount of capitalized interest, if any, that will be funded for each sub-series of the Series A Bonds from the proceeds of the Series A Bonds and the date or dates through which such capitalized interest will be funded;

(iii) To omit from, add to or incorporate into the designation and title of the Series A Bonds contained in Section 2 of this Resolution any provision, or modify such designation or title in any other manner, in which may be deemed necessary or advisable by such Treasurer and the Designated Officer in connection with the issuance, sale and delivery of, and security for, each sub-series of the Series A Bonds and which is not inconsistent with the provisions of this Resolution;

(iv) In connection with any of the transactions authorized by this Resolution, to make such amendments, modifications and revisions to the form(s) of the Series A Bonds prior to, or simultaneously with, the issuance of the initial sub-series of the Series A Bonds as (i) may be requested by any rating agency in connection with obtaining a rating on any sub-series of the Series A Bonds from such rating agency, (ii) may be requested or required by the Bond Insurer in connection with obtaining a bond insurance policy, or similar credit enhancement, for any sub-series of the Series A Bonds, (iii) the

Treasurer and the Designated Officer may determine, in consultation with the Bond Counsel, are necessary or advisable in order to (a) reflect the actual provisions of this Resolution that shall be applicable to any sub-series of the Series A Bonds, or (b) facilitate the issuance and sale of the Series A Bonds (including the issuance and sale of any sub-series of the Series A Bonds as “Build America Bonds” for purposes of the Recovery Act) and to provide a mechanism for paying all or a portion of the costs and expenses incurred by the District in connection with the transactions contemplated by this Resolution, however, that (A) the provisions of Section 5 hereof relating to the maximum aggregate principal amount, the final maturity date, the of the Series A Bonds, and (B) no such amendments, modifications or revisions shall be inconsistent with the provisions of this Resolution; and

(v) To make such other determinations, to execute such other documents. instruments and papers, and to do such acts and things as may be necessary or advisable in connection with any sub-series of the Series A Bonds being issued as “Build America Bonds” for purposes of the Recovery Act or any of the other transactions contemplated by this Resolution and which are not inconsistent with the provisions of this Resolution.

(b) With respect to such Series A Bonds issued as Build America Bonds, the District expects to receive a cash subsidy payment from the United States Department of the Treasury equal to 35% of the interest payable on such Series A Bonds on or about each corresponding Bond Payment Date. The District shall, prior to each Bond Payment Date, submit, or cause to be submitted, to the United States Treasurer a subsidy reimbursement request in accordance with applicable Federal regulations. Upon receipt of such subsidy, the District shall deposit, or cause to be deposited, any such cash subsidy payments into the Debt Service Fund.

SECTION 9. Redemption.

(a) Optional Redemption. Unless otherwise specified in the Purchase Agreement as executed and delivered, the Capital Appreciation Bonds, and Convertible Capital Appreciation Bonds prior to their Conversion Date, shall not be subject to optional redemption prior to maturity.

The terms for the optional redemption of the Series A Bonds shall be as specified in the Purchase Agreement, as executed and delivered.

(b) Extraordinary Optional Redemption. The Series A Bonds issued as Build America Bonds may be subject to Extraordinary Optional Redemption prior to maturity. The terms for such Extraordinary Optional Redemption for such Build America Bonds shall be as specified in the Purchase Agreement, as executed and delivered.

(c) Mandatory Sinking Fund Redemption of Current Interest Term Bonds. The Current Interest Term Bonds, if any, are subject to mandatory sinking fund redemption prior to their maturity, without premium, on each August 1 (or such other date specified in the Purchase Agreement), in the years and in the amounts as set forth in the Purchase Agreement and in the

Official Statement. In the event that there are no Current Interest Term Bonds specified in the Purchase Agreement, this subsection shall not apply.

(d) Mandatory Sinking Fund Redemption of Capital Appreciation Term Bonds. The Capital Appreciation Term Bonds are subject to mandatory sinking fund redemption prior to their maturity date from monies in the Debt Service Fund established in Section 17 hereof, by lot, without premium, on each August 1 (or such other date specified in the Purchase Agreement), in the years and in the amounts as set forth in the Purchase Agreement and in the Official Statement described below. In the event that there are no Capital Appreciation Term Bonds specified in the Purchase Agreement, this subsection shall not apply.

(e) Selection of Bonds for Redemption. Whenever less than all of the outstanding Bonds are to be redeemed, the Paying Agent, upon written direction from the School District shall select the Bonds to be redeemed as so directed, and if not so directed in inverse order of maturity, and within a maturity, provided that the Paying Agent shall select the Series A Bonds as set forth in the Purchase Agreement, as executed and delivered. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that (A) the portion of any Current Interest Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof, (B) the portion of any Capital Appreciation Bonds to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000 Maturity Value of such Capital Appreciation Bond, and (C) the portion of any Convertible Capital Appreciation Bond to be redeemed in part shall be in integral multiples of the Accreted Value per \$5,000 Conversion Value thereof. The Paying Agent shall promptly notify the School District of the Bonds so selected for redemption on such date. In the event that Term Bonds are subject to optional redemption pursuant to Section 9(a) there shall be pro rata reductions in the annual sinking fund payments due on such Outstanding Term Bonds.

(f) Form of Notice of Redemption. The Paying Agent shall give notice of the redemption of the Series A Bonds at the expense of the District. Such Redemption Notice shall specify: (a) that the Series A Bonds or a designated portion thereof are to be redeemed; (b) if less than all of the then outstanding Bonds are to be called for redemption, shall designate the numbers (or state that all Series A Bonds between two stated numbers both inclusive have been called for redemption) and CUSIP® numbers, if any, of the Series A Bonds to be redeemed; (c) the date of notice and the date of redemption; (d) the place or places where the redemption will be made; and (e) descriptive information regarding the Series A Bonds and the specific Series A Bonds to be redeemed, including the dated date, interest rate and stated maturity date of each. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Series A Bond to be redeemed, the portion of the principal amount of such Series A Bond to be redeemed, together with interest accrued or accreted, as applicable, to the date of redemption, and redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue or accrete, as applicable.

(g) Provision of Notice of Redemption. Any Redemption Notice shall be mailed, first class postage to a Securities Depository, to at least one Information Service, and by first class mail, postage prepaid, to the District and County and to the respective Owners of any registered Series A Bonds designated for redemption at their addresses appearing on the Registration

Books, in every case at least thirty (30) days, but not more than sixty (60) days, prior to the designated redemption date; provided that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Series A Bonds nor entitle the Owner thereof to interest beyond the date given for redemption. A certificate provided by the Paying Agent that notice of such redemption has been given as herein provided shall be conclusive as against all parties, and it shall not be open to a Bond Owner to show that he or she failed to receive notice of such redemption. In case of the redemption as permitted herein of all the Outstanding Bonds of any one maturity, notice of redemption shall be given by mailing as herein provided, except that the notice of redemption need not specify the serial numbers of the Series A Bonds of such maturity.

Neither failure to receive or failure to send, to the Securities Depositories or Informational Services, any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Neither the failure to receive or failure to send such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Series A Bonds or the cessation of accrual or accretion of interest, as applicable, represented thereby from and after the redemption date.

(h) Contingent Redemption; Rescission of Redemption. Any Redemption Notice may specify that redemption of the Series A Bonds designated for redemption on the specified date will be subject to the receipt by the District of monies sufficient to cause such redemption (and will specify the proposed source of such monies), and neither the District nor the County will have any liability to the Owners of any Series A Bonds, or any other party, as a result of the District's failure to redeem the Series A Bonds designated for redemption as a result of insufficient monies therefor.

Additionally, the District may rescind any optional redemption of the Series A Bonds, and notice thereof, for any reason on any date prior to the date fixed for such redemption by causing written notice of the rescission to be given to the Owners of the Series A Bonds so called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Series A Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission. Neither the District or the County will have any liability to the Owners of any Series A Bonds, or any other party, as a result of the District's decision to rescind a redemption of any Series A Bonds pursuant to the provisions of this subsection.

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

Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Series A Bonds shall bear or include the CUSIP® number identifying, by issue and maturity, the Series A Bonds being redeemed with the proceeds of such check or other transfer.

If on such redemption date, money for the redemption of all the Series A Bonds to be redeemed as provided in this Section, together with interest to such redemption date, shall be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid (and not rescinded), then from and after such redemption date, interest with respect to the Series A Bonds to be redeemed shall cease to accrue or accrete, as applicable. All money held for the redemption of Series A Bonds shall be held in trust for the account of the registered Owners of the Series A Bonds so to be redeemed. All unpaid interest payable at or prior to the designated redemption date shall continue to be payable to the respective Owners, but without interest thereon.

(j) Effect of Notice of Redemption. Notice having been given as aforesaid (and not rescinded), and the monies for the redemption (including the interest to the applicable date of redemption) having been set aside in the District's Debt Service Fund, the Series A Bonds to be redeemed shall become due and payable on such date of redemption.

(k) Purchase in Lieu of Redemption. In lieu of, or partially in lieu of, any mandatory sinking fund redemption of Series A Bonds pursuant to the terms hereof, monies in the Debt Service Fund may be used to purchase the Outstanding Series A Bonds that were to be redeemed with such funds in the manner hereinafter provided. Purchases of Outstanding Series A Bonds may be made by the District or the County through the Paying Agent prior to the selection of Series A 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 or Accreted Interest payable upon the purchase of Series A Bonds may be paid from the Debt Service Fund for payment of interest on the next following Interest Payment Date. Any Series A Bond purchased in lieu of redemption shall be transmitted to the Paying Agent and shall be canceled by the Paying Agent upon surrender thereof, as provided for in Section 9(m) below and shall not be re-issued or resold.

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

(m) Cancellation of Redeemed Bonds. All Series A Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section and Section 15 shall be canceled upon surrender thereof and be delivered to or upon the order of the County and the District. All or any portion of a Series A Bond purchased by the County or the District pursuant

to subsection (j) above shall be canceled by the Paying Agent and the Paying Agent shall provide a written certification of such cancellation and destruction to the District.

(n) Bonds No Longer Outstanding. When any Series A 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 monies shall be held by the Paying Agent irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, in the case of Series A Bonds, accrued interest with respect thereto to the date fixed for redemption, all as provided in this Resolution, then such Series A Bonds shall no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation upon the respective redemption date(s).

SECTION 10. Form of Bonds; Temporary Bonds; CUSIP® Numbers. The Series A Bonds shall be substantially in conformity with the standard form of registered school facilities improvement district bonds, copies of which are attached hereto as Exhibit “B” (as to the Current Interest Bonds), Exhibit “C” (as to the Capital Appreciation Bonds) and Exhibit “D” (as to the Convertible Capital Appreciation Bonds) and incorporated herein by this reference as if set forth in full, with necessary or appropriate variations, omissions and insertions as may be permitted or required by this Resolution and to conform with the requirements of the Purchase Agreement.

The Series A Bonds may be initially issued in temporary form exchangeable for definitive Series A Bonds when ready for delivery. The temporary Series A Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Treasurer and the School District, and may contain such reference to any of the provisions of this Resolution as may be appropriate. Every temporary Bond shall be executed by the County upon the same conditions and in substantially the same manner as the definitive Series A Bonds. If the County issues temporary Series A Bonds it will execute and furnish definitive Series A Bonds without delay, and thereupon the temporary Series A Bonds may be surrendered, for cancellation, in exchange therefor at the principal office of the Paying Agent and the Paying Agent shall deliver in exchange for such temporary Series A Bonds an equal aggregate Principal amount of definitive Series A Bonds of authorized denominations. Until so exchanged, the temporary Series A Bonds shall be entitled to the same benefits pursuant to this Resolution as definitive Series A Bonds executed and delivered hereunder.

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

SECTION 11. Execution of Bonds; Authentication. The Series A Bonds shall be executed by the manual or facsimile signature of the Chair and the Treasurer, or any authorized

deputy of the Treasurer, and countersigned by the manual or facsimile signature of the Clerk of the County Board or any authorized deputy, and the official seal of the County affixed thereto. The facsimile signatures of the Chair, the Treasurer and the Clerk of the County Board may be printed, lithographed, engraved, typewritten or otherwise mechanically reproduced. The County Board hereby directs that the provisions of Education Code Sections 15350 *et seq.*, 15181 and 15182 shall apply to such execution of the Series A Bonds.

In case any of such officers who shall have signed or attested to any of the Series A Bonds shall cease to be such officers before the Series A Bonds so signed or attested shall have been authenticated or delivered by the Paying Agent, or issued by the County, such Series A Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the County as though those who signed and attested the same had continued to be such officers, and also any Series A Bonds may be signed and attested on behalf of the County by such persons as at the actual date of execution of such Series A Bonds shall be the proper officers of the County, although at the nominal date of such Series A Bonds any such person shall not have been such officer of the County.

No Series A Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Series A Bond is signed by the Paying Agent as authenticating agent for the Series A Bonds. Authentication by the Paying Agent shall be conclusive evidence that the Series A 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 12. Delivery of Series A Bonds. The proper officials of the County and the School District, as applicable, shall cause the Series A Bonds to be prepared and, following their sale, shall have the Series A Bonds executed and delivered (as set forth herein), to the original purchaser (Underwriter) upon payment of the purchase price in immediately available funds as set forth in the Purchase Agreement, as executed and delivered. The proper officials of the District shall cause a true transcript of proceedings with reference to the issuance of the Series A Bonds to be prepared and furnished to the original purchaser of the Series A Bonds.

SECTION 13. Bond Registration; Transfers. As hereinafter provided, the Series A Bonds shall be delivered in a form and with such terms as will permit them to be in book-entry only form, deposited with DTC. If the book-entry only system is no longer in effect, the School District, on behalf of the Improvement District, will cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of certificated Series A Bonds as provided in this Section (“Bond Register”). While the book-entry only system is in effect, such books need not be kept, as the Series A Bonds will be represented by one Series A Bond for each maturity registered in the name of Cede & Co., as nominee for DTC.

Subject to the provisions of Section 14 below, the person in whose name a Series A Bond is registered on the Bond Register shall be regarded as the absolute Owner of that Series A Bond for all purposes of this Resolution. Payment of or on account of the Principal of, and interest on and premium, if applicable, any Bond shall be made only to or upon the order of the Owner

thereof; neither the School District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in this Section. All such payments shall be valid and effectual to satisfy and discharge the School District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

Any Series A Bond may be exchanged for Bonds of the same series, or sub-series as applicable, of any other authorized denomination upon presentation and surrender at the principal corporate trust office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent in its capacity as Bond Registrar. Any Bond may, in accordance with its terms (but only if the School District determines no longer to maintain the book-entry only status of the Bonds, DTC determines to discontinue providing such services and no successor securities depository is named or DTC requests the School District to deliver certificated securities to particular DTC Participants), be transferred upon the books required to be kept pursuant to the provisions of this Section, by the Owner, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

If manual signatures on behalf of the County are required in connection with an exchange or transfer, the Paying Agent shall undertake the exchange or transfer of Bonds only after the new Bonds are signed by the authorized officers of the County. In all cases of exchanged or transferred Bonds, the County shall sign and the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All fees and costs of transfer shall be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer shall be valid obligations of the School 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 canceled by the Paying Agent. The School District and the County may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Bonds that the School District and the County may have acquired in any manner whatsoever, and those Bonds shall be promptly canceled by the Paying Agent. Written reports of the surrender and cancellation of Bonds shall be made to the School District and the County by the Paying Agent and updated annually. The canceled Bonds shall be destroyed by the Paying Agent in accordance with its procedures as confirmed in writing to the School District.

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

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

In order to qualify the Bonds for the Depository’s book-entry system, the School District is executing and delivering to the Depository a Representation Letter in the form provided and required by the Depository (“Representation Letter”). The execution and delivery of the Representation Letter shall not in any other way limit the provisions of this Section or in any other way impose upon the School District any obligation whatsoever with respect to persons

having interests in the Bonds other than the Owners of the Bonds, as shown on the Bond Register. In addition to the execution and delivery of the Representation Letter, the School District shall take such other actions, not inconsistent with this Resolution, as are reasonably necessary to qualify the Bonds for the Depository's book-entry program.

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

If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered Bond, per maturity, registered in the name of such successor or substitute qualified securities depository or its nominee. If the District fails to identify another qualified securities depository to replace the Depository, then the bonds shall no longer be restrict to being registered in the Bond Register in the name of the Nominee, but shall be registered in whatever name or names owners of the Bonds transferring or exchanging Bonds shall designate, in accordance with provisions of this Resolution, and the District shall prepare and delivery Bonds to the owners thereof for such purpose.

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

Notwithstanding any other provisions of this Resolution to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to Principal of, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository and acceptable to the School District. The initial Depository under this Section shall be DTC. The initial Nominee shall be Cede & Co., as Nominee of DTC.

The County, the School District and the Paying Agent shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with the beneficial owners of the Series A Bonds and shall have no responsibility or obligation, legal or

otherwise, to the beneficial owners or to any other party, including the Depository or its Nominee for any failure of the Depository or its Nominee to provide notices, distribute payments on the Series A Bonds or take other actions concerning the beneficial owners of the Series A Bonds which are the responsibility of the Depository or its Nominee. As to the School District, the foregoing is subject to the express provisions of the Representation Letter.

SECTION 15. Paying Agent.

(a) At the request and direction of the School District, U.S. Bank National Association, shall act as the initial authenticating agent, bond registrar, transfer agent and paying agent (collectively, "Paying Agent") for the Series A Bonds.

(b) The Paying Agent may at any time resign and be discharged of the duties and obligations created by this Resolution by giving at least sixty (60) days' written notice to the School District and the Treasurer. The Paying Agent may be removed at any time by an instrument filed with such Paying Agent and signed by the School District. A successor Paying Agent shall be appointed by the School District, and shall be a bank or trust company organized under the laws of the state of California, of any state or the United States, a national banking association or any other financial institution, having capital stock and surplus aggregating to at least Fifty Million Dollars (\$50,000,000) 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 successor Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the School District and the Treasurer a written acceptance thereof. Resignation or removal of the Paying Agent shall be effective only upon appointment and acceptance of a successor Paying Agent. The Paying Agent shall keep accurate records of all funds administered by it and of all Series A Bonds paid and discharged by it. Such records shall be provided, upon reasonable request, to the County in a format mutually agreeable to the School District, Paying Agent and the County.

(c) In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign and deliver any monies held by it as Paying Agent to its successor. In the event of a replacement of the Paying Agent, the Paying Agent shall serve in such capacity until the successor Paying Agent has accepted such position and appointment. The District shall promptly cause to be mailed, at School District expense, the name and principal corporate trust office address of the Paying Agent appointed to replace any resigned or removed Paying Agent to the Informational Services and to DTC.

(d) Any company or association into which a successor Paying Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company or association to which the Paying Agent may sell or transfer all or substantially all of its corporate trust business, provided that such company or association shall be eligible under Section 15(b), shall be the successor to the Paying Agent and vested with all of the powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding. All costs associated with the Paying Agent's merger or consolidation with another bank or trust company shall be paid by

the successor Paying Agent. No expense resulting from such merger or consolidation shall be billed to the School District or the County.

(e) To the extent permitted by law, the Paying Agent may become the Owner of any of the Series A Bonds.

(f) The School District shall be responsible to pay all fees, costs and expenses of the Paying Agent, subject to the provisions of Section 20 hereof.

(g) All documents received by the Paying Agent under the provisions of this Resolution shall be retained in its possession and shall be subject during business hours and upon reasonable notice to the inspection of the County, the School District or the Owners and their agents and representatives duly authorized in writing.

SECTION 16. Payment of Principal and Interest. The Principal and Accreted Value of, interest on and premium, if applicable, on the Series A Bonds shall be payable in lawful money of the United States of America without deduction for the services of the Paying Agent. Interest on Current Interest Bonds shall be paid on each Bond Payment Date by check mailed by first class mail to the person in whose name the Bond is registered, and to that person's address appearing on the Bond Register (as described in Section 13) on the Record Date. The Owner in an aggregate Principal Amount, Conversion Value or Maturity Value of One Million Dollars (\$1,000,000) or more may request in writing to the Paying Agent that such Owner be paid interest by wire transfer to the bank and account number on file with the Paying Agent as of the corresponding Record Date.

Payments of Principal and redemption premiums, if any, with respect to the Current Interest Bonds, and the payments of Maturity Value or Conversion Value, as applicable, and redemption premiums, if any, with respect to the Capital Appreciation Bonds or Convertible Capital Appreciation Bonds, shall be payable at maturity or redemption upon surrender at the Office of the Paying Agent. In the event the Paying Agent shall provide written notice of a change in the location for payment of Principal, redemption premiums and Maturity Value or Conversion Value, as applicable, on the Series A Bonds, the Paying Agent shall thereafter provide notice of such change to the Informational Services and Securities Depositories of such change. The Paying Agent is hereby authorized to pay the Series A Bonds when duly presented for payment at maturity, and to cancel all Series A Bonds upon payment thereof.

The Series A Bonds are the general obligations of the Improvement District secured by *ad valorem* taxes levied and collected pursuant to the Authorization, the California Constitution and State law and do not constitute an obligation of the County except to provide for the levy and collection of the *ad valorem* taxes and payment of funds to the Paying Agent as set forth in Section 20 hereof. No part of any fund of the County is pledged or obligated to the payment of the Series A Bonds.

SECTION 17. Establishment of Funds; Disposition of Proceeds of the Bonds; Investment.

(a) Pursuant to Education Code Section 15357, the net proceeds from the sale of the Series A Bonds, to the extent of the Principal Amount thereof, shall be paid to the County to the credit of the fund hereby created and established by the County and to be known as the “School Facilities Improvement District No. 2008-1 of the Tustin Unified School District, Series A Bonds Improvement Fund” (“Improvement Fund”) of the School District, which shall be kept separate and distinct from all other School District or County funds, shall be used solely for the purpose for which the Series A Bonds are being issued and as authorized by law and shall be applied to authorized purposes which relate to the acquisition or improvement of real property. Separate accounts may, at the direction of the School District, be established within the Improvement Fund for the deposit of proceeds of the Series A Bonds issued as Build America Bonds. The County makes no assurance regarding the use of the proceeds of the Series A Bonds and shall have no obligation to ensure that the proceeds are applied in accordance with the preceding sentence. The interest earned on the monies deposited to the Improvement Fund shall be credited to and retained in such Fund and such monies shall be used for the purpose for which the Series A Bonds are authorized, at the direction of the School District.

(b) The accrued interest, if any, and any premium received by the County from the sale of the Series A Bonds (if any, after the Underwriter’s discount and all or a portion of the costs of issuance are paid therefrom), as well as tax revenues collected by the County pursuant to Section 19 hereof and Sections 15350 and 15250 *et seq.* of the Education Code, shall be deposited into the fund hereby created and established by the County and to be designated as the “School Facilities Improvement District No. 2008-1 of the Tustin Unified School District, Series A Bonds, Interest and Sinking Fund” (herein referred to as the “Debt Service Fund”) for the Series A Bonds and used only for payment of Principal and Accreted Value of, and interest on, the Series A Bonds when due. Funds held in the Debt Service Fund are irrevocably pledged to the payment of Principal and Accreted Value of, interest on and redemption premium, if any, on the Series A Bonds when due, except as required below to satisfy the requirements of Section 148(f) of the Code, as may be applicable. Except as required below to satisfy the requirements of Section 148(f) of the Code, as may be applicable, interest earned on investments of monies held in the Debt Service Fund shall be credited to and retained in the Debt Service Fund and used to pay Principal and Accreted Value of, and interest on, the Series A Bonds when due. Prior to each such Bond Payment Date (and subject to the applicable provisions of Section 9(k) hereof), the Treasurer shall transfer to the Paying Agent, for subsequent disbursement to the Owners of the Series A Bonds, monies from the Debt Service Fund sufficient to pay Principal and Accreted Value of, and interest on, the Series A Bonds due on the corresponding Bond Payment Date. The Paying Agent shall hold all such monies transferred to it, pursuant to the foregoing sentence, uninvested. The Debt Service Fund shall be administered by the Treasurer, and shall be kept separate and distinct from all other District and County funds. Funds remaining in the Debt Service Fund, if any, after all payments of debt service on the Outstanding Series A Bonds have been paid for the corresponding year may be used to pay administrative costs of the Series A Bonds, including the current Paying Agent fees and charge. If, after payment in full of all Principal and Accreted Value, redemption premium, if any, and interest on the Series A Bonds,

there remain funds in the Debt Service Fund, any such excess amounts shall be transferred to the general fund of the District.

(c) The Treasurer shall, in consultation with the District and at such time as shall be necessary, establish and create the “School Facilities Improvement District No. 2008-1 of the Tustin Unified School District, Series A Bonds Rebate Fund” (“Rebate Fund”), which fund shall be kept separate and distinct from all other School District and County funds or accounts, and into which the School District shall deposit, or direct deposit of, funds used to satisfy any requirement to make rebate payments to the United States of America pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (“Code”) as shall be applicable to the Series A Bonds. The Rebate Fund (if and when established pursuant to the requirements of the Tax Certificate) may, at the discretion of the School District, be held by the Paying Agent or the County. Responsibility for determining and calculating rebate payments, if any, due with regard to the Series A Bonds is the sole responsibility of the District as further set forth in Section 24. Monies in the Rebate Fund shall be invested, at the District’s direction, in compliance with the limitations of the Code.

(d) Any proceeds of the Series A Bonds in the Improvement Fund, inclusive of interest earnings, not needed for the authorized purposes set forth herein, shall be transferred to the Debt Service Fund and applied to the payment of Principal, Accreted Value and interest on the Series A Bonds at the written direction of the School District. If, after payment in full of the Series A Bonds, there remains excess proceeds and/or interest earnings, any such excess amounts shall be transferred to the general fund of the School District to be applied in accordance with law.

(e) (i) Proceeds of the Series A Bonds and proceeds of taxes collected for the payment of Principal, Accreted Value and interest on the Series A Bonds (as further described above) and deposited into the Improvement Fund or the Debt Service Fund (for purposes of this subsection only, “Bond Funds”), as shall be applicable, shall be invested by the Treasurer as set forth herein.

(ii) The Treasurer is hereby authorized and directed to invest the Bond Funds, at the Treasurer’s discretion, in Authorized Investments.

(iii) Notwithstanding the paragraph (ii) above, at the written direction of the District, given by the Superintendent or the Designated Officer all or any portion of the Improvement Fund may be invested on behalf of the District in Authorized Investments, including, but not limited to, investment agreements which comply with the requirements of each rating agency which may then be rating the Series A Bonds necessary in order to maintain the then-current rating on the Series A Bonds or in the Local Agency Investment Fund established by the State Treasurer.

SECTION 18. Defeasance. The Series A Bonds may be defeased prior to maturity in the following ways:

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

(b) Defeasance Securities. By irrevocably depositing with a bank or trust company, in escrow, noncallable Defeasance Securities (as defined below), as permitted under Section 149(d) of the Code, together with cash, if required, in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and monies then on deposit in the Debt Service Fund, together with the interest to accrue thereon, be fully sufficient to pay and discharge all Bonds (including all Principal and interest represented thereby and redemption premiums, if any) at or before their maturity date;

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

For purposes of this Section, “Defeasance Securities” shall mean:

Direct and general obligations of the United States of America (including State and Local Government Series), or obligations that are unconditionally guaranteed as to Principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidence of direct ownership or proportionate interests in future interest or Principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances wherein: (a) a bank or trust company acts as custodian and holds the underlying Defeasance Securities; (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 Defeasance Securities; and (c) the underlying Defeasance Securities are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claims of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed “AAA” by S&P if the Series A Bonds are then rated by S&P, and “Aaa” by Moody’s if the Series A Bonds are then rated by Moody’s.

For purposes of this Section, and Section 19, the escrow agent bank and verification agent shall be selected by the School District on behalf of the Improvement District. Any such escrow bank or trust company shall conform to the successor paying agent requirements of Section 15 hereof. All costs for defeasance of the Series A Bonds shall be paid by the School District on behalf of the Improvement District.

SECTION 19. Partial Defeasance. A portion of the then-Outstanding maturities of the Series A Bonds may be defeased prior to maturity in the following ways:

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

(b) Defeasance Securities: by irrevocably depositing with a bank or trust company, in escrow, noncallable Defeasance Securities, as permitted under Section 149(d) of the Code, together with cash, if required, in such an amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon, be fully sufficient to pay and discharge the designated maturities of Bonds (including all Principal and interest represented thereby and redemption premiums, if any) at or before their maturity date;

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

For purposes of this Section, “Defeasance Securities” shall have the same meaning as set forth in Section 18 hereof.

SECTION 20. Source of Payment; Security for the Bonds. Pursuant to the California Constitution, the Election, the Authorization, this Resolution and Education Code Sections 15350 and 15250, *et seq.*, there shall be levied by the County on all the taxable property in the Improvement District, in addition to all other taxes, a continuing direct *ad valorem* tax annually during the period the Series A Bonds are outstanding, commencing in Fiscal Year 2010/2011, in an amount sufficient to pay the Principal and Accreted Value of, and interest on, the Series A Bonds when due, which monies when collected will, pursuant to Education Code Sections 15350 and 15251, be placed in the Debt Service Fund, which Fund is irrevocably pledged for the payment of the Principal and Accreted Value of, and interest on, the Series A Bonds when and as the same fall due along with administrative costs and expenses for the Series A Bonds including fees and expenses of the Paying Agent.

The monies in the Debt Service Fund, to the extent necessary to pay the Principal and Accreted Value of, interest on, and redemption premium, if any, on the Series A Bond as the same become due and payable, shall be transferred by the Treasurer, or his or her designee or authorized deputy, to the Paying Agent (sufficiently in advance of each Interest Payment Date to allow for timely payment by the Paying Agent of Principal, Accreted Value, interest on and redemption premium, if any, the Series A Bonds) who in turn, shall pay such monies to the Depository to pay the Principal and Accreted Value of, interest on, and redemption premium, if any, the Series A Bonds when due. The Depository will thereupon make payments of Principal and Accreted Value of, interest on, and redemption premium, if any, on the Series A Bonds to the Depository Participants who will thereupon make payments of Principal and Accreted Value, interest and redemption premium, if any, to the beneficial owners of the Series A Bonds. Any monies remaining in the Debt Service Fund after the Series A Bonds, the interest thereon and

redemption premium, if any, 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 Sections 15350 and 15235, or any successor section thereto.

SECTION 21. Bond Insurance. In the event the School District, acting on behalf of the Improvement District, purchases bond insurance for the Series A Bonds, and to the extent that the Bond Insurer makes payment of the Principal and Accreted Value of, and interest on, the Series A Bonds, it shall become the Owner of such Series A Bonds with the right to payment of Principal and Accreted Value of, and interest on, the Series A Bonds, and shall be fully subrogated to all of the Owners' rights, including the Owners' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims that were past due interest components, the Paying Agent shall note the Bond Insurer's rights as subrogee on the Bond Register upon receipt of a copy of the canceled check issued by the Bond Insurer for the payment of such interest to the Owners of the Series A Bonds, and (ii) in the case of subrogation as to claims for past due Principal, the Paying Agent shall note the Bond Insurer as subrogee on the Bond Register upon surrender of the Series A Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer. The officers and officials of the County are authorized to take all other and further necessary actions to arrange for the delivery of the bond insurance policy, if such is purchased by, or on behalf of, the School District for the Series A Bonds. In the event that the Bond Insurer requires additional agreements, covenants or conditions to the issuance of the bond insurance policy, the Designated Officer may deliver or agree to such; provided, however, that applicable law(s) shall be complied with and any such agreement, covenants or conditions shall be consistent with the provisions of this Resolution and the District Resolution to be satisfactory to the Designated Officer.

SECTION 22. Preliminary Official Statement; Official Statement. The School District, acting on behalf of the Improvement District, has authorized, and shall be responsible for, preparing a preliminary and final Official Statement for the Series A Bonds meeting the requirements of Securities and Exchange Commission ("SEC") Rule 15c2-12. Such Preliminary Official Statement and final Official Statement are collectively referred to herein as the "Official Statement." Neither the Board of Supervisors nor any officer of the County has prepared or reviewed the Official Statement, and this Board of Supervisors and the various officers of the County take no responsibility for the contents or distribution thereof; provided, however, that solely with respect to one or more section(s) contained, or to be contained, therein describing the County's investment policy, current portfolio holdings, and valuation procedures, as they may relate to funds of the District held by the Treasurer, the Treasurer is hereby authorized and directed to prepare and review such information for inclusion in the District's Official Statement and in preliminary Official Statement, and to certify to the District prior to or upon the issuance of the Series A Bonds that the information contained in such section(s) does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading.

SECTION 23. Continuing Disclosure. "Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement executed by the School District, acting on behalf

of the Improvement District, as originally executed and as it may be amended from time to time in accordance with the terms thereof

The School District, acting on behalf of the Improvement District, has covenanted and agreed that it will comply with and carry out all of the terms and conditions of the Continuing Disclosure Agreement, which shall be entered into by the School District and delivered at the time of delivery of the Series A Bonds. Notwithstanding any other provisions of this Resolution, failure of the School District to comply with the Continuing Disclosure Agreement shall not be considered a default by the School District hereunder or under the Series A Bonds; however, any underwriter or any holder or beneficial Owner of the Series A Bonds may take such actions as may be necessary and appropriate to compel performance by the School District, including seeking mandate or specific performance by court order.

SECTION 24. Tax and Arbitrage Matters.

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

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

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

(d) The School District, acting on behalf of the Improvement District, has covenanted to at all times do and perform all other acts and things necessary or desirable and within its powers to assure, for the purposes of State personal and federal income taxation, that the tax-exempt status of the interest paid on the Series A Bonds to the recipients thereof will be preserved.

(e) Notwithstanding any other provision of this Resolution to the contrary, upon the School District’s failure to observe, or refusal to comply with, the above covenant, no person other than the Owners of the Series A Bonds shall be entitled to exercise any right or remedy

provided to such Owners under this Resolution on the basis of the School District's failure to observe, or refusal to comply with, the above covenant.

SECTION 25. County Books and Accounts. The Treasurer and the County will keep, or cause to be kept, proper books or record and accounts to record (i) the amount of taxes collected pursuant to Section 20 hereof, (ii) all deposits, expenditure and investment earnings on the Debt Service Fund and the Improvement Fund and any and all accounts or subaccounts thereof and (iii) all transfers of funds for the payment of Principal, interest, Accreted Value or redemption premium(s) on the Series A Bonds. The Treasurer shall provide regular periodic written statements of such accounts to the School District. Such books of record and accounts shall at all times during business hours be subject to the inspection of the School District and the Owners of not less than ten percent (10%) of the Principal amount of the Series A Bonds then Outstanding, or their representatives authorized in writing.

SECTION 26. Execution of Documents by Bond Owners. Any request, consent or other instrument required by this Resolution to be signed and executed by Bond Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Bond Owners in person or by their agent or agents duly appointed in writing. Proof of the execution of any such request consent or other instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the County and the School District, on behalf of the Improvement District, if made in the manner provided in this Section 26.

The fact and date of the execution by any person of any such request consent or other Instrument or writing may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgements of deeds, certifying that the person signing such request consent or other Instrument or writing acknowledged to him the execution thereof.

The ownership of the Series A Bonds shall be proved by the Bond Register. Any request, consent or vote of the Owner of any Series A Bond shall bind every future Owner of the same Series A Bond and the Owner of any Series A Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the County or the School District, on behalf of the Improvement District, in pursuance of such request, consent or vote.

SECTION 27. Unclaimed Monies. Notwithstanding any of the foregoing provisions of this Resolution, any monies held by the Paying Agent for the payment of the Principal of, redemption premium, if any, or interest on Series A Bonds remaining unclaimed for one year after the corresponding maturity or redemption date for such Series A Bonds shall be returned by the Paying Agent to the Treasurer, with any and all interest accrued thereon, for deposit into the Debt Service Fund. Notwithstanding any other provisions of this Resolution, any monies held in any fund created pursuant to this Resolution, or by the Paying Agent in trust, for the payment of the Principal of, redemption premium, if any, or interest on Series A Bonds and remaining unclaimed for one year after the Principal of all of the Series A Bonds have become due and payable (whether by maturity or upon prior redemption) shall be, after written direction of the District, transferred to the General Fund of the School District to be applied in accordance with

law; provided, however, that the Paying Agent, or the School District, before making such payment, shall cause notice to be mailed to the Owners of all Bonds that have not been paid, by first-class mail at the addresses on the Bond Register, postage prepaid, not less than 90 days prior to the date of such payment.

SECTION 28. Conditions Precedent. This County Board determines that all acts and conditions necessary to be performed by the County precedent to and in the issuing of the Series A Bonds, in order to make them legal, valid and binding general obligations of the School 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; that this County Board has the power and is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon without limitation as to rate or amount upon all property within the Improvement District subject to taxation (except for certain classes of personal property).

SECTION 29. Amendments. The County may from time to time (which may be at the request of the School District, made in writing), and at any time, without notice to or consent of any of the Owners, by action of the County Board, amend the provisions of this Resolution for any of the following reasons:

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

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

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

In the event of any such amendment, the County shall promptly provide the School District and the Paying Agent with copies of such amendment and the action of the County Board approving such amendment. Notice of any such amendment shall also be provided to the Owners by the School District in the next occurring Annual Report provided by the School District under the terms of the Continuing Disclosure Agreement.

No such amendment shall: (i) extend the fixed maturity of any Series A Bond, reduce the amount of Principal or Accreted Value thereof or the rate of interest thereon or extend the time of payment thereof, without the consent of the Owner of each Series A Bond so affected, or (ii) modify or amend this Section without the consent of the Owners of all the Series A Bonds then outstanding.

Upon the adoption of any amendment pursuant to this Section, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the County, the School District, the Paying Agent and

all Owners shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such amendment shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes.

The provisions of this Section shall not prevent any Owner from accepting any modification or amendment as to the particular Series A Bonds held by such Owner.

SECTION 30. Benefits Limited to Parties. Nothing in this Resolution, express or implied, is intended to give to any person other than the County, the School District, on behalf of the Improvement District, the Paying Agent and the Owners of the Series A Bonds, any right, remedy or claim under or by reason of this Resolution. Any covenants, stipulations, promises or agreements in this Resolution contained by and on behalf of the School District, on behalf of the Improvement District, are for the sole and exclusive benefit of the School District, the Paying Agent and the Owners.

SECTION 31. Approval of Actions. Officers of the County Board and County officials, including the Treasurer and the County Auditor-Controller, or their designee(s), 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, sale and delivery of the Series A Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

SECTION 32. Partial Invalidity; Severability. If any one or more of the covenants or agreement, or portions thereof, provided in this Resolution to be performed should be contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall be null and void and shall in no way affect the validity of this Resolution or of the Series A Bonds; but the Bond Owners shall retain all rights and benefits accorded to them under any applicable provisions of law. The County Board hereby declares that it would have adopted this Resolution and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Series A Bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 33. Governing Law. This Resolution shall be construed under, and governed in accordance with, the laws of the State of California.

SECTION 34. Effective Date. This Resolution shall take effect immediately upon adoption.

SECTION 35. Clerk's Certificate. The Clerk of the County Board is hereby directed to provide certified copies of this Resolution to the Treasurer, the County Auditor-Controller, the District and Bond Counsel immediately following its adoption.

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EXHIBIT "A"

FORM OF BOND PURCHASE AGREEMENT

\$ _____
**TUSTIN UNIFIED SCHOOL DISTRICT–
GENERAL OBLIGATION BONDS OF
SCHOOL FACILITIES IMPROVEMENT DISTRICT
NO. 2008-1 OF THE TUSTIN UNIFIED SCHOOL DISTRICT,
(COUNTY OF ORANGE, CALIFORNIA)**

\$ _____
**2008 ELECTION, SERIES A
(TAX-EXEMPT)**

\$ _____
**2008 ELECTION, SERIES A
(BUILD AMERICA BONDS – DIRECT PAYMENT TO DISTRICT)
(FEDERALLY TAXABLE)**

BOND PURCHASE AGREEMENT

_____, 2010

Board of Supervisors
County of Orange
12 Civic Center Plaza, Room G76
Santa Ana, California 92702

Board of Education
Tustin Unified School District
300 South C Street
Tustin, California 92780

Ladies and Gentlemen:

The undersigned, RBC Capital Markets Corporation, as underwriter (the “Underwriter”), offers to enter into this Bond Purchase Agreement (the “Purchase Agreement”) with the County of Orange (the “County”) and the Tustin Unified School District (the “School District”), acting on behalf of its School Facilities Improvement District No. 2008-1 (the “Improvement District” and, together with the School District, the “District”), which, upon your acceptance hereof, will be binding upon the County, the District and the Underwriter. By execution of this Purchase Agreement, the County, the District, and the Underwriter acknowledge the terms hereof and recognize that they will be bound by certain of the provisions hereof, and to the extent binding thereupon, acknowledge and agree to such terms. This offer is made subject to the written acceptance of this Purchase Agreement by the County and the District and delivery of such acceptance to us at or prior to 11:59 P.M., California Time, on the date hereof.

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the County for reoffering to the public, and the County hereby agrees to sell in the name and on behalf of the District to the Underwriter for such purpose, all (but not less than all) of \$ _____ in aggregate principal or issue amount of the District’s General Obligation Bonds of School Facilities Improvement District No. 2008-1 of the Tustin Unified School District, consisting of \$ _____ 2008 Election, Series A (Tax-Exempt) Bonds (the

“Tax-Exempt Bonds”) and \$_____ 2008 Election, Series A (Build America Bonds – Direct Payment to District) (Federally Taxable) Bonds (the “Taxable Bonds,” and together with the Tax-Exempt Bonds, the “Bonds”). The Bonds shall bear or accrete interest at the rates with the yields to maturity (or yields to call date), shall mature in the years and shall be subject to redemption as shown on Exhibit A hereto, which is incorporated herein by this reference. The Underwriter shall purchase the: (A) Tax-Exempt Bonds at a price of \$_____ (consisting of the aggregate initial principal or issue amount of the Tax-Exempt Bonds of \$_____, plus net original issue premium of \$_____, less an Underwriter’s discount of \$_____, less \$_____ to be deposited by the Underwriter into an account to be held with a commercial bank (the “Fiscal Agent”) and used to pay costs of issuance pursuant to the provisions of Section 12 hereof [and less bond insurance premium of \$_____ to be paid directly by the Underwriter to the Insurer (as defined herein) on the closing date]), and (B) Taxable Bonds at a price of \$_____, being the aggregate principal amount of the Taxable Bonds of \$_____ plus original issue premium of \$_____, and less an Underwriter’s discount of \$_____, [less \$_____ to be deposited by the Underwriter into an account to be held with the Fiscal Agent and used to pay costs of issuance pursuant to the provisions of Section 12 hereof.] The District and the County acknowledge that the amount of original issue premium retained by the Underwriter to pay costs of issuance does not constitute Underwriter’s compensation. The original issue premium deposited by the Underwriter with the Fiscal Agent shall be applied to pay a portion of the allocated costs of issuance of the Bonds as provided below. If, after payment of all costs of issuance, any amount deposited by the Underwriter with the Fiscal Agent has not been expended, such amount shall be paid by the Underwriter or the Fiscal Agent to the County for deposit into the District’s Debt Service Fund. In the event the amount deposited in the costs of issuance account is insufficient to pay costs of issuance, any shortfall shall be paid by the District.

Inasmuch as this purchase and sale represents a negotiated transaction, the County and the District understand, and hereby confirm, that the Underwriter is not acting as a fiduciary of the County or the District, but rather is acting solely in its capacity as Underwriter, for its own account. The Underwriter has been duly authorized to execute this Purchase Agreement and to act hereunder.

2. **The Bonds.** The Bonds shall be dated as of their date of delivery and shall mature on August 1 in the years shown on Exhibit A hereto. The Bonds shall otherwise be as described in, and shall be issued and secured pursuant to the provisions of the Resolution of the Board of Education the District, adopted on February 9, 2010 (the “District Resolution”), and pursuant to the Resolution of the Board of Supervisors of the County adopted on _____, 2010 (the “County Resolution” and, collectively with the District Resolution, the “Resolutions”), this Purchase Agreement, Sections 15264 *et seq.*, 15300 *et seq.* and, to the extent applicable, 15100 *et seq.* of the California Education Code (collectively, the “Act”). Certain provisions for the redemption of the Bonds, not otherwise specified in the Resolutions, are shown in Exhibit A attached hereto and incorporated herein by reference, all as provided in the County Resolution. The initial Paying Agent for the Bonds, as designated by the County Resolution, shall be U.S. Bank National Association (the “Paying Agent”).

The Bonds are issued as Current Interest Bonds, Capital Appreciation Bonds and Convertible Capital Appreciation Bonds, and shall be executed and delivered under and in accordance with the provisions of this Purchase Agreement and the Resolutions. The Bonds shall be in book-entry form, shall bear CUSIP numbers, shall be in fully registered form, registered in the

name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). [The payment of principal or maturity value of and interest (but not any redemption premium) on the Bonds shall be secured by a financial guaranty insurance policy (the “Insurance Policy”), to be issued simultaneously with the issuance of the Bonds by _____ (the “Insurer”).]

3. **Use of Documents.** The County and the District hereby authorize the Underwriter to use, in connection with the offering and sale of the Bonds, this Purchase Agreement, the Official Statement, the District Resolution, the County Resolution, and all information contained herein and therein and all of the documents, certificates or statements furnished by the County or the District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement (except as such documents otherwise expressly provide).

4. **Public Offering of the Bonds.** The Underwriter agrees to make a *bona fide* public offering of all the Bonds at the initial public offering prices or yields to be set forth on the cover or inside cover page of the Official Statement (defined below). Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds; *provided* that the Underwriter shall not change the interest rates set forth in Exhibit A. The Underwriter may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated in the Official Statement.

The Underwriter hereby represents to the District (i) that as of the date of sale, all of the Bonds purchased were expected to be reoffered in a *bona fide* public reoffering; (ii) that as of the date of the certification at closing, all of the Bonds purchased had actually been offered to the general public at the offering prices shown in Exhibit “A”; and (iii) that the prices given in Exhibit “A” are the maximum initial *bona fide* offering prices at which a substantial amount (at least 10%) of each maturity of the Bonds purchased (or as otherwise indicated) was offered to the general public. The Underwriter agrees, upon request, to furnish to the District or to Bond Counsel, reasonable written verification of its compliance with this paragraph, in the form of a Certificate of Underwriter at closing.

5. **Official Statement.** The District has caused to be drafted and consents to the use of a Preliminary Official Statement (the “Preliminary Official Statement”), including the cover page and Appendices thereto, relating to the Bonds. The District represents that it deems the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended (the “Rule”). The Preliminary Official Statement has been prepared for use by the Underwriter in connection with the public offering, sale and distribution of the Bonds.

The District hereby authorizes the preparation of a final Official Statement respecting the Bonds following the execution hereof (the “Official Statement”) and the District hereby authorizes the use thereof by the Underwriter in connection with the public offering and sale of the Bonds. The District shall provide, or cause to be provided, to the Underwriter as soon as practicable after the date of the District’s acceptance of this Agreement (but, in any event, not later

than seven business days after the execution hereof, and in sufficient time to accompany any confirmation of a sale of Bonds) copies of the Official Statement, which is complete as of the date of its delivery to the Underwriter, in such reasonable quantities as the Underwriter shall request in order to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the “MSRB”).

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

During the period ending on the 25th day after the End of the Underwriting Period (as defined below) (or such other period as may be agreed to by the District and the Underwriter), the District (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter and (ii) shall notify the Underwriter promptly if any event shall occur, or information comes to the attention of the District, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Underwriter, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the District shall prepare and furnish to the Underwriter, at the District’s expense, such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the District and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the Closing, the District also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

For purposes of this Purchase Agreement:

The “End of the Underwriting Period” is used as defined in Rule 15c2-12 and shall occur on the later of (a) the date of Closing or (b) when the Underwriter no longer retain an unsold balance of the Bonds; unless otherwise advised in writing by the Underwriter on or prior to the Closing Date, or otherwise agreed to by the District, the Underwriter and the County, the District may assume that the End of the Underwriting Period is the Closing Date.

6. **Closing.** At 9:00 a.m., California Time, on _____, 2010, or at such other time or on such other date as shall have been mutually agreed upon by the County, the District and the Underwriter (the “Closing”), the County will deliver, or arrange to deliver, to the Underwriter, through the facilities of DTC, or at such other place as the parties may mutually agree upon, the Bonds in book-entry form, duly executed and registered as provided in paragraph 2 above, together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to an account or accounts within the United States designated by the County. The Underwriter will

deposit certain original issue premium with the Fiscal Agent, who shall pay or provide for payment of certain costs of issuance of the Bonds.

7. Representations, Warranties and Agreements of the School District and the Improvement District. The School District, on behalf of itself and the Improvement District, hereby represents, warrants and agrees with the Underwriter that:

A. The School District is a unified school district and the Improvement District is a school facilities improvement district, each being duly organized and validly existing under the laws of the State of California, with the full legal right, power and authority to (i) request the County to issue the Bonds pursuant to the Act; (ii) enter into, execute and deliver this Purchase Agreement and the Continuing Disclosure Agreement appended to the Official Statement (the “Continuing Disclosure Agreement”); (iii) to adopt the District Resolution; and (iv) to construct, improve or acquire the Project (as described in the Official Statement) with the proceeds of sale of the Bonds.

B. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has the legal right, power and authority to enter into this Purchase Agreement, to adopt the District Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Agreement and the District Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the Continuing Disclosure Agreement, the District Resolution and this Purchase Agreement (collectively, the “District Documents”) have been duly authorized and such authorization shall be in force and effect at the time of the Closing; (iv) the District Documents constitute valid and legally binding obligations of the District enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and to principles of equity relating to or affecting the enforcement of creditors’ rights; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Agreement and by the Official Statement.

C. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions which may qualify the Bonds for offer and sale under “Blue Sky” or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, or which have not been taken or obtained; provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

D. The District has complied, or will comply, with the requirements of the Internal Revenue Code of 1986, as amended, applicable to the Bonds.

E. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of the District Documents, and the compliance with the provisions thereof and hereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

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

G. Between the date hereof and the Closing without the prior written consent of the Underwriter, neither the District nor the County in the name and on behalf of the District, will have issued in the name and on behalf of the District, any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

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

I. With respect to any certifications of the School District pursuant to Section 42131 of the Education Code of the State, the School District has not received, and for the next reporting period (based on currently available information) does not expect to receive, a qualified or negative classification from the County Superintendent of Schools.

J. In accordance with the requirements of the Rule, the District will enter into the Continuing Disclosure Agreement, upon or prior to the sale of the Bonds, in which the District will undertake, for the benefit of the Owners of the Bonds, to provide certain information as set forth therein. The District is not in default with respect to any continuing disclosure obligation it may have incurred prior to the date

hereof in connection with the delivery or issuance of any debt instruments, bonds, notes or lease-purchase obligations.

K. The District will furnish such information and execute such instruments and take such action in cooperation with the Underwriter as the Underwriter may reasonably request, and at the sole expense of the Underwriter, in order to qualify the Bonds for offering and sale under the “Blue Sky” or other securities laws and regulations of such states and other jurisdictions in the United States as the Underwriter may designate and determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and to continue such qualifications in effect so long as may be required for the distribution of the Bonds (provided, however, that the District will not be required to qualify as a foreign corporation or to file any general or special consent to service of process under the laws of any jurisdiction).

L. The District agrees to apply the proceeds from the sale of the Bonds for the purposes specified in the Resolutions and the purposes specifically designated in its official project list approved by the electorate of the District on November 4, 2008.

M. The Preliminary Official Statement did not and the Official Statement does not as of its date (excluding therefrom information relating to The Depository Trust Company, its book-entry system, [the Insurer, or the Insurance Policy] and information provided by the Underwriter, the County or County officers) contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The financial statements of, and other financial information regarding, the District contained in the Official Statement fairly represent the financial position and operating results of the District as of the dates and for the periods set forth therein. Prior to the Closing, there will have been no adverse change of a material nature in such financial position, results of operation or condition, financial or otherwise, of the District. The District is not a party to any litigation or other proceeding pending, or, to its knowledge, threatened which, if decided adversely to the District, would have a materially adverse effect on the financial condition of the District.

N. The financial statements of, and other financial information regarding the District, contained in the Official Statement fairly represent the financial position and operating results of the District as of the dates and for the periods set forth therein. Since the date of the Preliminary Official Statement, there has been no adverse change of a material nature in such financial position, results of operation or condition, financial or otherwise, of the District. The District is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the District, would have a materially adverse effect on the financial condition of the District.

8. **Representations, Warranties and Covenants of the County.** The County represents and warrants to the Underwriter that:

A. The County is a political subdivision duly organized and validly existing under the Constitution and laws of the State of California, with the power to issue the Bonds in the name of and on behalf of the District.

B. (i) At or prior to the Closing, the County will have taken all actions required to be taken by it in order to authorize the issuance and delivery of the Bonds; (ii) the County has full legal right, power and authority to enter into this Purchase Agreement, to adopt the County Resolution, to issue and deliver the Bonds to the Underwriter on behalf of the District and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Agreement and the Resolutions; (iii) the execution and delivery or adoption of, and the performance by the County of its obligations contained in the Bonds, the County Resolution and this Purchase Agreement have been duly authorized, and such authorization shall be in full force and effect as at the Closing; (iv) this Purchase Agreement constitutes a valid and legally binding obligation of the County, enforceable against the County in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and to principles of equity relating to or affecting the enforcement of creditors' rights; and (v) the County has duly authorized the consummation by it of all transactions contemplated by this Purchase Agreement.

C. To the best knowledge of the County, as of the time of acceptance hereof, no action, suit, hearing or investigation is pending in which service of process has been completed against the County or, threatened against the County in any California court: (i) in any way affecting the existence of the County or in any way challenging the respective powers of the several offices or the titles of the officials of the County to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Agreement or the County Resolution or contesting the powers of the County or its authority with respect to the Bonds, this Purchase Agreement or the County Resolution; or (iii) in which a final adverse decision would declare this Purchase Agreement to be invalid or unenforceable in whole or in material part.

D. Between the date hereof and the Closing, without the prior written consent of the Underwriter, the County will not have issued in the name and on behalf of the Improvement District or School District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

E. Any certificates signed by an officer of the County and delivered to the Underwriter shall be deemed a representation and warranty by the County to the Underwriter, but not by the person signing the same, as to the statements made therein.

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

A. The Underwriter is duly authorized to execute this Purchase Agreement through its officer as undersigned and is authorized to take any action(s) under the Purchase Agreement required to be taken by it.

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

C. The Underwriter has, and has had, no financial advisory relationship with the District or the County with respect to the Bonds (separate and apart from any Special Tax Bonds of any of the District's Community Facilities Districts, or financings not related to the Bonds, as to which no representation is made hereby), and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship with the District or the County with respect to the Bonds (separate and apart from any Special Tax Bonds, or equivalent securities, of any of the District's Community Facilities Districts, or financings not related to the Bonds, as to which no representation is made hereby), within the meaning of California Government Code Section 53590.

D. The Underwriter has not paid or agreed to pay, nor will it pay or agree to pay, any entity, company, firm, or person (including, but not limited to, the District's financial consultants, or any officer, agent or employee thereof), other than a bona fide officer, agent or employee working for Underwriter, any compensation, fee gift or other consideration contingent upon or resulting from the award of or entering into this Purchase Agreement; and

E. The Underwriter has reasonably determined that the District's undertaking to provide continuing disclosure with respect to the Bonds pursuant to Section 10(E)(12) hereof is sufficient to effect compliance with the Rule.

10. **Conditions to Closing.** The Underwriter has entered into this Purchase Agreement in reliance upon the representations and warranties of the District and the County contained herein and the performance by the District and the County of their respective obligations hereunder and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the date of Closing. Accordingly, the Underwriter's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds are and shall be conditioned upon the performance by the District and the County, respectively, of their obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject at the option of the Underwriter, to the following further conditions, including the delivery by the District and the County of such documents and instruments as are enumerated herein, in form and substance satisfactory to the Underwriter:

A. The representations and warranties of the District and the County contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and the District and the County shall be in compliance with each of the agreements made by them, individually, in this Purchase Agreement;

B. At the time of the Closing, (i) the Official Statement, this Purchase Agreement and the Resolutions shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter; (ii) all actions under the Act which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the District shall perform or have performed all of its obligations required under or specified in the Resolutions, this Purchase Agreement or the Official Statement to be performed at or prior to the Closing;

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

D. Between the date hereof and the Closing, the market price for the Bonds, or the market for or marketability of the Bonds at the initial offering prices set forth in the Official Statement, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall not have been materially adversely affected in the reasonable professional judgment of the Underwriter (evidenced by a written notice to the County and the District terminating the obligation of the Underwriter to accept delivery of and pay for the Bonds) by reason of any of the following:

(1) legislation enacted by the Congress of the United States, or passed by either House of the Congress, or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or by the legislature of the State of California (the "State"), or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of the United States or the State or by the United States Tax Court, or an order, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service or other federal or State authority, which would have the purpose or effect of changing, directly or indirectly, the federal income tax consequences or State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof; or

- (ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;
- (2) the declaration of war or engagement in or material escalation of major military hostilities by the United States or the occurrence of any other national or international emergency or calamity or crisis relating to the effective operation of the government or the financial community in the United States;
- (3) the declaration of a general banking moratorium by federal, New York or State authorities having jurisdiction, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue of a determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;
- (4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, underwriters;
- (5) an order, decree or injunction of any court of competent jurisdiction, or order, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;
- (6) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the School District's or the Improvement District's outstanding indebtedness [or any rating of the Insurer];
- (7) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information set forth in the Official Statement, or results in an omission to state a material fact required to be

stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(8) there shall have occurred since the date of this Purchase Agreement any materially adverse change in the affairs or financial condition of the District;

(9) any state “Blue Sky” or securities commission, or other governmental agency or body, shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(10) any amendment shall have been made to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the District, its property, income securities (or interest thereon) or the validity or enforceability of the levy of taxes to pay principal of and interest on the Bonds; or

(11) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

E. At or prior to the date of the Closing, the Underwriter shall receive three copies of the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

(1) An approving opinion of Bowie, Arneson, Wiles & Giannone, as Bond Counsel (“Bond Counsel”), addressed to the District;

(2) A reliance letter from Bond Counsel to the effect that the Underwriter may rely upon the approving opinion described in E(1) above;

(3) A supplemental opinion from Bond Counsel, addressed to the Underwriter and the District, to the effect that:

(a) this Purchase Agreement has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the Underwriter, is a legally valid and binding agreement of the District, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditors’ rights or remedies, and is subject to general principles of equity (regardless of whether such enforcement is considered in equity or at law);

(b) the statements contained in the Official Statement in the sections thereof entitled: “INTRODUCTION (excluding information under the heading “– Other Information”),” “THE SERIES A BONDS” and

“LEGAL MATTERS – Tax Matters” and “ – Build America Bonds” (excluding information related to DTC, its book-entry-only system, [the Insurer and the Insurance Policy, if any,] information concerning the County or its financial condition, and certain statistical information),” insofar as such statements purport to summarize certain provisions of the Bonds, the District Resolution and the County Resolution, present a fair and accurate summary of such provisions; and

(c) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolutions are exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(4) An opinion of County Counsel, addressed to the Underwriter, respecting the due adoption of the County Resolution in substantially the form attached hereto as Exhibit B;

(5) An opinion of counsel to the Underwriter in form and substance satisfactory to the Underwriter;

(6) An opinion, dated the Closing Date and addressed to the Underwriter, of McFarlin & Anderson LLP, disclosure counsel to the District, to the effect that, based upon the information made available to them in the course of their participation in the preparation of the Official Statement as disclosure counsel and without having undertaken to determine independently or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement, such counsel does not believe that the Official Statement, as of its date contained, or as of the Closing Date contains, any untrue statement of a material fact or as of its date omitted, or as of the Closing Date omits, to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that no opinion or belief need be expressed as to any assessed values, appraised values, financial, statistical, economic or similar data contained in the Official Statement or as to information on the book-entry system, the Insurer and the bond insurance policy, as applicable);

(7) A certificate signed by an appropriate official of the District to the effect that (i) such official is authorized to execute this Purchase Agreement, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the District Resolution and this Purchase Agreement to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such official has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statements of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading and (v) the Bonds being delivered on the date of the Closing to

the Underwriter under this Purchase Agreement substantially conform to the descriptions thereof contained in the Resolutions and (vi) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, pending or, to his or her knowledge, threatened against the District contesting in any way the completeness or accuracy of the Official Statement, the issuance of the Bonds by the County on behalf of the District or the due adoption of the District Resolution;

(8) Tax certificate(s) of the District in form(s) satisfactory to Bond Counsel;

(9) Internal Revenue Service Form(s) 8038-G, as prepared for the Bonds;

(10) Evidence satisfactory to the Underwriter that the Bonds shall have been rated “___” by Standard & Poor’s and “___” by Moody’s Investors Service (or such other equivalent rating as such rating agency may give), [based on the issuance of the Insurance Policy] and that such ratings have not been revoked or downgraded or placed under review or “Credit Alert”;

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

(i) such copies are true and correct copies of the District Resolution; and

(ii) that the District Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing.

(12) A certificate, together with a fully executed copy of the County Resolution, of the Clerk of the County Board of Supervisors to the effect that:

(a) such copy is a true and correct copy of the County Resolution; and

(b) that the County Resolution was duly adopted;

(13) A “deemed final” certificate of the appropriate official of the District with respect to the Preliminary Official Statement in accordance with the Rule;

(14) The Continuing Disclosure Agreement, signed by an appropriate official of the District and the Dissemination Agent, if any;

(15) A certificate of the Paying Agent, signed by a duly authorized officer of the Paying Agent, and in form and substance satisfactory to the Underwriter, to the effect that, to the best of such officer’s knowledge, no litigation is pending or threatened (either in state or federal courts) (A)

seeking to restrain or enjoin the delivery by the Paying Agent of any of the Bonds, or (B) in any way contesting or affecting any authority of the Paying Agent for the delivery of the Bonds or the validity or enforceability of the Bonds or any agreement with the Paying Agent;

(16) [A copy of the municipal bond insurance policy issued by _____ with respect to the Bonds, together with an opinion from general counsel to such Insurer as to the enforceability thereof and a Certificate issued by such Insurer regarding the description of the Insurer in the Official Statement and certain other matters];

(17) A copy of the submitted Report of Proposed Debt Issuance and acknowledgement, together with the Report(s) of Final Sale to be submitted to the California Debt and Investment Advisory Commission;

(18) A Preliminary Official Statement, together with a final Official Statement executed by an authorized representative of the District; and

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

F. Underwriter's Certifications. At or prior to the date of the Closing, and contemporaneously with the acceptance and delivery of the Bonds and the payment of the purchase price therefore (as set forth herein), the Underwriter shall provide to the District:

(1) the receipt of the Underwriter, in form satisfactory to the District and the County and signed by an authorized officer of the Underwriter, accepting the Bonds by the Underwriter and receipt of all documents required by the Underwriter pursuant to the terms hereof, and the satisfaction or waiver of all conditions and terms of this Purchase Agreement by the District and the County, respectively, and confirming to the District and the County that as of the Closing Date all of the representations of the Underwriter contained in this Purchase Agreement are true, complete and correct in all material respects;

(2) the certification(s) of the Underwriter, signed by an authorized officer of the Underwriter, in form satisfactory to Bond Counsel, regarding the prices at which the Bonds have been reoffered to the public, as described in section 4 hereof and such other matters relative to the Bonds as Bond Counsel may request; and

(3) [the certification(s) of the Underwriter, signed by an authorized officer of the Underwriter, in form satisfactory to Bond Counsel, that the present value of the interest saved as a result of obtaining the Insurance Policy issued by the Insurer with respect to the Bonds exceeds the premium paid for such insurance, and said premium is not unreasonable.]

G. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever, the Bonds shall not have been delivered by the District to the Underwriter for checking prior to the close of business, California Time, on a day no later than two Business Days prior to the Closing, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Section 14 hereof.

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

11. **Conditions to Obligations of the County and the District.** The performance by the County and the District of their respective obligations under this Purchase Agreement is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the County and the District and by the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than themselves.

12. **Expenses.** The Underwriter, on behalf of the District, shall pay any expenses incident to the performance of the District's obligations hereunder from the proceeds of the Bonds, including, but not limited to, the following: (i) the fees and disbursements of Bond Counsel and Disclosure Counsel; (ii) the cost of the preparation, printing and delivery of the Bonds; (iii) the fees, if any, for Bond ratings [and Bond insurance premiums,] including all expenses related to obtaining such ratings [and Bond insurance]; (iv) the cost of the printing and distribution of the Preliminary Official Statement and Official Statement; (v) the initial fees of the Paying Agent and the fees of the Fiscal Agent to pay costs of issuance; (vi) the fees and expenses of the County incurred in the issuance of the Bonds; and (vii) all other fees and expenses incident to the issuance and sale of Bonds, but only to the extent that original issue premium deposited by the Underwriter with the Fiscal Agent proves insufficient to pay the same. In the event that following payment of the expenses set forth above, the amount of \$____ deposited by the Underwriter with the Fiscal Agent to pay costs of issuance exceeds the actual costs described herein, the Underwriter or the Fiscal Agent shall remit any remaining amount to the County, on behalf of the District, and the County shall deposit such amount into the District's Debt Service Fund (as defined in the County Resolution) for the Bonds. At the time that all such costs of issuance are paid, the Underwriter, or the Fiscal Agent, shall provide the District with a complete accounting of such payments and any amounts remaining after all such payments have been made. Any expenses owing following the

depletion of said amount shall be for the account of the District. The Underwriter shall pay its out-of-pocket expenses, (other than travel incurred in connection with obtaining ratings and bond insurance, as applicable), the California Debt and Investment Advisory Commission fee and the fees and expenses of its counsel.

13. **Indemnification.** The District agrees to, and shall indemnify the County, its officers, agents, and employees against any and all losses, claims, suits, judgments, demands, damages, liabilities and expenses (including attorneys' fees and costs of investigation) of any nature arising out of any action or inaction of the District with respect to the issuance of the Bonds; provided, however, that this indemnity shall not apply to any loss, claim, suit, judgment, demand, damage, liability or expense arising out of any action or inaction of the County or Underwriter with respect to the issuance of the Bonds.

14. **Notices.** Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the County, to the Treasurer and Tax Collector's Office, County of Orange, 12 Civic Center Plaza, Room G76, Santa Ana, California 92702; if to the District, to the Deputy Superintendent, Business of Tustin Unified School District, 300 South C Street, Tustin, California 92780, or if to the Underwriter at RBC Capital Markets Corporation, 777 South Figueroa Street, Suite 850, Los Angeles, California 90017, Attn: Roderick A. Carter.

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

16. **Severability.** In the event any provision of this Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

17. **Nonassignment.** Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior written consent of the other party hereto.

18. **Entire Agreement.** This Purchase Agreement, when executed by the parties hereto, shall constitute the entire agreement of the parties hereto, including their permitted successors and assigns, respectively.

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

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

Very truly yours,

RBC CAPITAL MARKETS CORPORATION, as Underwriter

By _____
Roderick A. Carter
Managing Director

TUSTIN UNIFIED SCHOOL DISTRICT, acting on behalf of its SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 2008-1

By _____
Brock Wagner
Deputy Superintendent, of Planning Operations

Approved as to form:

County Counsel

By _____
Angelica Castillo Daftary
Deputy County Counsel

COUNTY OF ORANGE

By _____
Paul Gorman
Chief Assistant Treasurer-Tax Collector

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

ACCEPTED at _____ [a.m./p.m.] Pacific Standard Time this _____ day of _____, 2010.

EXHIBIT A

\$ _____
TUSTIN UNIFIED SCHOOL DISTRICT-
GENERAL OBLIGATION BONDS OF
SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 2008-1,
2008 ELECTION, SERIES A
(TAX-EXEMPT)

\$ _____ Current Interest Serial Bonds

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

\$ _____ % Term Bonds due August 1, 20__ yielding __%⁽¹⁾
 \$ _____ % Term Bonds due August 1, 20__ yielding __%

⁽¹⁾ Priced to the par call date of August 1, 20__.

\$ _____ Capital Appreciation Bonds

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

\$ _____ Convertible Capital Appreciation Bonds

<u>Maturity Date</u> <u>(August 1)</u>	<u>Initial</u> <u>Principal</u> <u>Amount</u>	<u>Conversion</u> <u>Date</u>	<u>Approximate</u> <u>Accretion</u> <u>Rate</u>	<u>Maturity</u> <u>Value</u>	<u>Coupon Upon</u> <u>Conversion</u>
	\$		%		

\$ _____
**TUSTIN UNIFIED SCHOOL DISTRICT-
GENERAL OBLIGATION BONDS OF
SCHOOL FACILITIES IMPROVEMENT DISTRICT
NO. 2008-1 OF THE TUSTIN UNIFIED SCHOOL DISTRICT,
2008 ELECTION, SERIES A
(BUILD AMERICA BONDS – DIRECT PAYMENT TO DISTRICT)
(FEDERALLY TAXABLE)**

\$ _____ % Current Interest Term Bond due August 1, 20____ - Yield _____%

\$ _____ % Current Interest Term Bond due August 1, 20____ - Yield _____%

TERMS OF REDEMPTION

[TO BE UPDATED]

The Capital Appreciation Bonds are not subject to optional or mandatory sinking fund redemption.

The Convertible Capital Appreciation Bonds are subject to redemption as follows:
[TO COME.]

The Current Interest Bonds are subject to redemption prior to their stated maturity dates as follows:

Optional Redemption. The Current Interest Bonds maturing on or before August 1, 20__, are not subject to redemption. The Current Interest Bonds maturing on or after August 1, 20__ may be redeemed before maturity at the option of the District, from any source of available funds, in whole, or in part, at the direction of the District, 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, without premium, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption. The \$_____ Term Taxable Bonds maturing on August 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

Redemption Date (August 1)	Mandatory Sinking Fund Payment
20__	\$
20__	
20__ ⁽¹⁾	
<hr/>	
⁽¹⁾ Maturity.	

The principal amount to be redeemed in each year shown above will be reduced proportionately, in integral multiples of \$5,000, by any portion of the \$_____ Term Taxable Bond optionally redeemed prior to the mandatory sinking fund redemption date.

The \$_____ Term Taxable Bonds maturing on August 1, 20__ shall be subject to mandatory sinking fund redemption, in part, on August 1 in each of the years and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

Redemption Date (August 1)	Mandatory Sinking Fund Payment
20__	\$
20__	
20__	
20__ ⁽¹⁾	

⁽¹⁾ Final Maturity.

The principal amount to be redeemed in each year shown above will be reduced proportionately, in integral multiples of \$5,000, by any portion of the \$_____ Term Taxable Bond optionally redeemed prior to the mandatory sinking fund redemption date.

Extraordinary Optional Redemption. Upon the occurrence of an Extraordinary Event (as defined below) the Taxable Bonds shall be subject to extraordinary optional redemption, in whole or in part, on any date at a redemption price (“Taxable Bonds Extraordinary Optional Redemption Price”) equal to the greater of (i) the principal amount of the Taxable Bonds to be redeemed, plus interest accrued to the stated redemption date, and (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Taxable Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Taxable Bonds are to be redeemed, discounted to the date on which such Taxable Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of 12, 30-day months, at the Treasury Rate plus 1.00% (as defined below) and plus interest accrued to the redemption date. Such redemption may be made from the moneys deposited therefor in the Debt Service Fund.

“Extraordinary Event” means any event whereby Section 54AA or Section 6431 of the Internal Revenue Code of 1986, as amended (as such Sections were added by Section 1531 of the Recovery Act pertaining to “Qualified Build America Bonds”) is modified, amended or interpreted in a manner pursuant to which the subsidy payments (the “Subsidy Payments”) are reduced or eliminated.

“Treasury Rate” means, as of any redemption date of any Taxable Bonds, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to such redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to the maturity date of such Taxable Bonds; provided, however, that if the period from such redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

If less than all of the Taxable Bonds are redeemed, the selection of maturities and the amounts of the Taxable Bonds of each maturity to be redeemed shall be on a *pro rata* basis, as determined by the Paying Agent.

APPENDIX B

OPINION OF COUNTY COUNSEL

\$ _____
TUSTIN UNIFIED SCHOOL DISTRICT–
GENERAL OBLIGATION BONDS OF
SCHOOL FACILITIES IMPROVEMENT DISTRICT
NO. 2008-1 OF THE TUSTIN UNIFIED SCHOOL DISTRICT,
(COUNTY OF ORANGE, CALIFORNIA)

\$ _____
2008 ELECTION, SERIES A
(TAX-EXEMPT)

\$ _____
2008 ELECTION, SERIES A
(BUILD AMERICA BONDS – DIRECT PAYMENT TO DISTRICT)
(FEDERALLY TAXABLE)

Ladies and Gentlemen:

The Office of County Counsel provides general legal advice to the County of Orange, California (the “County”). The Office of County Counsel does not represent the Tustin Unified School District or School Facilities Improvement District No. 2008-1 of the Tustin Unified School District. Legal matters which require special expertise such as securities, bankruptcy or tax laws are referred to firms which specialize in those areas.

You have asked the Office of County Counsel to render this opinion in connection with the County’s issuance of \$_____ Tustin Unified School District General Obligation Bonds of School Facilities Improvement District No. 2008-1 of the Tustin Unified School District, consisting of \$_____ 2008 Election, Series A (the “Tax-Exempt Bonds”) and \$_____ 2008 Election, Series A (Build America Bonds – Direct Payment to District (Federally Taxable) Bonds (the “Taxable Bonds,” and together with the Tax-Exempt Bonds, the “Bonds”), in the name of and on behalf of the Tustin Unified School District (the “District”), as required by law. In rendering this opinion, we have examined County Board of Supervisors’ Resolution Number _____, dated _____, 2010 (the “County Resolution”), a Bond Purchase Agreement, dated _____, 2010, by and among the County, the District and RBC Capital Markets Corporation (the “Purchase Agreement”) and originals or copies of such agreements, records, documents, certificates or other instruments of the County and of California law as we have deemed appropriate for the purposes of this opinion.

Based upon the foregoing, we are of the opinion that:

- (a) The County is a political subdivision of the State of California, validly existing under the Constitution and laws of the State of California.
- (b) The County Resolution was adopted at a meeting of the County Board of Supervisors and has not been amended, modified or rescinded.

- (c) The Purchase Agreement has been duly authorized, executed and delivered by the County, and assuming due authorization, execution and delivery by all other parties thereto, and subject to the limitations expressed within this opinion, constitutes a valid and legally binding agreement, enforceable against the County in accordance with its terms.
- (d) To the best of our knowledge, there is no action, suit, proceeding or investigation at law or in equity before any California court, pending (in which service of process has been completed against the County) against the County in any way contesting or affecting the validity of the County Resolution or challenging the respective powers of the several officers or the title of officials of the County to such offices to enter into and perform obligations thereunder wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the County Resolution.

Notwithstanding anything stated to the contrary herein:

1. We expressly decline to render any opinion regarding the taxability or tax effect (under both state and federal law) of the transactions that are the subject of this letter, including, but not limited to, the Bonds.
2. We express no opinion or view with respect to the accuracy or completeness of the preliminary official statement, official statement or any other disclosure document or documents with respect to the Bonds.
3. We express no opinion with respect to the validity or legality of any actions of the District with respect to the Bonds, including, but not limited to, the election approving issuance of general obligation bonds, the use of Bonds proceeds or any actions of the District's Board of Education.
4. This opinion is based on the existing laws of the State of California as of this date; and we expressly decline to render any opinion as to any laws or regulations of other states or jurisdictions including federal law and regulations as they may pertain to the Bonds, the County Resolution and the Purchase Agreement, or with respect to the effect of noncompliance under any such laws and regulations of any other jurisdiction including Federal law and regulations, and Blue Sky laws.
5. This opinion is furnished for you and is solely for your benefit. It may not be relied upon by any other person or entity however organized.
6. This opinion is given as of this date, and we expressly decline any undertaking to advise you of any matters subsequent to the date hereof which would cause us to amend any portion of the foregoing in whole or in part.
7. Whenever a statement herein is qualified by "to the best of our knowledge" or similar phrase, it is intended to indicate that those attorneys in this office who have rendered legal services in connection with the issuance of the Bonds, following the exercise of reasonable diligence, do not have current knowledge of the inaccuracy of such statement.

8. We expressly decline to render any opinion with respect to the attachment, perfection or priority of any security interest.

9. The opinions set forth herein are subject to applicable limitations of bankruptcy or equitable principles affecting the enforcement of creditors' rights. The enforcement of the County Resolution and Purchase Agreement are subject to the effect of the general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, and the possible unavailability of specific performance or injunctive relief, regardless of whether considered in a proceeding in equity or at law, and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California.

Please be advised that we are not bond counsel for the Bonds and have no expertise in the matters related to or in connection with the Bonds.

Very truly yours,

NICHOLAS S. CHRISOS
COUNTY COUNSEL

By _____
Angelica Castillo Daftary, Deputy County Counsel

EXHIBIT "B"

FORM OF CURRENT INTEREST BOND

**STATE OF CALIFORNIA
REGISTERED
NO.**

**COUNTY OF ORANGE
REGISTERED
\$**

**TUSTIN UNIFIED SCHOOL DISTRICT -
GENERAL OBLIGATION BOND OF SCHOOL FACILITIES IMPROVEMENT
DISTRICT NO. 2008-1 OF THE TUSTIN UNIFIED SCHOOL DISTRICT,
2008 ELECTION, SERIES A
(Orange County, California)**

INTEREST RATE: MATURITY DATE: DATED AS OF: CUSIP®:

_____ % August 1, 20__ _____, 2010 _____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 2008-1 OF THE TUSTIN UNIFIED SCHOOL DISTRICT ("District") in Orange County, California ("County"), for value received, hereby promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 ("Bond Payment Dates"), commencing February 1, 2011. This Bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2011, in which event it shall bear interest from _____, 2010. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this Bond (or, if applicable, on one or more predecessor Bonds) is registered ("Registered Owner") on the Register maintained by the Paying Agent, initially U.S. Bank National Association. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal is payable upon presentation and surrender of this Bond at the Office of the Paying Agent. Interest is payable by check or draft mailed by the Paying Agent on each Bond Payment Date to the Registered Owner of this Bond (or one or more predecessor bonds) as shown and at the address appearing on the Register at the close of business on the 15th day of the calendar month next preceding that Bond Payment Date ("Record Date"). The Registered Owner of an aggregate Principal Amount of \$1,000,000 or more may request in writing to the Paying Agent that such Registered Owner be paid interest by wire

transfer to the bank within the United States of America and account number on file with the Paying Agent as of the Record Date.

This Bond is one of an aggregate amount of \$_____ of Bonds issued to be used for the acquisition and construction of school facilities to serve the Tustin Unified School District (“School District”) under authority of and pursuant to the laws of the State of California, and the requisite fifty-five percent (55%) favorable vote of the electors of the School District obtained at an election held on November 4, 2008, upon the question of issuing Bonds in the amount of \$95,000,000, the resolution of the Board of Education of the School District, acting on behalf of the Improvement District, adopted on February 9, 2010 (“District Resolution”), and the resolution of the County Board of Supervisors adopted on _____, 2010 (“County Resolution”). This Bond and the issue of which this Bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount. The Bonds of this issue are general obligations of the School District, on behalf of the District, and do not constitute an obligation of the County. No part of any fund of the County is pledged or obligated to the payment of the Bonds of this issue.

The Bonds of this issue comprise (i) \$_____ principal amount of Current Interest Bonds, of which this Bond is a part, (ii) Capital Appreciation Bonds of which \$_____ represents the principal amount and \$_____ represents the Maturity Value, and (iii) Convertible Capital Appreciation Bonds, and of which \$_____ represents the principal amount and \$_____ represents the Conversion Value.

The Bonds of this issue are issuable only as fully registered bonds in the denominations of \$5,000 or any integral multiple thereof. This Bond is exchangeable and transferable for Bonds of other authorized denominations at the principal corporate trust office of the Paying Agent, by the Registered Owner or by a person legally empowered to do so, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the County Resolution. Any tax or governmental charges shall be paid by the transferor. The School District, the County and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this Bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the School District, the County nor the Paying Agent shall be affected by any notice to the contrary.

The Current Interest Bonds maturing on or before August 1, 20__, are not subject to redemption prior to maturity. The Current Interest Bonds maturing on or after August 1, 20__, are subject to redemption at the option of the District, as a whole or in part as directed by the District, and if not so directed [*terms to be set out in final Purchase Agreement*], from any source of available funds, on August 1, 20__, or on any date thereafter at the principal amount thereof, plus accrued interest thereon to the redemption date, without premium:

<u>Redemption Dates</u>	<u>Redemption Price</u>
August 1, 20__ and thereafter	100.0%

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

[The Bonds maturing on August 1, 20__, are subject to mandatory sinking fund redemption in part by lot, on August 1 of each year, commencing August 1, 20__, and on each August 1 thereafter in accordance with the schedule set forth below. The Bonds so called for mandatory sinking fund redemption shall be redeemed at the principal amount of such Bonds to be redeemed, plus accrued but unpaid interest, without premium.

<u>Redemption Year</u>	<u>Principal Amount</u>
_____	_____
_____	_____
_____ (maturity)	_____]

[Terms for Extraordinary Optional Redemption to be input]

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by the District, and in the absence of such selection, *[terms for selection to be determined in final Purchase Agreement]*; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, the Paying Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000. If less than all of the Bonds shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be selected *[terms for selection to be determined in final Purchase Agreement]*.

The Paying Agent shall give notice of the Redemption of the Bonds at the expense of the District. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed; (b) the serial or registration numbers and CUSIP® numbers, if any, of the Bonds to be redeemed; (c) the date of notice and the date of redemption; (d) the place or places where the redemption will be made; and (e) descriptive information regarding the issue of Bonds and the specific bonds redeemed, including the dated date, interest rate and stated maturity date of each. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, together with interest accrued to said date, the redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue.

Notice of redemption shall be by registered or otherwise secured mail or delivery service, postage prepaid, to the Registered Owner of the Bonds, or if the original purchaser is a syndicate, to the managing member of such syndicate, to a municipal registered securities depository and to a national information service that disseminates securities redemption notices and, by first class mail, postage prepaid, to the District, the County and the respective owners of any registered Bonds designated for redemption at their addresses appearing on the Bond registration books, in every case at least thirty (30) days, but not more than sixty (60) days, prior to the redemption date; provided that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds, nor entitle the Registered Owner thereof to interest beyond the date given for redemption.

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

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

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

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

IT IS CERTIFIED AND RECITED that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the Bonds by the County 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 County Resolution until the Certificate of Authentication below has been signed.

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

ORANGE COUNTY, CALIFORNIA

-EXHIBIT-

By: _____
Chair, Board of Supervisors

-EXHIBIT-

By: _____
Treasurer-Tax Collector

COUNTERSIGNED:

-EXHIBIT-

By: _____
Clerk of the Board of Supervisors

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the County Resolution referred to herein.

Date of Registration and Authentication: _____

U.S. BANK NATIONAL ASSOCIATION, Paying Agent, as authenticating agent:

-EXHIBIT-

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

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

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

Date: _____

-EXHIBIT-

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

Signature Guaranteed:

-EXHIBIT-

Signature must be guaranteed by an eligible guarantor institution.

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

[FORM OF LEGAL OPINION]

[Text of Opinion]

EXHIBIT "C"

FORM OF CAPITAL APPRECIATION BOND

**STATE OF CALIFORNIA
REGISTERED
NO.**

**COUNTY OF ORANGE
REGISTERED
\$
(MATURITY VALUE)**

**TUSTIN UNIFIED SCHOOL DISTRICT -
GENERAL OBLIGATION BOND OF SCHOOL FACILITIES IMPROVEMENT
DISTRICT NO. 2008-1 OF THE TUSTIN UNIFIED SCHOOL DISTRICT,
2008 ELECTION, SERIES A
(Orange County, California)**

ACCRETION RATE: MATURITY DATE: DATE OF ISSUANCE: CUSIP®:

_____ % August 1, 20____ _____, 2010 _____

REGISTERED OWNER: CEDE & CO.

DENOMINATIONAL AMOUNT:

MATURITY VALUE:

SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 2008-1 OF THE TUSTIN UNIFIED SCHOOL DISTRICT ("District") in Orange County, California ("County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Maturity Value on the Maturity Date, each as stated above, which Maturity Value is comprised of the Denominational Amount specified above plus interest compounded from the Date of Issuance at the Accretion Rate specified above, assuming that the sum of such compounded interest and the Denominational Amount hereof increases in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months (interest, together with the Denominational Amount hereof, being herein called the "Accreted Value"). Accreted Value is payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this Bond is registered ("Registered Owner") on the Bond Register maintained by the Paying Agent, initially U.S. Bank National Association. Accreted Value is payable upon presentation and surrender of this Bond at the Office of the Paying Agent.

This Bond is one of an aggregate amount of \$_____ of Bonds issued to be used for the acquisition and construction of school facilities to serve the Tustin Unified School District

("School District") under authority of and pursuant to the laws of the State of California, and the requisite fifty-five percent (55%) favorable vote of the electors of the School District obtained at an election held on November 4, 2008, upon the question of issuing Bonds in the amount of \$95,000,000, the resolution of the Board of Education of the School District, acting on behalf of the Improvement District, adopted on February 9, 2010 ("District Resolution"), and the resolution of the County Board of Supervisors adopted on _____, 2010 ("County Resolution"). This Bond and the issue of which this Bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount. The Bonds of this issue are general obligations of the School District, on behalf of the District, and do not constitute an obligation of the County. No part of any fund of the County is pledged or obligated to the payment of the Bonds of this issue.

The Bonds of this issue comprise (i) \$_____ principal amount of Current Interest Bonds, (ii) Capital Appreciation Bonds, of which this Bond is a part, of which \$_____ represents the principal amount and \$_____ represents the Maturity Value, and (iii) Convertible Capital Appreciation Bonds, and of which \$_____ represents the principal amount and \$_____ represents the Conversion Value.

The Bonds of this issue are issuable only as fully registered bonds in the denominations of \$5,000 of Maturity Value or any integral multiple thereof. This Bond is exchangeable and transferable for Bonds of other authorized denominations at the principal corporate trust office of the Paying Agent, by the Registered Owner or by a person legally empowered to do so, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the County Resolution. Any tax or governmental charges shall be paid by the transferor. The School District, the County and the Paying Agent may deem and treat the Registered Owner as the absolute Owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the School District, the County nor the Paying Agent shall be affected by any notice to the contrary.

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

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

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

(MANDATORY REDEMPTION TABLE)]

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

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

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

IT IS CERTIFIED AND RECITED that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the Bonds by the County 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 County Resolution until the Certificate of Authentication below has been signed.

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

ORANGE COUNTY, CALIFORNIA

-EXHIBIT-

By: _____
Chair, Board of Supervisors

-EXHIBIT-

By: _____
Treasurer-Tax Collector

COUNTERSIGNED:

-EXHIBIT-

By: _____
Clerk of the Board of Supervisors

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the County Resolution referred to herein.

Date of Registration and Authentication: _____

U.S. BANK NATIONAL ASSOCIATION, Paying Agent, as authenticating agent:

-EXHIBIT-

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

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

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

Date: _____

-EXHIBIT-

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

Signature Guaranteed:

-EXHIBIT-

Signature must be guaranteed by an eligible guarantor institution.

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

[FORM OF LEGAL OPINION]

[Text of Opinion]

EXHIBIT "D"

FORM OF CONVERTIBLE CAPITAL APPRECIATION BOND

**STATE OF CALIFORNIA
REGISTERED
NO.**

**COUNTY OF ORANGE
REGISTERED
\$
(CONVERSION VALUE)**

**TUSTIN UNIFIED SCHOOL DISTRICT -
GENERAL OBLIGATION BOND OF SCHOOL FACILITIES IMPROVEMENT
DISTRICT NO. 2008-1 OF THE TUSTIN UNIFIED SCHOOL DISTRICT,
2008 ELECTION, SERIES A
(Orange County, California)**

<u>ACCRETION RATE TO CONVERSION DATE</u>	<u>CONVERSION DATE</u>	<u>INTEREST RATE AFTER THE CONVERSION DATE</u>	<u>MATURITY DATE</u>	<u>DATED AS OF</u>	<u>CUSIP®</u>
_____ %	_____, 20__	_____ %	August 1, 20__	_____, 2010	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

CONVERSION VALUE:

SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 2008-1 OF THE TUSTIN UNIFIED SCHOOL DISTRICT ("District") in Orange County, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Conversion Value on the Maturity Date, each as stated above, such Conversion Value comprising the principal amount and interest accreted thereon to the Conversion Date. Prior to the Conversion Date, this bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing August 1, 2010, at the Accretion Rate specified above to the Conversion Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the principal amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months. After the Conversion Date, the District promises to pay to the Registered Owner named above, interest on the Conversion Value from the Conversion Date until the Conversion Value is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year ("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. Conversion Value and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (“Registered Owner”) on the register maintained by the Paying Agent, initially U.S. Bank National Association, as agent of the Treasurer and Tax Collector of the Los Angeles County. Accreted Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the principal office of the Paying Agent.

This Bond is one of an aggregate amount of \$_____ of Bonds issued to be used for the acquisition and construction of school facilities to serve the Tustin Unified School District (“School District”) under authority of and pursuant to the laws of the State of California, and the requisite fifty-five percent (55%) favorable vote of the electors of the School District obtained at an election held on November 4, 2008, upon the question of issuing Bonds in the amount of \$95,000,000, the resolution of the Board of Education of the School District, acting on behalf of the Improvement District, adopted on February 9, 2010 (“District Resolution”), and the resolution of the County Board of Supervisors adopted on _____, 2010 (“County Resolution”). This Bond and the issue of which this Bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount. The Bonds of this issue are general obligations of the School District, on behalf of the District, and do not constitute an obligation of the County. No part of any fund of the County is pledged or obligated to the payment of the Bonds of this issue.

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

This Bond is exchangeable and transferable for bonds of like tenor, maturity and Transfer Amount (as defined in the County Resolution) and in other authorized denominations at the principal corporate trust office of the Paying Agent, by the Registered Owner or by a person legally empowered to do so, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the County Resolution. Any tax or governmental charges shall be paid by the transferor. The School District, the County and the Paying Agent may deem and treat the Registered Owner as the absolute Owner of this bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the School District, the County nor the Paying Agent shall be affected by any notice to the contrary.

Neither the School District, the County nor the Paying Agent will be required (a) to issue or transfer any Bond during a period beginning with the opening of business on the 15th day of the month next preceding either any Bond Payment Date or any date of selection of Bonds to be

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

The Convertible Capital Appreciation Bonds are subject to redemption prior to maturity. [*redemption provisions provided in final Purchase Agreement*]

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

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

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

IT IS CERTIFIED AND RECITED that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the Bonds by the County 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 County Resolution until the Certificate of Authentication below has been signed.

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

ORANGE COUNTY, CALIFORNIA

-EXHIBIT-

By: _____
Chair, Board of Supervisors

-EXHIBIT-

By: _____
Treasurer-Tax Collector

COUNTERSIGNED:

-EXHIBIT-

By: _____
Clerk of the Board of Supervisors

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the County Resolution referred to herein.

Date of Registration and Authentication: _____

U.S. BANK NATIONAL ASSOCIATION, Paying Agent, as authenticating agent:

-EXHIBIT-

By: _____
Authorized Signatory

FORM OF ASSIGNMENT

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

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

Date: _____

-EXHIBIT-

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

Signature Guaranteed:

-EXHIBIT-

Signature must be guaranteed by an eligible guarantor institution.

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

[FORM OF LEGAL OPINION]

[Text of Opinion]