

**Western Placer Unified School District**  
**Regular Meeting of the Board of Trustees**  
October 4, 2011, 7:00 P.M.  
**LINCOLN HIGH SCHOOL – PERFORMING ARTS THEATER**  
790 J Street, Lincoln, CA 95648

## **AGENDA**

**2011-2012 Goals & Objectives (G & O) for the Management Team:** Component I: Quality Student Performance; Component II: Curriculum Themes; Component III: Special Student Services; Component IV: Staff & Community Relations; Component V: Facilities/Administration/Budget.

**All Open Session Agenda related documents are available to the public for viewing at the Western Placer Unified School District Office located at 600 Sixth Street, Fourth Floor in Lincoln, CA 95648.**

### **6:15 P.M. START**

- 1. CALL TO ORDER** – Lincoln High School Performing Arts Theater

### **6:20 P.M.**

- 2. CLOSED SESSION** – Lincoln High School - Office Conference Room

- 2.1 CONFERENCE WITH LABOR NEGOTIATOR**

Bargaining groups: WPTA & CSEA Negotiations

Agency Negotiators: Scott Leaman, Superintendent, Mary Boyle, Deputy Superintendent of Educational Services, Ryan Davis, Director of Human Services  
Joyce Lopes, Assistant Superintendent of Business Services

- 2.2 PERSONNEL**

- PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE**

Public Employee Discipline/Dismissal/Release - CL 11/12.1

- 2.3 INTERDISTRICT ATTENDANCE APPEAL**

- a. Interdistrict Request Appeal 11/12 - 36

### **7:00 P.M.**

- 3. ADJOURN TO OPEN SESSION/PLEDGE OF ALLEGIANCE**—Lincoln High Theater  
The Board of Trustees will disclose any action taken in Closed Session regarding the following items:

- 3.1 CONFERENCE WITH LABOR NEGOTIATOR**

Bargaining groups: WPTA & CSEA Negotiations

Agency Negotiators: Scott Leaman, Superintendent, Mary Boyle, Deputy Superintendent of Educational Services, Ryan Davis, Director of Human Services  
Joyce Lopes, Assistant Superintendent of Business Services

- 3.2 PERSONNEL**

- PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE**

Public Employee Discipline/Dismissal/Release - CL 11/12.1

- 3.3 INTERDISTRICT ATTENDANCE APPEAL**

- a. Interdistrict Request Appeal 11/12 - 36

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**4. CONSENT AGENDA****NOTICE TO THE PUBLIC**

All items on the Consent Agenda will be approved with one motion, which is not debatable and requires a unanimous vote for passage. If any member of the Board, Superintendent, or the public, so request, items may be removed from this section and placed in the regular order of business following the approval of the consent agenda.

- 4.1 Approval of Meeting Minutes for:
  - September 6, & 20, 2011 Regular Board of Trustee Meeting
- 4.2 Approval of Warrants
- 4.3 Classified Personnel Report
- 4.4 Certificated Personnel Report
- 4.5 Approve Student Discipline/Stipulated Expulsion for Students #11-12 D & F.
- 4.6 Approve Long-Term English Learners & Better to Best Program

*Roll call vote:*

**5. COMMUNICATION FROM THE PUBLIC**

This portion of the meeting is set aside for the purpose of allowing an opportunity for individuals to address the Board regarding matters not on the agenda, but within the board's subject matter jurisdiction. The Board is not allowed to take action on any item, which is not on the agenda except as authorized by Government Code Section 54954.2. Request forms for this purpose "Request to Address Board of Trustees" are located at the entrance to the Performing Arts Theater. Request forms are to be submitted to the Board Clerk prior to the start of the meeting.

**6. REPORTS & COMMUNICATION**

- 6.1 Lincoln High School, Student Advisory – Isabella Franco
- 6.2 Western Placer Teacher's Association – Mike Agrippino
- 6.3 Western Placer Classified Employee Association – Mike Kimbrough
- 6.4 Superintendent - Scott Leaman

**7. PUBLIC HEARING**

Education Code 60119 requires that the governing board of a school district hold an annual instructional materials public hearing to determine whether the district has sufficient standards-aligned textbooks or instructional materials for students in each of its schools. A ten-day notice of the public hearing is required. Notices of Public hearing were sent to news media and to our local schools on September 14, 2011.

**8. ♦ACTION ♦DISCUSSION ♦INFORMATION**

Members of the public wishing to comment on any items should complete a yellow **REQUEST TO ADDRESS BOARD OF TRUSTEES** form located on the table at the entrance to the Performing Arts Theater. Request forms are to be submitted to the Board Clerk before each item is discussed.

**8.1 Action****APPROVE RESOLUTION 11/12.5 RE INSTRUCTIONAL MATERIALS - Boyle (11-12 G & O Component I, II, III, V, IV)**

- Education Code 60119 requires that the governing board of a school district hold an annual instructional materials public hearing to determine whether the district has sufficient standards-aligned textbooks and instructional materials for students in each of its schools.

*Roll call vote:*

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**8.2 Action      APPROVAL OF DOCUMENTS AND RESOLUTION 11/12.6  
RELATED TO REFUNDING OF CERTIFICATES OF****PARTICIPATION - Lopes (11-12 G & O Component I, II, III, V, IV)**

•The district had five series of outstanding issuances of adjustable interest rate certificates of participation ("COPs") issued between 2003 and 2006. Annual debt service payments on these COPs were originally intended to be paid from a combination of CFD special tax proceeds and developer fees. In 2008, the district embarked on a COPs restructuring plan to create a debt repayment schedule that reflects the timing of the receipt of known revenue sources and secure fixed interest rates for budgeting purposes. Since 2008, the district has refinanced and restructured four of the five COPs series totaling \$130 million. Restructuring the 2006A COPs is the remaining piece of the puzzle. Tonight, the Board is requested to approve the resolution authorizing the sale of the 2011 Series refunding COPs, to refund the 2006 Series A COPs, and the form of the related financing documents.

*Roll call vote:*

**8.      BOARD OF TRUSTEES****8.1      FUTURE AGENDA ITEMS**

The following are a number of agenda items that the Board of Trustees has been monitoring. They are NOT action items for tonight's meeting, but are noted here for continuing purposes and to ensure that when there are changes or new information they will be called up as Action/Discussion/Information.

- Relationship with Sierra Community College
- Twelve Bridges High School
- Lincoln Crossing Elementary South/Facilities Update

**8.2      BOARD MEMBER REPORTS/COMMENTS****9.      ESTABLISHMENT OF NEXT MEETING(S)**

The President will establish the following meeting(s):

- October 18, 2011 7:00 P.M., Regular Meeting of the Board of Trustee, Lincoln Crossing Elementary School

**10.      ADJOURNMENT**

**BOARD BYLAW 9320:** Individuals requiring disability-related accommodations or modifications including auxiliary aids and services in order to participate in the Board meeting should contact the Superintendent or designee in writing at least two days prior to meeting date. (American Disabilities Act) Government Code 54954.1

**Posted: 093011**

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**DISCLOSURE  
OF ACTION  
TAKEN IN  
CLOSED SESSION,  
IF ANY**



# Western Placer Unified School District

## CLOSED SESSION AGENDA

Place: Lincoln High School – Main Office Conference Room

Date: Tuesday, October 4, 2011

Time: 6:20 P.M.

1. LICENSE/PERMIT DETERMINATION
  2. SECURITY MATTERS
  3. CONFERENCE WITH REAL PROPERTY NEGOTIATOR
  4. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
  5. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
  6. LIABILITY CLAIMS
  7. THREAT TO PUBLIC SERVICES OR FACILITIES
  8. **PERSONNEL**
    - \* PUBLIC EMPLOYEE APPOINTMENT
    - \* PUBLIC EMPLOYEE EMPLOYMENT
    - \* PUBLIC EMPLOYEE PERFORMANCE EVALUATION
    - \* **PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE**
    - \* COMPLAINTS OR CHARGES AGAINST AN EMPLOYEE
  9. **CONFERENCE WITH LABOR NEGOTIATOR**
  10. **STUDENTS**
    - \* STUDENT DISCIPLINE/EXPULSION PURSUANT TO E.C. 48918
    - \* STUDENT PRIVATE PLACEMENT
    - \* **INTERDISTRICT ATTENDANCE APPEAL**
    - \* STUDENT ASSESSMENT INSTRUMENTS
    - \* STUDENT RETENTION APPEAL, Pursuant to BP 5123
- 
1. **LICENSE/PERMIT DETERMINATION**
    - a. Specify the number of license or permit applications.
  2. **SECURITY MATTERS**
    - a. Specify law enforcement agency
    - b. Title of Officer,
  3. **CONFERENCE WITH REAL PROPERTY NEGOTIATOR**
    - a. Property: specify the street address, or if no street address the parcel number or unique other reference to the property under negotiation.
    - b. Negotiating parties: specify the name of the negotiating party, not the agent who directly or through an agent will negotiate with the agency's agent.

- c. Under negotiations: specify whether the instructions to the negotiator will concern price, terms of payment or both.
4. **CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION**
  - a. Name of case: specify by reference to claimant's name, names or parties, case or claim number.
  - b. Case name unspecified: specify whether disclosure would jeopardize service of process or existing settlement negotiations.
5. **CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION**
  - a. Significant exposure to litigation pursuant to subdivision (b) of Government Code section 54956.9 (if the agency expects to be sued) and also specify the number of potential cases.
  - b. Initiation of litigation pursuant to subdivision (c) of Government Code Section 54956.9 (if the agency intends to initiate a suit) and specify the number of potential cases.
6. **LIABILITY CLAIMS**
  - a. Claimant: specify each claimants name and claim number (if any). If the claimant is filing a claim alleging district liability based on tortuous sexual conduct or child abuse, the claimant's name need not be given unless the identity has already been publicly disclosed.
  - b. Agency claims against.
7. **THREATS TO PUBLIC SERVICES OR FACILITIES**
  - a. Consultation with: specify name of law enforcement agency and title of officer.
8. **PERSONNEL:**
  - A. **PUBLIC EMPLOYEE APPOINTMENT**
    - a. Identify title or position to be filled.
  - B. **PUBLIC EMPLOYEE EMPLOYMENT**
    - a. Identify title or position to be filled.
  - C. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION**
    - a. Identify position of any employee under review.
  - D. **PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE**
    - a. It is not necessary to give any additional information on the agenda.
  - E. **COMPLAINTS OR CHARGES AGAINST AN EMPLOYEE, UNLESS EMPLOYEE REQUESTS OPEN SESSION**
    - a. No information needed
9. **CONFERENCE WITH LABOR NEGOTIATOR**
  - a. Name any employee organization with whom negotiations to be discussed are being conducted.
  - b. Identify the titles of unrepresented individuals with whom negotiations are being conducted.
  - c. Identify by name the agency's negotiator
10. **STUDENTS:**
  - A. **STUDENT DISCIPLINE/EXPULSION PURSUANT TO E.C. 48918**
  - B. **STUDENT PRIVATE PLACEMENT**
    - Pursuant to Board Policy 6159.2
  - C. **INTERDISTRICT ATTENDANCE APPEAL**
    - a. Education Code 35146 and 48918
  - D. **STUDENT ASSESSMENT INSTRUMENTS**
    - a. Reviewing instrument approved or adopted for statewide testing program.
  - E. **STUDENT RETENTION/ APPEAL**
    - a. Pursuant to Board Policy 5123

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEE MEETING FACT SHEET**

**MISSION STATEMENT:** Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

**DISTRICT GLOBAL GOALS**

1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
2. Foster a safe, caring environment where individual differences are valued and respected.
3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.
4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.

**SUBJECT:**

Bargaining Groups:

WPTA & CSEA Negotiations

Agency Negotiators:

Scott Leaman, Superintendent

Mary Boyle, Deputy Superintendent

Ryan Davis, Director of Human Services

Joyce Lopes, Assistant Superintendent  
of Business Services

**AGENDA ITEM AREA:**

Disclosure of action taken in  
closed session

**REQUESTED BY:**

Ryan Davis

Director of Human Services

**ENCLOSURES:**

No

**DEPARTMENT:**

Personnel

**FINANCIAL INPUT/SOURCE:**

N/A

**MEETING DATE:**

October 4, 2011

**ROLL CALL REQUIRED:**

No

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**BACKGROUND:**

Labor Negotiator will give the Board of Trustees an update on Western Placer Teachers Association & Classified Schools Employee Association Bargaining Groups.

**ADMINISTRATION RECOMMENDATION:**

Administration recommends the board of trustees be updated on negotiations.

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEE MEETING FACT SHEET**

**MISSION STATEMENT:** Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

**DISTRICT GLOBAL GOALS**

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4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.

**SUBJECT:**

Public Employee Discipline/  
Dismissal/Release

- CL 11/12.1

**AGENDA ITEM AREA:**

Closed Session

**REQUESTED BY:**

Ryan Davis  
Director, Human Services

**ENCLOSURES:**

Yes

**DEPARTMENT:**

Personnel

**FINANCIAL INPUT/SOURCE:**

General/Categorical

**MEETING DATE:**

October 4, 2011

**ROLL CALL REQUIRED:**

Yes (Closed Session)

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**BACKGROUND:**

Board of Trustees will disclose any action taken in closed session in regard to Employee # CL 11/12.1 Discipline/Dismissal/Release.

**RECOMMENDATION:**

Administration recommends the Board of Trustees disclose action taken in closed session in regard to Employee # CL 11/12.1 Discipline/Dismissal/Release.

3.2

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEE MEETING FACT SHEET**

**MISSION STATEMENT:** Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

**DISTRICT GLOBAL GOALS**

1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
2. Foster a safe, caring environment where individual differences are valued and respected.
3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.
4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.

**SUBJECT:**

Interdistrict Appeal

**AGENDA ITEM AREA:**

Disclosure of Action Taken in  
Closed Session

**REQUESTED BY:**

Scott Leaman,  
Superintendent

**ENCLOSURES:**

No

**DEPARTMENT:**

Administration

**FINANCIAL INPUT/SOURCE:**

N/A

**MEETING DATE:**

October 4, 2011

**ROLL CALL REQUIRED:**

No

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**BACKGROUND:**

The Board of Trustees will discuss disclose any action taken in closed session regarding the following transfer appeals:

- Interdistrict Request Appeal 11/12 - 36

**ADMINISTRATION RECOMMENDATION:**

Disclose any action taken.

wp/rk/factform

3.3

**CONSENT**

**AGENDA**

**ITEMS**

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEE MEETING FACT SHEET**

**MISSION STATEMENT:** Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

**DISTRICT GLOBAL GOALS**

1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
2. Foster a safe, caring environment where individual differences are valued and respected.
3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.
4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.

**SUBJECT:**

Approval of Minutes:

- September 6 & 20, 2011 -  
Regular Board Meeting

**AGENDA ITEM AREA:**

CONSENT AGENDA

**REQUESTED BY:**

Scott Leaman,  
Superintendent

**ENCLOSURES:**

Yes

**DEPARTMENT:**

Administration

**FINANCIAL INPUT/SOURCE:**

N/A

**MEETING DATE:**

October 4, 2011

**ROLL CALL REQUIRED:**

No

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**BACKGROUND:**

The Board of Trustees will consider adoption of the following minutes:

- September 6 & 20, 2011 – Regular Board Meeting

**RECOMMENDATION:**

Administration recommends the Board of Trustees take action to approve minutes.

Western Placer Unified School District  
**Regular Meeting of the Board of Trustees**  
September 6, 2011, 7:00 P.M.  
**LINCOLN HIGH SCHOOL – PERFORMING ARTS THEATER**  
790 J Street, Lincoln, CA 95648

## MINUTES

**2011-2012 Goals & Objectives (G & O) for the Management Team:** Component I: Quality Student Performance; Component II: Curriculum Themes; Component III: Special Student Services; Component IV: Staff & Community Relations; Component V: Facilities/Administration/Budget.

**All Open Session Agenda related documents are available to the public for viewing at the Western Placer Unified School District Office located at 600 Sixth Street, Fourth Floor in Lincoln, CA 95648.**

**MEMBERS PRESENT:**

Paul Long, Vice President  
Kris Wyatt, Clerk  
Brian Haley, Member  
Damian Armitage, Member

**MEMBERS ABSENT:**

Paul Carras, President

**OTHERS PRESENT:**

Scott Leaman, Superintendent  
Mary Boyle, Deputy Superintendent of Curriculum  
Ryan Davis, Director of Personnel Services  
Rosemary Knutson, Secretary to the Superintendent  
Stephanie Dumm, Lincoln News Messenger

**6:10 P.M. START**

1. **CALL TO ORDER** – Lincoln High School Performing Arts Theater

**6:15 P.M.**

2. **CLOSED SESSION** – Lincoln High School - Office Conference Room

- 2.1 **CONFERENCE WITH LABOR NEGOTIATOR**

Bargaining groups: WPTA & CSEA Negotiations  
Agency Negotiators: Scott Leaman, Superintendent, Mary Boyle, Deputy Superintendent of Educational Services, Ryan Davis, Director of Human Services  
Joyce Lopes, Assistant Superintendent of Business Services

- 2.2 **PERSONNEL**

**PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE**

- 2.3 **INTERDISTRICT ATTENDANCE APPEAL**

- a. Interdistrict Request Appeal 11/12 - 33
    - b. Interdistrict Request Appeal 11/12 - 34

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**7:00 P.M.**

- 3. ADJOURN TO OPEN SESSION/PLEDGE OF ALLEGIANCE**—Lincoln High Theater  
The Board of Trustees will disclose any action taken in Closed Session regarding the following items:

**3.1 CONFERENCE WITH LABOR NEGOTIATOR**

Bargaining groups: WPTA & CSEA Negotiations

Agency Negotiators: Scott Leaman, Superintendent, Mary Boyle, Deputy

Superintendent of Educational Services, Ryan Davis, Director of Human Services

Joyce Lopes, Assistant Superintendent of Business Services

No action taken

**3.2 PERSONNEL**

**PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE**

No action taken

**3.3 INTERDISTRICT ATTENDANCE APPEAL**

- a. Interdistrict Request Appeal 11/12 – 33

Motion by Mrs. Wyatt, seconded by Mr. Haley, and passed by a 4-0 vote to deny transfer appeal.

- b. Interdistrict Request Appeal 11/12 – 34

Motion by Mr. Armitage, seconded by Mrs. Wyatt, and passed by a 4-0 vote to deny transfer appeal.

**4. SPECIAL ORDER OF BUSINESS**

Lincoln Kiwanis Presentation

Members of the Local Kiwanis Club presented each elementary school with a check in the amount of \$1,000.00 to be used for whatever is need for their school.

**5. CONSENT AGENDA**

- 5.1 Approval of Meeting Minutes for:

- August 2, & 16<sup>th</sup>, 2011 Regular Board of Trustee Meeting

- 5.2 Approval of Warrants

- 5.3 Classified Personnel Report

- 5.4 Certificated Personnel Report

- 5.5 Ratification of revised Job Description for District ELD and Intervention Program Secretary.

- 5.6 Approve MOU with PCOE for Teaching American History Professional Development Program.

- 5.7 Approve MOU with PCOE for SUCCESS Math Grant Program.

- 5.8 Approve Discipline/Re-Entry Expulsion Students # 10-11 A, B, C, K, and M.

- 5.9 Approve Lincoln Kiwanis donation to Twelve Bridges Middle School.

- 5.10 Report of Disclosure Requirements for Quarterly Reports of Investments.

4.1.2

- 5.10 Report of Disclosure Requirements for Quarterly Reports of Investments.
- 5.11 Approve California State University Piggyback Contract Use for Future Lease Purchases of Cannon U.S.A., Inc., Copiers.
- 5.12 Ratify Lease Purchases of two Copiers from Ray Morgan Company.

Motion by Mrs. Wyatt, seconded by Mr. Armitage, and passed by a 4-0 roll call vote to approve consent agenda as presented, with the corrections to the August 16th minutes.  
Roll call vote: Haley, Armitage, Wyatt, Long.

**6. COMMUNICATION FROM THE PUBLIC**

No communication from the public.

**7. REPORTS & COMMUNICATION**

- 7.1 Lincoln High School, Student Advisory – Isabella Franco was not present
- 7.2 Western Placer Teacher's Association – Mike Agrippino shared a short report, reporting school got off on great start, and will be meeting with Scott to discuss the emergency process for our district. He shared information on a piece in an article from September 2<sup>nd</sup> issue of the Sacramento Bee, regarding the transportation, but also indicated Teachers and Superintendent got raises two years ago. His hope is the media have all the facts before writing articles.
- 7.3 Western Placer Classified Employee Association – Mike Kimbrough had no report
- 7.4 Superintendent - Scott Leaman reported the following:
  - The district had a good start
  - Our district is not taking huge financial hits, the employees took hits to keep programs in place, but we will see more cuts next year. Will be doing debriefs on the tanker fire with Administration.

**8. ♦ACTION ♦DISCUSSION ♦INFORMATION**

**8.1 Action**      **AVENTA K/12 LEARNING CONTRACT - Boyle (11-12 G & O Component I, II, IV)**

- Western Placer Unified School District is committed to providing appropriate and innovative instructional programs to its students. Last year, Lincoln High School and Phoenix High School experimented with limited online courses for the purposes of credit recovery for high school students who were behind on credits toward graduation. Online learning is not intended to replace existing classes, but to offer extensions to what is currently available through our more traditional "seat-time" programs.

Mary Boyle discussed the implementation of the Aventa K/12 Learning Program. This will also offer AP courses, and online courses may be a possibility. This will be part of credit recovery for afterschool. Experimenting with 10 seats for AP, and 30 seats for credit recovery. This will allow students opportunities for classes that are not offered, or not having enough AP student for a class.

Motion by Mr. Armitage, seconded by Mrs. Wyatt, and passed by a 4-0 vote to approve The Aventa K/12 Learning contract.

**8.2 Action**      **LIGHTHOUSE CONTRACT - Boyle (11-12 G & O Component III, IV, V)**

- The Lighthouse Counseling and Family Resource Center (LCFRC) provides prevention and intervention counseling services to Western Placer Unified School District students. The LCFRC provides school-based counseling groups as requested by schools for youth and high-risk teens to assist in the development of social skills, conflict resolution, and anger management, as well as providing students with crisis assessment, evaluation, referrals and/or intervention. The LCFRC provides parenting forums and educational services to parents as well. By providing for the social and emotional needs of our at-risk students, the LCFRC contributes to students' positive behavior, choices, resiliency, and academic success.

Mary Boyle discussed the partnership contract that is shared with the Lighthouse. The district is required to provide counseling, AB114, and we are now able to work in conjunction with the Lighthouse who may be able to offer programs that the district will need. The contracted funds will be reduced due to the budget. Motion by Mr. Haley, seconded by Mr. Armitage, and passed by a 4-0 vote to approve Lighthouse contract as presented.

**8.3 Information** **AYP/API UPDATE - Boyle (11-12 G & O Component I, IV)**

- California Department of Education (CDE) has released the 2011 Adequate Yearly Progress (AYP) and Academic Performance Index (API) scores for all districts and schools. AYP is the federal accountability system that calls for uniform pre-set percentage targets of students scoring Proficient or Advanced on STAR testing for all California schools and districts. API is the state accountability system that calls for annual improvement of student achievement toward the goal of an API score of 800. An update on the District and individual school site AYP/API scores will be presented.

Mary Boyle shared a letter that was sent out to WPUSD staff, reporting how the district grew another seven (7) points on API and all sites hit their targets. AYP is the Federal system of accountability. As a district we did not meet our target, we entered into program improvement, along with many surrounding districts.

**8.4 Information** **CALIFORNIA EMPLOYERS' RETIREE BENEFIT TRUST ANNUAL STATEMENT - Lopes (11-12 G & O Component IV, V)**

- On June 1, 2010, the Board of Trustees resolved to deposit post-employment benefit funds in an irrevocable trust with CalPERS. An Annual Statement regarding the California Employers' Retiree Benefit Trust is enclosed for your information.

Mr. Leaman spoke in absence of Joyce Lopes. This report shows the annual statement of retiree benefit trusts funds.

**8.5 Information** **CERTIFICATES OF PARTICIPATION DEBT RESTRUCTURING - Lopes (11-12 G & O Component IV, V)**

- As part of the district's debt restructuring plan, initially implemented in 2008, the Board will consider the issuance of either a 25-year or 30-year Certificate of Participation (COP) to refinance the outstanding 2006 Series A COP. The restructuring accomplishes two primary objectives. First, the interest rate will be converted from variable rate to fixed rate in order to give the district certainty and stability over the amount of the annual payment. Second, as planned in 2008 and in conjunction with the other refinances executed in both 2008 and 2009, the term of the principal repayment of the loan is extended to make the debt payment affordable given the district's available repayment sources. The source of repayment is primarily Community Facilities District special taxes, developer fees, capital facilities fund balance and interest earnings. It is anticipated that these sources of repayment will be sufficient to delay any impact on the General Fund until approximately 2022, at which time an annual General Fund

4.1.4

contribution will be made to augment available capital revenue sources and meet debt service requirements.

Cathy Deminco shared information on the structure and status of COPs, she reviewed the following:

**COP that was restructured in 2008:**

- To reduce annual payment to a manageable level
- To match payments to available revenue sources
- To lock in fixed interest rates
- So the district could budget into the future
- To minimize the impact on the general fund
- Since 2008, the district has refinanced/restructured 4 of 5 COPs totaling \$130 million,
  - Restructuring the 2006A COP is the remaining piece of the puzzle.

**Revenue Sources Available for Debt Repayment**

- Facilities Fund balance
- Mello-Roos (CFD) Special Taxes
- Developer Fees
- Contributions from Other Agencies

**Comments on Revenue Sources**

- Small increases in the California Construction Cost Index have lowered the CFD Special Tax revenues
  - Original projections estimated a 2% increase
- With the economic downturn, developer fees are not coming in as expected
  - Staff has updated the COP restructuring plan to reduce the amount of developer fees expected

**The 2006A COPs**

- Approximately \$8million outstanding
  - Converts from a fixed to a variable interest rate on November 1, 2011
- The current interest rate environment will enable the district to refinance these COPs over a 25-30 year period
  - And still maintain manageable future payments

**Plan of Refinance/Restructure:**

- In 2008 the District interviewed several underwriting firms
  - Selected Southwest securities due to their competitive pricing and creative approach
    - > They are continuing to provide creative solutions by purchasing the District's COPs at the conversion date to shorten the timeframe COPs are variable
- The term of the COPs will be 25 or 30 years
  - pending on interest rates at the time of sale and resulting annual payments
    - > To be determined based on affordability

**Differences from the Original Plan:**

- In 2008, the General Fund liability wasn't expected to occur until 2018
  - In 2009, after 4 of the 5 restructurings were completed, this was moved back to 2022
  - Now, with revisions to several revenue assumptions, this is estimated to be 2020
- In 2008, the General Fund liability after 2018 was expected to be \$1.5 million per year
  - In 2009 this was revised to \$1.9 million per year
  - We are currently estimating \$1.5 million per year

**Ongoing Debt Maintenance**

- Ensure facilities fund balance is restricted for debt repayment

4.1.5

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- Once facilities fund balance is used, by 2020, approximately \$1.5 million is needed each year in addition to the other revenue sources.

> Try to minimize this impact on the General Fund.

- Consider using any excess developer fee revenue for prepayment of debt
- Identify alternative revenue source to fund future facilities needs
- Monitor refinances opportunities of \$15 million in CFD #1 bonds.

**Next Steps**

- The board will consider adopting the resolution authorizing all legal documents necessary to implement the restructuring
- Legal notice has already been provided to County Office of Education and County Auditor/Controller

Paperwork will be brought to the board and administration for review and signatures no later than November 15<sup>th</sup>.

**8.6 Discussion/ DELAY OF SCHOOL - Leaman (11-12 G & O Component IV, V)**

**Information** • As most already know, the start of school was delayed by three days this year. The district reacted quickly, in concert with local support agencies, to an emergency situation that ended satisfactorily. The State Department of Education was contacted last Tuesday during the event and all indications are the district will not need to make up the days during the 2011-12 school year. Past training with our support agencies was key to the integrated response to the situation and the district would like to thank the agencies and district personnel that went above the call of duty to assist families and students during this time. The agencies were publically thanked at Saturday night's football game at halftime. The situation will be debriefed with the groups involved.

Mr. Leaman brought this before the board, to see if there was any discussion around the situation. The district had a good communication, due to having access to computers.

**8.7 Discussion/ SUSPENSION OF STAFFING RATIOS - Leaman (11-12 G & O Component IV, V)****Action**

• The district has implemented many measures to remain fiscally sound and has reduced budget over six million dollars during the last four years. Overall staffing in the district is governed by Board adopted staffing ratios. The district currently analyzes every vacancy for efficiently and a vacancy can only be filled once it is approved by the management team (Superintendent, Deputy Superintendent and Assistant Superintendent).

Mr. Leaman explained the reason for suspending the ratios, and shared this will not violate the contracts. Motion by Mr. Haley, seconded by Mrs. Wyatt, and passed by a 4-0 vote to adopt the suspension of ratios for the 2011-12 school year.

**8. BOARD OF TRUSTEES****8.1 FUTURE AGENDA ITEMS**

The following are a number of agenda items that the Board of Trustees has been monitoring. They are NOT action items for tonight's meeting, but are noted here for continuing purposes and to ensure that when there are changes or new information they will be called up as Action/Discussion/Information.

- Relationship with Sierra Community College
- Twelve Bridges High School
- Lincoln Crossing Elementary South/Facilities Update

4.1.6

September 6, 2011

Minutes

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**8.2 BOARD MEMBER REPORTS/COMMENTS**

**Mrs. Wyatt** shared her visit to Creekside Oaks and Carlin Coppin on the first day of school. She was happy to see how the district thanked the Police, and Fire department at the Football game.

**Mr. Armitage** attended back to school night.

**Mr. Haley** invited board members to the ribbon cutting of "Safe Routes to School", in Sheridan on September 15<sup>th</sup>.

**Mr. Long** was tickled to see how smooth everything went on the open day of school, new Principals, and new programs like "Project Lead the Way", Teachers are so excited. Our LHS has better equipment than the University of San Diego.

**9. ESTABLISHMENT OF NEXT MEETING(S)**

The President will establish the following meeting(s):

➤September 20, 2011 7:00 P.M., Regular Meeting of the Board of Trustee, Lincoln High School

**10. ADJOURNMENT**

There being no further business the meeting was adjourned at 8:30 p.m.

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**Paul Long, Board Vice President**

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**Kris Wyatt, Clerk**

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**Scott Leaman, Superintendent**

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**Rosemary Knutson, Secretary to the Superintendent**

**Adopted:**

**Ayes:**

**Noes:**

**Absent:**

<p><b>BOARD BYLAW 9320:</b> Individuals requiring disability-related accommodations or modifications including auxiliary aids and services in order to participate in the Board meeting should contact the Superintendent or designee in writing at least two days prior to meeting date. (American Disabilities Act) Government Code 54954.1</p>
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4.1.7

Western Placer Unified School District  
**Regular Meeting of the Board of Trustees**  
September 20, 2011, 7:00 P.M.  
**LINCOLN HIGH SCHOOL – PERFORMING ARTS THEATER**  
790 J Street, Lincoln, CA 95648

## MINUTES

**2010-2011 Goals & Objectives (G & O) for the Management Team:** Component I: Quality Student Performance; Component II: Curriculum Themes; Component III: Special Student Services; Component IV: Staff & Community Relations; Component V: Facilities/Administration/Budget.

All Open Session Agenda related documents are available to the public for viewing at the Western Placer Unified School District Office located at 600 Sixth Street, Fourth Floor in Lincoln, CA 95648.

**MEMBERS PRESENT:**

Paul Carras, President  
Kris Wyatt, Clerk  
Brian Haley, Member  
Damian Armitage, Member

**MEMBERS ABSENT:**

Paul Long, Vice President

**OTHERS PRESENT:**

Scott Leaman, Superintendent  
Joyce Lopes, Assistant Superintendent of Business Services  
Ryan Davis, Director of Personnel Services  
Rosemary Knutson, Secretary to the Superintendent  
Stephanie Dumm, Lincoln News Messenger  
Isabella Franco, Student Body Representative

**6:15 P.M. START**

1. **CALL TO ORDER** – Lincoln High School Performing Arts Theater

**6:20 P.M.**

2. **CLOSED SESSION** – Lincoln High School - Office Conference Room

- 2.1 **CONFERENCE WITH LABOR NEGOTIATOR**

Bargaining groups: WPTA & CSEA Negotiations  
Agency Negotiators: Scott Leaman, Superintendent, Mary Boyle, Deputy Superintendent of Educational Services, Ryan Davis, Director of Human Services  
Joyce Lopes, Assistant Superintendent of Business Services

- 2.2 **PERSONNEL**

**PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE**

- 2.3 **INTERDISTRICT ATTENDANCE APPEAL**

- a. Interdistrict Request Appeal 11/12 - 35

4,1-8

September 20, 2011

Minutes

7:00 P.M.

**3. ADJOURN TO OPEN SESSION/PLEDGE OF ALLEGIANCE**—Lincoln High Theater

The Board of Trustees will disclose any action taken in Closed Session regarding the following items:

**3.1 CONFERENCE WITH LABOR NEGOTIATOR**

Bargaining groups: WPTA & CSEA Negotiations

Agency Negotiators: Scott Leaman, Superintendent, Mary Boyle, Deputy Superintendent of Educational Services, Ryan Davis, Director of Human Services  
Joyce Lopes, Assistant Superintendent of Business Services

No action taken.

**3.2 PERSONNEL**

**PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE**

No action taken.

**3.3 INTERDISTRICT ATTENDANCE APPEAL**

a. Interdistrict Request Appeal 11/12 - 35

Motion by Mrs. Wyatt, seconded by Mr. Haley, and passed by a 4-0 vote to deny transfer appeal.

**4. CONSENT AGENDA**

- 4.1 Classified Personnel Report
- 4.2 Certificated Personnel Report
- 4.3 Overnight and Out-of-State Trips
- 4.4 Approve Project Lead the Way Agreement
- 4.5 Approve Disposal of Obsolete and Non-Functioning Equipment.
- 4.6 ADA Relief due to Emergency
- 4.7 Approve Student Discipline/Stipulated Expulsion Student #11-12, A, B & C

Motion by Mr. Armitage, seconded by Mrs. Wyatt, and passed by a 4-0 roll call vote to approve consent agenda as presented. Roll call vote: Haley, Armitage, Wyatt, Carras

**5. COMMUNICATION FROM THE PUBLIC**

No communication from the public.

**6. REPORTS & COMMUNICATION**

6.1 Lincoln High School, Student Advisory – Isabella Franco reported the following:

- New Administration
- Changes in the Foreign Language department
- New Stripes system
- Fall sports football, volleyball, soccer, and all are doing well
- Library has a new system
- Lunch has a new system
- Fitness fair on September 10<sup>th</sup> wasn't well attended, but was nice.

4.19



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Minutes

- Everything is going well at Lincoln High
- 6.2 Western Placer Teacher's Association – Mike Agrippino had no report
- 6.3 Western Placer Classified Employee Association – Mike Kimbrough – Jeannine Troxel was present for CSEA and had no report.
- 6.4 Superintendent - Scott Leaman had no report

## 7. ♦ ACTION ♦ DISCUSSION ♦ INFORMATION

7.1 Information **NOTICE OF PUBLIC HEARING RE SUFFICIENT INSTRUCTIONAL MATERIALS TO BE HELD OCTOBER 4, 2011**

- Boyle (11-12 G & O Component I, IV, V)

• Education Code 60119 requires that the governing board of a school district hold an annual instructional materials public hearing to determine whether the district has sufficient standards-aligned textbooks or instructional materials for students in each of its schools. A ten-day notice of the public hearing is required. Notices of Public Hearing were sent to news media and to our local schools on September 14, 2011. Our Public Hearing will be held on October 4, 2011.

Mr. Leaman reported on the public hearing that will be presented during the October 4<sup>th</sup> Board Meeting, regarding instructional materials.

7.2 Discussion/ **APPROVE RESOLUTION 11/12.4 TO ADOPT THE 2010-11 WESTERN PLACER UNIFIED SCHOOL DISTRICT GANN LIMIT**

Action

- Lopes (11-12 G & O Component I, II, III, IV, V)

• Shortly after Proposition 13, the 1978 Jarvis-Gann amendment was enacted. Proposition 4, adopted in November 1979, established a constitutional limit on the allowable growth in state and local government spending. These appropriation limits, commonly called Gann Limits, allow government spending to grow at a rate no faster than inflation and change in population.

Education Code Sections 1629 and 42132 specify that by September 30, county office and district governing boards shall adopt a resolution identifying their estimated appropriation limit for the current year and their annual appropriation limit for the preceding year.

Joyce Lopes asked that the board to approve resolution 11/12.4 adopting the 2012-11 Western Placer Unified School District Gann Limit. Motion by Mr. Haley, seconded by Mrs. Wyatt, and passed by a 4-0 roll call vote to approve Resolution 11/12.4. Roll Call Vote: Armitage, Wyatt, Haley, Carras

7.3 Discussion/ **APPROVAL OF THE 2010-11 UNAUDITED ACTUALS – Lopes**

Action

(11-12 G & O Component I, IV, V)

• The 2010-11 Unaudited Actuals are included for the Board of Trustees, and an executive summary of significant items is included below.

General Fund

General Fund expenditures exceeded revenues by \$5,996,679, leaving an ending fund balance of \$8,621,759. Unrestricted fund balance declined by \$5,672,346 and restricted fund balance declined by \$324,333. While the deficit is \$966,000

4, 1.10

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less than the estimated actuals presented in June 2011 with the adopted budget, it is important to review the line item changes. Revenues are greater than estimated by \$200k due primarily to increased state revenues. Expenditures and other outgo are \$750k less than estimated due to savings in supplies and other operating expenses for the year. Approximately \$875k of the unrestricted ending fund balance will be carried over and immediately budgeted in 2011-12. This will be discussed further.

Joyce Lopes reviewed the unaudited actuals with the Board of Trustees. She also reported the budget committee meetings will start up again at the end of August, and all updates will be brought to the Board. The District CEO's will be meeting with PCOE auditors tomorrow to discuss the budgets. Motion by Mr. Armitage, seconded by Mr. Haley, and passed by a 4-0 vote to approve the 2010-2011 Unaudited Actuals.

**8. BOARD OF TRUSTEES****8.1 FUTURE AGENDA ITEMS**

The following are a number of agenda items that the Board of Trustees has been monitoring. They are NOT action items for tonight's meeting, but are noted here for continuing purposes and to ensure that when there are changes or new information they will be called up as Action/Discussion/Information.

- Relationship with Sierra Community College
- Twelve Bridges High School
- Lincoln Crossing Elementary South/Facilities Update

**8.2 BOARD MEMBER REPORTS/COMMENTS**

Mr. Haley reported on the "Safe Routes to School" Ceremony that was held in Sheridan.

Mr. Armitage had no report

Mrs. Wyatt reported on Farm Foundation, and the BBQ that was held at the Farm, and the food was great. She enjoyed watching the students in the Ag program. She reported the Sierra College Ag. Program is coming back to the Farm. Due to a tragic death in our community, the district, along with Placer County Health, and Lighthouse will be having a Family Forum on Monday, September 26<sup>th</sup>, McBean Park at 6:30 p.m.

Mr. Carras reported on the Placer County Board of Trustee Dinner, which will be held in November. He encouraged the other board members to attend.

**9. ESTABLISHMENT OF NEXT MEETING(S)**

The President will establish the following meeting(s):

- October 4, 2011 7:00 P.M., Regular Meeting of the Board of Trustee – Lincoln High School
- October 18, 2011 7:00 P.M., Regular Meeting of the Board of Trustee – Lincoln Crossing Elementary School

**10. ADJOURNMENT**

There being no further business the meeting was adjourned at 7:17 p.m.

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Paul Carras, Board President

4.1.11

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Kris Wyatt, Clerk

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Scott Leaman, Superintendent

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Rosemary Knutson, Secretary to the  
Superintendent

**Adopted:**

**Ayes:**

**Noes:**

**Absent:**

**BOARD BYLAW 9320:** Individuals requiring disability-related accommodations or modifications including auxiliary aids and services in order to participate in the Board meeting should contact the Superintendent or designee in writing at least two days prior to meeting date. (American Disabilities Act) Government Code 54954.1

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEE MEETING FACT SHEET**

**MISSION STATEMENT:** Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

**DISTRICT GLOBAL GOALS**

1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
2. Foster a safe, caring environment where individual differences are valued and respected.
3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.
4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.

**SUBJECT:**  
Approval of Warrants

**AGENDA ITEM AREA:**  
Consent Agenda

**REQUESTED BY:**  
Joyce Lopes  
Assistant Superintendent of Business Service

**ENCLOSURES:**  
Warrants may be found at  
[www.wpusd.k12.ca.us](http://www.wpusd.k12.ca.us)

**DEPARTMENT:**  
Business Services

**FINANCIAL INPUT/SOURCE:**  
N/A

**MEETING DATE:**  
October 4, 2011

**ROLL CALL REQUIRED:**  
No

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**BACKGROUND:**

The Board of Trustees will consider approval of warrants paid since the September 6, 2011 board meeting.

**RECOMMENDATION:**

Administration recommends the Board of Trustees take action to approve warrants as submitted.

## Checks Dated 09/23/11

Check Number	Check Date	Pay to the Order of	Check Amount
85208320	09/23/2011	"DANIELSEN COMPANY, THE"	3,013.45
		Unpaid Sales Tax	2.67
		Expensed Amount	3,016.12
85208321	09/23/2011	CROWN DISTRIBUTING INC.	3,670.37
85208322	09/23/2011	ED JONES FOOD SERVICE	3,312.23
85208323	09/23/2011	PIZZA GUYS	1,262.34
85208324	09/23/2011	PROPACIFIC FRESH	196.70
85208325	09/23/2011	SARA LEE	802.98
85208326	09/23/2011	SYSCO SACRAMENTO	1,610.86
85208327	09/23/2011	VENDMART OF SACRAMENTO	1,449.97
85208328	09/23/2011	Kris A. Knutson	50.00
85208329	09/23/2011	ALL METALS SUPPLY INC	123.55
85208330	09/23/2011	CALTRONICS BUSINESS SYSTEMS	63.39
85208331	09/23/2011	CANYON CREEK SOFTWARE	239.00
85208332	09/23/2011	CURRICULUM ASSOCIATES INC.	62.94
85208333	09/23/2011	DE LAGE LANDEN	461.04
85208334	09/23/2011	ESGI - EDUCATIONAL SOFTWARE FOR GUIDING INSTRUCTION	596.00
85208335	09/23/2011	GRAINGER	281.92
85208336	09/23/2011	IMAGINE NATION BOOKS, LTD. DBA: BOOKS ARE FUN	25.00
		Unpaid Sales Tax	1.81
		Expensed Amount	26.81
85208337	09/23/2011	MAGNET STREET	1,251.92
		Unpaid Sales Tax	85.04
		Expensed Amount	1,336.96
85208338	09/23/2011	MOUNTAIN MATH/LANGUAGE LLC	303.80
		Unpaid Sales Tax	22.02
		Expensed Amount	325.82
85208339	09/23/2011	OFFICE DEPOT	254.86
85208340	09/23/2011	PACIFIC ENVIRONMENTAL	500.00
85208341	09/23/2011	PURCHASE POWER	1,182.82
85208342	09/23/2011	RISO PRODUCTS OF SAC INC	1,202.00
85208343	09/23/2011	STARLINE EDUCATION	112.61
85208344	09/23/2011	STUDENT SUPPLY	126.47
		Unpaid Sales Tax	8.98
		Expensed Amount	135.45
85208345	09/23/2011	SUPER 8 MOTEL	249.75
85208346	09/23/2011	TEACHER'S DISCOVERY	93.23
		Unpaid Sales Tax	5.93
		Expensed Amount	99.16
85208347	09/23/2011	TROXELL COMMUNICATIONS	542.69
85208348	09/23/2011	UNIVERSITY OF OREGON	250.00
85208349	09/23/2011	ACSA - PLACER CO. CHAPTER 2009ATTN: CYNTHIA RENKEN	1,425.00
85208350	09/23/2011	ALDAR ACADEMY	124.98
85208351	09/23/2011	APPLE INC.	1,411.62
85208352	09/23/2011	AT&T	1,328.25
85208353	09/23/2011	BANK OF AMERICA #3819	30.00
85208354	09/23/2011	FOLLETT EDUCATIONAL SERVICES	505.80
85208355	09/23/2011	HANDWRITING WITHOUT TEARS	3,341.21

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

ESCAPE ONLINE

Page 1 of 2

4.2.1

## Checks Dated 09/23/11

Check Number	Check Date	Pay to the Order of	Check Amount
85208356	09/23/2011	HARCOURT INC HOUGHTON MIFFLIN COMPANIES LLC	362.77
85208357	09/23/2011	HOUGHTON MIFFLIN COMPANY	541.51
85208358	09/23/2011	INTEGRITY GLOBAL SOLUTIONS LLC	1,767.99
85208359	09/23/2011	KRISTINE N CORN DBA SIERRA PEDIATRIC THERAPY CLINIC	1,529.50
85208360	09/23/2011	LAW OFFICE OF ELLIS COLEMAN	14,263.48
85208361	09/23/2011	LD PRODUCTS	202.76
85208362	09/23/2011	LOY MATTISON DBA LOY MATTISON ENTERPRISES	831.25
85208363	09/23/2011	MCGRAW-HILL	941.02
85208364	09/23/2011	MICHAEL W. WHITNEY DBA SAAVAHEART EDUCATION	900.00
85208365	09/23/2011	PACIFIC GAS & ELECTRIC CO	1,362.01
85208366	09/23/2011	PCOE	1,200.00
85208367	09/23/2011	PEARSON SCOTT FORSEMAN	5,345.64
85208368	09/23/2011	PITNEY BOWES CREDIT CORP	731.00
85208369	09/23/2011	PLACER LEARNING CENTER	15,645.75
85208370	09/23/2011	PRENTICE HALL PEARSON EDUCATION INC.	1,061.07
85208371	09/23/2011	RAY MORGAN/US BANK EQUIPMENT FINANCE SERVICES	443.00
85208372	09/23/2011	SCHOOL SPECIALTY INC	177.13
85208373	09/23/2011	SIERRA OFFICE SUPPLIES &	268.77
85208374	09/23/2011	The Omni Group	5,920.00
85208375	09/23/2011	TUYET THI-TRAN	60.00
85208376	09/23/2011	WESTERN BLUE AN NWN COMPANY	157.89
Total Number of Checks			57
			85,171.29

## Fund Summary

Fund	Description	Check Count	Expensed Amount
01	General Fund	48	69,723.19
11	Adult Education Fund	1	31.09
12	Child Development Fund	1	50.00
13	Cafeteria Fund	9	15,418.04
21	Building Fund #1	1	75.42
Total Number of Checks		57	85,297.74
Less Unpaid Sales Tax Liability			126.45
Net (Check Amount)			85,171.29

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

ESCAPE ONLINE  
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4.2.2

## Checks Dated 09/21/2011

Check Number	Check Date	Pay to the Order of	Fund Object	Expensed Amount	Check Amount
85207722	09/21/2011	Jaclyn M. Drechsler	01-4300		127.65
85207723	09/21/2011	Tracy L. Pellegrino	01-4300		75.00
85207724	09/21/2011	Lauretta L. Shelton	01-4300		94.85
85207725	09/21/2011	Jennifer A. Wright	01-4300		36.61
85207726	09/21/2011	ALL AWARDS	01-4300		363.49
85207727	09/21/2011	APPROVED SAFE & LOCK	01-5800		287.56
85207728	09/21/2011	CARSON-DELLOSA PUBLISHING	01-4300		244.59
85207729	09/21/2011	ETA / CUISENAIRE	01-4300		22.05
85207730	09/21/2011	HUMAN KINETICS	01-4300		17.59
85207731	09/21/2011	LIBRARY VIDEO COMPANY	01-4300		60.45
85207732	09/21/2011	NASCO MODESTO	01-4300		434.38
85207733	09/21/2011	OFFICE DEPOT	01-4300		2,147.91
85207734	09/21/2011	PCOE	01-5200		200.00
85207735	09/21/2011	PLACER COUNTY WATER AGENCY	01-4300		355.08
85207736	09/21/2011	RAY MORGAN CO. / CHICO	01-4300		99.24
85207737	09/21/2011	REALLY GOOD STUFF	01-4300	445.43	
			Unpaid Sales Tax	26.67-	418.76
85207738	09/21/2011	RISO PRODUCTS OF SAC INC	01-5800		1,154.00
85207739	09/21/2011	SCHOOL HOUSE GLOBAL	01-4300		39.95
85207740	09/21/2011	SCHOOL SPECIALTY INC	01-4300		619.72
85207741	09/21/2011	SIERRA HAY & FEED	01-4300		89.22
85207742	09/21/2011	TOLEDO P.E. SUPPLY	01-4300	491.13	
			Unpaid Sales Tax	34.07-	457.06
Total Number of Checks			21		<u>7,345.16</u>

## Fund Summary

Fund	Description	Check Count	Expensed Amount
01	General Fund	21	7,405.90
	Total Number of Checks	21	7,405.90
	Less Unpaid Sales Tax Liability		60.74-
	Net (Check Amount)		<u>7,345.16</u>

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

ESCAPE ONLINE

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4.2.3

## Checks Dated 09/14/2011

Check Number	Check Date	Pay to the Order of	Fund Object	Expensed Amount	Check Amount
85206364	09/14/2011	Jessica J. Armistead	01-4300		58.75
85206365	09/14/2011	Jeffrey T. Dardis	13-4300		163.73
85206366	09/14/2011	Therese M. Dorow	01-5200		150.00
85206367	09/14/2011	Sandra B. Hackbarth	01-4300		88.55
85206368	09/14/2011	Natasha D. Riedel	01-4300		92.99
85206369	09/14/2011	ALL METALS SUPPLY INC	01-4300		999.87
85206370	09/14/2011	BURKETT'S OFFICE	01-4300		192.10
85206371	09/14/2011	DEMCO MEDIA	01-4300		47.27
85206372	09/14/2011	FRANKLIN COVEY CO	01-4300		1,740.00
85206373	09/14/2011	OFFICE DEPOT	01-4300		1,784.83
85206374	09/14/2011	PURCHASE POWER	01-4300		1,122.82
85206375	09/14/2011	RAY MORGAN CO. / CHICO	01-4300		1,027.07
85206376	09/14/2011	RIEBES AUTO PARTS	01-4300		1,076.46
85206377	09/14/2011	SCHOOL SPECIALTY INC	01-4300		34.62
85206378	09/14/2011	SERVICENTER RADIATOR WORKS	01-4300		145.00
85206379	09/14/2011	STAPLES ADVANTAGE	01-4300		2,030.75
85206380	09/14/2011	WEST MUSIC	01-4300	279.92	
			Unpaid Sales Tax	18.92-	261.00
85206381	09/14/2011	WILSON WAY TIRE CO. INC.	01-4300		363.80
85206382	09/14/2011	Heather D. Steer	01-5200		39.52
85206383	09/14/2011	ADVANCED INTEGRATED PEST	01-5800		1,284.00
85206384	09/14/2011	ALAN S BROOKS	14-6290	875.00	
			35-6290	1,365.00	
			40-6290	3,990.00	6,230.00
85206385	09/14/2011	BRIGHT BEGINNINGS THERAPY INC	01-5800		2,000.00
85206386	09/14/2011	C & S TELECOMMUNICATIONS INC	01-5600		170.73
85206387	09/14/2011	COLLEGE OAK TOWING	01-5800		537.60
85206388	09/14/2011	CRAM-A-LOT JV MANUFACTURING, INC.	01-4300		37.32
85206389	09/14/2011	CSBA CA SCHOOL BOARDS ASSOC	01-5300		8,272.00
85206390	09/14/2011	DAWSON OIL COMPANY	01-4345	7,057.76	
			01-4350	5,589.29	12,647.05
85206391	09/14/2011	ESS ENVIRONMENTAL	14-5800		1,840.00
85206392	09/14/2011	GRAYBAR ELECTRIC COMPANY INC	01-4300		251.54
85206393	09/14/2011	J4 SYSTEMS	01-5800		2,610.00
85206394	09/14/2011	JCI JOHNSON CONTROLS INC.	01-5600		3,991.44
85206395	09/14/2011	KELPRO SECURITY	40-5800		1,848.00
85206396	09/14/2011	KRISTINE N CORN DBA SIERRA PEDIATRIC THERAPY CLINIC	01-5800		983.25
85206397	09/14/2011	LAGUNA PHYSICAL THERAPY & HAND REHABILITATION	01-5800		313.50
85206398	09/14/2011	LEARNING SOLUTIONS INC	01-5800		2,399.96
85206399	09/14/2011	Loomis Union School Dist	01-4300		2,055.00
85206400	09/14/2011	MEDICAB OF SACRAMENTO/SIERRA	01-5800		1,993.00
85206401	09/14/2011	MISSION UNIFORM SERVICE INC	01-4300	29.96	
			01-5800	819.96	849.92
85206402	09/14/2011	PACIFIC GAS & ELECTRIC CO	01-5510		65,511.92

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

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4,2.4



## Checks Dated 09/14/2011

Check Number	Check Date	Pay to the Order of	Fund Object	Expensed Amount	Check Amount
85206403	09/14/2011	PLACER LEARNING CENTER	01-5800		13,865.28
85206404	09/14/2011	PLATT ELECTRIC SUPPLY, INC.	01-4300		526.63
85206405	09/14/2011	SAC VAL JANITORIAL SALES	40-4300		549.68
85206406	09/14/2011	SIERRA OFFICE SUPPLIES &	01-4300		289.62
85206407	09/14/2011	SIERRA STRIPING INC	01-5800		370.00
85206408	09/14/2011	SPEECH & LANGUAGE THERAPY	01-5800		190.00
85206409	09/14/2011	SPURR	01-5530		2,180.54
85206410	09/14/2011	WAI REGION 4 DBA SIERRA SCHOOL EASTERN-UPPER	01-5200		400.00
85206411	09/14/2011	WILSON WAY TIRE CO. INC.	01-4340	96.58	
			01-4360	1,505.01	
			01-4365	139.80	
			01-5830	691.89	2,433.28
Total Number of Checks			48		148,050.39

## Fund Summary

Fund	Description	Check Count	Expensed Amount
01	General Fund	43	137,437.90
13	Cafeteria Fund	1	163.73
14	Deferred Maintenance Fund	2	2,715.00
35	Schools Facilities (Prop 1A)	1	1,365.00
40	Spec Res For Capital Outlay	3	6,387.68
Total Number of Checks		48	148,069.31
Less Unpaid Sales Tax Liability			18.92-
Net (Check Amount)			148,050.39

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

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4,2.5

## Checks Dated 09/09/2011

Check Number	Check Date	Pay to the Order of	Fund Object	Expensed Amount	Check Amount
85205700	09/09/2011	"DANIELSEN COMPANY, THE"	13-4380	24.26	
			13-4710	1,508.98	1,533.24
85205701	09/09/2011	CROWN DISTRIBUTING INC.	13-4710		869.37
85205702	09/09/2011	D & P CREAMERY	13-4710		2,547.67
85205703	09/09/2011	ED JONES FOOD SERVICE	13-4710		7,184.25
85205704	09/09/2011	MISSION UNIFORM SERVICE INC	13-4710		76.94
85205705	09/09/2011	PIZZA GUYS	13-4710		952.92
85205706	09/09/2011	PROPACIFIC FRESH	13-4710		36.55
85205707	09/09/2011	SARA LEE	13-4710		176.04
85205708	09/09/2011	SYSCO SACRAMENTO	13-4380	1,264.54	
			13-4710	1,170.62	2,435.16
85205709	09/09/2011	VENDMART OF SACRAMENTO	13-4710		1,542.96
85205710	09/09/2011	Jacqueline S. Banderas	01-4300		92.58
85205711	09/09/2011	Jaclyn M. Crook	01-4300		41.77
85205712	09/09/2011	Daisy L. Damos	01-4300		80.72
85205713	09/09/2011	Ramey Dern	11-4300		47.05
85205714	09/09/2011	Jennifer C. Hladun	01-5200		123.00
85205715	09/09/2011	Shelly A. Hoover	01-4300		182.14
85205716	09/09/2011	Janene L. Malatesta	01-4300		82.51
85205717	09/09/2011	Milagros Medina	01-4300		98.50
85205718	09/09/2011	Lori Reitman	01-4300		80.14
85205719	09/09/2011	Laura D. Sliepen	01-4300		30.98
85205720	09/09/2011	Joseph Uptain-Villa	01-4300		99.16
85205721	09/09/2011	Hilma J. Valtatie	01-4300		27.38
85205722	09/09/2011	Coreena R. Whiteside	01-4300		142.93
85205723	09/09/2011	ADD SOME CLASS	01-4400		1,599.14
85205724	09/09/2011	APPLE COMPUTER INC	01-4400		787.85
85205725	09/09/2011	APPLE INC.	01-4400		727.43
85205726	09/09/2011	BRAIN POP	01-4300		2,095.00
85205727	09/09/2011	COSTCO	01-4300		101.89
85205728	09/09/2011	CURRICULUM ASSOCIATES INC.	01-4300		105.58
85205729	09/09/2011	DE LAGE LANDEN	01-5600		123.34
85205730	09/09/2011	ERICS X PRESS	01-4300		3,674.62
85205731	09/09/2011	FRANKLIN COVEY CO	01-4300		310.56
85205732	09/09/2011	IPARADIGMS LLC	01-4300		3,510.00
85205733	09/09/2011	LAKESHORE LEARNING MATERIALS	01-4300		1,543.99
85205734	09/09/2011	LOWE'S	40-4300		805.53
85205735	09/09/2011	OFFICE DEPOT	01-4300		2,069.88
85205736	09/09/2011	ONLINE STORES.COM	01-4300	88.96	
			Unpaid Sales Tax	5.25-	83.71
85205737	09/09/2011	PACIFIC ENVIRONMENTAL	01-5800		160.00
85205738	09/09/2011	RAY MORGAN CO. / CHICO	01-4300	196.74	
			01-5600	5,808.68	6,005.42
85205739	09/09/2011	REALLY GOOD STUFF	01-4300	1,149.62	
			Unpaid Sales Tax	69.32-	1,080.30
85205740	09/09/2011	RENAISSANCE LEARNING INC.	01-4300		99.01
85205741	09/09/2011	RISO PRODUCTS OF SAC INC	01-4300		1,492.41

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

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4.2.6

## Checks Dated 09/09/2011

Check Number	Check Date	Pay to the Order of	Fund Object	Expensed Amount	Check Amount
85205742	09/09/2011	SCHOOL SPECIALTY INC	01-4300		29.69
85205743	09/09/2011	SURVEILLANCE SYSTEM INT	01-4400		5,888.17
85205744	09/09/2011	TROXELL COMMUNICATIONS	01-4300		2,627.63
85205745	09/09/2011	SPORT CHALET	01-5800		11,956.80
85205746	09/09/2011	Pamela J. Cook	01-9550		3,684.13
85205747	09/09/2011	Ryan C. Davis	01-5821		20.00
85205748	09/09/2011	Deborah J. McKinnon	01-5200		22.20
85205749	09/09/2011	Diane L. Smith	01-5800		150.00
85205750	09/09/2011	Tammy J. Sommer	01-5200		33.30
85205751	09/09/2011	ADD SOME CLASS	40-4300	48,003.87	
			40-4400	5,723.51	53,727.38
85205752	09/09/2011	APPROVED SAFE & LOCK	01-5600		897.17
85205753	09/09/2011	BUS WEST - FRESNO	01-4365		459.22
85205754	09/09/2011	CASBO - CALIF ASSOC OF SCHOOL BUSINESS OFFICIALS	01-5300		696.00
85205755	09/09/2011	DELTA EDUCATION INC	01-4100		1,774.59
85205756	09/09/2011	DISCOUNT SCHOOL SUPPLY	01-4300		1,822.93
85205757	09/09/2011	FACTORY EXPRESS INC	01-4300	234.44	
			Unpaid Sales Tax	14.49-	219.95
85205758	09/09/2011	GRAINGER .	01-4300		953.95
85205759	09/09/2011	HANDWRITING WITHOUT TEARS	01-4100		982.95
85205760	09/09/2011	HARCOURT INC HOUGHTON MIFFLIN COMPANIES LLC	01-4100		2,311.02
85205761	09/09/2011	HOUGHTON MIFFLIN COMPANY	01-9500		3,161.44
85205762	09/09/2011	JANE JOHNSON	01-5800		2,470.00
85205763	09/09/2011	Loomis Union School Dist	01-4300		6,418.23
85205764	09/09/2011	LOWE'S	01-4300		887.04
85205765	09/09/2011	MCGRAW-HILL	01-4100		2,921.89
85205766	09/09/2011	MEDSOURCE USA INC	01-4400	1,667.73	
			Unpaid Sales Tax	112.73-	1,555.00
85205767	09/09/2011	PACIFIC GAS & ELECTRIC CO	01-5510		1,513.21
85205768	09/09/2011	PEARSON - PSYCHOLOGICAL CORP.	01-4300		4,340.52
85205769	09/09/2011	PROVOCRAFT DBA CREATIVE XPRESS	01-4300	511.40	
			Unpaid Sales Tax	34.57-	476.83
85205770	09/09/2011	RIEBES AUTO PARTS	01-4365	686.97	
			01-5830	115.62	802.59
85205771	09/09/2011	SAC VAL JANITORIAL SALES	01-4300		28.51
85205772	09/09/2011	SAFEWAY INC	01-4300		183.67
85205773	09/09/2011	SIERRA OFFICE SUPPLIES &	01-4300		5.13
85205774	09/09/2011	SIG SCHOOLS INSURANCE GROUP	01-3701		1,923.64
85205775	09/09/2011	SOUTHPAW ENTERPRISES INC.	01-4300	62.69	
			Unpaid Sales Tax	3.69-	59.00
85205776	09/09/2011	SUPER DUPER SCHOOL COMPANY	01-4300	369.36	
			Unpaid Sales Tax	24.96-	344.40
85205777	09/09/2011	TAG / AMS INC	01-5800		185.00
85205778	09/09/2011	TROXELL COMMUNICATIONS	40-4400		6,726.72
85205779	09/09/2011	TUFF SHED INC	40-6400		41,259.60

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

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4.2.7

## Checks Dated 09/09/2011

Check Number	Check Date	Pay to the Order of	Fund Object	Expensed Amount	Check Amount
85205780	09/09/2011	UNIVERSAL SPECIALTIES, INC.	01-4300		96.13
85205781	09/09/2011	WESTERN BLUE AN NWN COMPANY	01-4300		890.18
85205782	09/09/2011	WESTERN PSYCHOLOGICAL SERVICES	01-4300		442.41
85205783	09/09/2011	WILLIAM V MACGILL & CO	01-4300		2,426.18
Total Number of Checks				84	<u>212,234.02</u>

## Fund Summary

Fund	Description	Check Count	Expensed Amount
01	General Fund	69	92,577.65
11	Adult Education Fund	1	47.05
13	Cafeteria Fund	10	17,355.10
40	Spec Res For Capital Outlay	4	102,519.23
Total Number of Checks		84	212,499.03
Less Unpaid Sales Tax Liability			265.01-
Net (Check Amount)			<u>212,234.02</u>

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

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4.2.8

## Checks Dated 09/02/2011

Check Number	Check Date	Pay to the Order of	Fund Object	Expensed Amount	Check Amount
85204706	09/02/2011	"DANIELSEN COMPANY, THE"	13-4380	347.25	
			13-4710	3,791.03	
			Unpaid Sales Tax	33.04-	4,121.76
85204707	09/02/2011	CROWN DISTRIBUTING INC.	13-4710		436.04
85204708	09/02/2011	ED JONES FOOD SERVICE	13-4710		3,315.54
85204709	09/02/2011	PIZZA GUYS	13-4710		293.60
85204710	09/02/2011	PROPACIFIC FRESH	13-4710		1,264.70
85204711	09/02/2011	R & M REFRIGERATION	13-5800		337.07
85204712	09/02/2011	SARA LEE	13-4710		625.17
85204713	09/02/2011	SYSCO SACRAMENTO	13-4380	187.47	
			13-4710	1,182.16	1,369.63
85204714	09/02/2011	VENDMART OF SACRAMENTO	13-4710		824.72
85204715	09/02/2011	WPUSD PETTY CASH FUND	13-4300	1,432.00	
			13-4710	21.50	1,453.50
85204716	09/02/2011	DESIREE KAWAS	73-5850		750.00
85204717	09/02/2011	ELIZABETH CARRAZCO	73-5850		175.00
85204718	09/02/2011	ELIZABETH CHA	73-5850		175.00
85204719	09/02/2011	MILENNE OLMEDO	73-5850		175.00
85204720	09/02/2011	Barbara S. Springborn	01-4300		109.65
85204721	09/02/2011	BANK OF AMERICA #3024	01-5200	211.31	
			01-5800	1.00-	
			40-4300	11,182.70	
			40-4400	678.95	12,071.96
85204722	09/02/2011	GL SPORTS	01-4300		148.22
85204723	09/02/2011	LAKESHORE LEARNING MATERIALS	01-4300		324.38
85204724	09/02/2011	NAESP	01-5300		235.00
85204725	09/02/2011	SCHOOL SPECIALTY INC	01-4300		38.73
85204726	09/02/2011	Joyce Lopes	01-4300		643.48
85204727	09/02/2011	Robert T. Lyons	01-4300		514.74
85204728	09/02/2011	BUREAU OF EDUCATION & RESEARCH	01-4300	667.88	
			Unpaid Sales Tax	43.13-	624.75
85204729	09/02/2011	BURKETT'S OFFICE	01-4300		296.01
85204730	09/02/2011	DELTA EDUCATION INC	01-4100		1,045.04
85204731	09/02/2011	DISCOUNT SCHOOL SUPPLY	01-4300		63.73
85204732	09/02/2011	EDUCATIONAL DATA SYSTEMS	01-4300		577.79
85204733	09/02/2011	HANDWRITING WITHOUT TEARS	01-4100		1,808.64
85204734	09/02/2011	HARCOURT INC Houghton MIFFLIN COMPANIES LLC	01-4100		1,181.57
85204735	09/02/2011	HOLT OF CALIFORNIA	01-4365		164.92
85204736	09/02/2011	HOUGHTON MIFFLIN COMPANY	01-4100		5,748.13
85204737	09/02/2011	OFFICE DEPOT	01-9500		430.57
85204738	09/02/2011	RAY MORGAN CO. / CHICO	01-4300		448.84
85204739	09/02/2011	RAY MORGAN/US BANK EQUIPMENT FINANCE SERVICES	01-5600		4,317.00
85204740	09/02/2011	RISO PRODUCTS OF SAC INC	01-4300		131.09
85204741	09/02/2011	SAN JOAQUIN CO OFFICE OF EDUC	01-5300		768.75
85204742	09/02/2011	STATE OF CALIFORNIA	01-5821		224.00

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

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4.2.9

## Checks Dated 09/02/2011

Check Number	Check Date	Pay to the Order of	Fund Object	Expensed Amount	Check Amount
85204743	09/02/2011	WAVE BROADBAND	01-4300		55.95
85204744	09/02/2011	WESTERN BLUE	AN NWN COMPANY 01-4300		28.96
Total Number of Checks				39	47,318.63

## Fund Summary

Fund	Description	Check Count	Expensed Amount
01	General Fund	25	20,183.38
13	Cafeteria Fund	10	14,058.25
40	Spec Res For Capital Outlay	1	11,861.65
73	Foundation Trust	4	1,275.00
Total Number of Checks		39	47,378.28
Less Unpaid Sales Tax Liability			59.65-
Net (Check Amount)			47,318.63

The preceding Checks have been issued in accordance with the District's Policy and authorization of the Board of Trustees. It is recommended that the preceding Checks be approved.

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4.2.10

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEE MEETING FACT SHEET**

**MISSION STATEMENT:** Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

**DISTRICT GLOBAL GOALS**

1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
2. Foster a safe, caring environment where individual differences are valued and respected.
3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.
4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.

**SUBJECT:**

Classified Personnel Report

**AGENDA ITEM AREA:**

Consent Agenda

**REQUESTED BY:**

Ryan Davis  
Director, Human Services



**ENCLOSURES:**

**DEPARTMENT:**

Personnel

**FINANCIAL INPUT/SOURCE:**

General Fund/Categorical

**MEETING DATE:**

October 4, 2011

**ROLL CALL REQUIRED:**

---

**BACKGROUND:**

The Board of Trustees will take action to approve the classified personnel report.

**RECOMMENDATION:**

Administration recommends ratification of the classified personnel report.

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**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
PERSONNEL REPORT**

October 4, 2011

**CLASSIFIED/MANAGEMENT**

**NEW HIRES**

- |    |  |   |
|----|--|---|
| 1. | <b>Name:</b> Dawn Bremner<br><b>Position:</b> Library Technician<br><b>Salary:</b> CSEA, Range 19, Step A<br><b>Hours:</b> 6 Hours/Day<br><b>Days:</b> 10 Months/Year              | <b>Effective:</b> 9/21/11<br><b>Site:</b> Twelve Bridges Elementary<br><b>Funding:</b> General<br><b>Replacement Position</b>     |
| 2. | <b>Name:</b> Christina Cowen<br><b>Position:</b> Intervention Serv Provider<br><b>Salary:</b> CSEA, Range 20, Step A<br><b>Hours:</b> 3 Hours/Day<br><b>Days:</b> 10 Months/Year   | <b>Effective:</b> 9/26/11<br><b>Site:</b> Twelve Bridges Elementary<br><b>Funding:</b> Categorical<br><b>Replacement Position</b> |
| 3. | <b>Name:</b> Jaime Dowler<br><b>Position:</b> Food Service Asst.<br><b>Salary:</b> CSEA, Range 12, Step A<br><b>Hours:</b> 2 Hours/Day<br><b>Days:</b> 10 Months/Year              | <b>Effective:</b> 9/19/11<br><b>Site:</b> Twelve Bridges Middle<br><b>Funding:</b> General<br><b>Replacement Position</b>         |
| 3. | <b>Name:</b> Rebecca Edmonds<br><b>Position:</b> District Office Receptionist<br><b>Salary:</b> CSEA, Range 23, Step B<br><b>Hours:</b> 4 Hours/Day<br><b>Days:</b> 12 Months/Year | <b>Effective:</b> 10/10/11<br><b>Site:</b> District Office<br><b>Funding:</b> General<br><b>Replacement Position</b>              |

**RE-HIRE**

- |    |  |   |
|----|--|---|
| 1. | <b>Name:</b> Teresa Avelar<br><b>Position:</b> Bilingual Clerk<br><b>Hours:</b> 2.5 Hours/Day<br><b>Days:</b> 10 Months/Year | <b>Effective:</b> 9/16/11<br><b>Site:</b> Carlin C. Coppin<br><b>Replacement Position</b> |
|----|--|---|

**TRANSFERS**

- |    |  |   |
|----|--|---|
| 1. | <b>Name:</b> Michael Arbaugh<br><b>Position:</b> Maintenance Custodian<br><b>Hours:</b> 8 Hours/Day<br><b>Days:</b> 12 Months/Year | <b>Effective:</b> 9/19/11<br><b>Site:</b> First Street<br><b>Replacement Position</b> |
|----|--|---|

4.3.1



**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEE MEETING FACT SHEET**

**MISSION STATEMENT:** Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

**DISTRICT GLOBAL GOALS**

1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
2. Foster a safe, caring environment where individual differences are valued and respected.
3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.
4. Promote the involvement of the community; parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.

**SUBJECT:**

Certificated Personnel Report

**AGENDA ITEM AREA:**

Consent Agenda

**REQUESTED BY:**

Ryan Davis  
Director of Human Services



**ENCLOSURES:**

Yes

**DEPARTMENT:**

Personnel

**FINANCIAL INPUT/SOURCE:**

Categorical/General

**MEETING DATE:**

October 4, 2011

**ROLL CALL REQUIRED:**

---

**BACKGROUND:**

The Board of Trustees will take action to approve the certificated personnel report.

**RECOMMENDATION:**

Administration recommends ratification of the certificated personnel report.

4.4

**WESTERN PLACER UNIFIED SCHOOL DISTRICT**

**PERSONNEL REPORT**

**October 4, 2011**

**CERTIFICATED/MANAGEMENT**

**NEW HIRES FOR 2011/2012 SCHOOL YEAR**

1. Gurbinder Nijjar, District School Nurse
2. Kristin McCabe, Speech Pathologist .60 FTE, Lincoln Crossing Elementary
3. Sara Wetteland, PE Teacher .50 FTE, Lincoln High School

**RESIGNATION**

1. LaShawn Horton, District School Nurse

44.1

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEE MEETING FACT SHEET**

**MISSION STATEMENT:** Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

**DISTRICT GLOBAL GOALS**

1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
2. Foster a safe, caring environment where individual differences are valued and respected.
3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.
4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.

**SUBJECT:**

Student Discipline/Stipulated  
Expulsion Student #11-12 D & F

**AGENDA ITEM AREA:**

Consent

**REQUESTED BY:**

Michael Doherty  
District Hearing Officer

**ENCLOSURES:**

N/A

**DEPARTMENT:**

Administration

**FINANCIAL INPUT/SOURCE:**

N/A

**MEETING DATE:**

October 4, 2011

**ROLL CALL REQUIRED:**

No

---

**BACKGROUND:**

The Board of Trustees will take action to approve the Stipulated Expulsion for Students; #11-12 D & F as agreed upon between Parents and District Staff.

**RECOMMENDATION:**

The Administration recommends the Board of Trustees approve the Stipulated Expulsion.

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEE MEETING FACT SHEET**

**MISSION STATEMENT:** Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

**DISTRICT GLOBAL GOALS**

1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
2. Foster a safe, caring environment where individual differences are valued and respected.
3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.
4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.

**SUBJECT:**

Long-Term English Learners &  
Better to Best Program

**AGENDA ITEM AREA:**

Information

**REQUESTED BY:**

Mary Boyle  
Deputy Superintendent Educational Services

**ENCLOSURES:**

Attached

**DEPARTMENT:**

Educational Services

**FINANCIAL INPUT/SOURCE:**

Categoricals

**MEETING DATE:**

October 4, 2011

**ROLL CALL REQUIRED:**

No

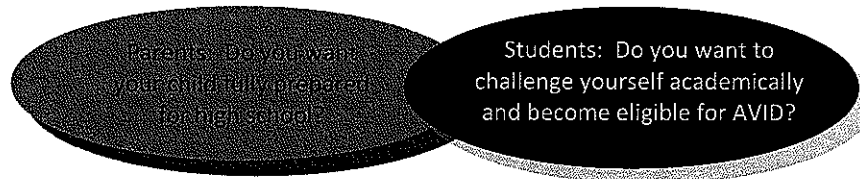
**BACKGROUND:**

WPUSD and PCOE worked cooperatively to offer a unique learning experience during the past school year and summer to long-term English Language Learners (ELL's) at Glen Edwards Middle School. Information about the Better to Best program, which was designed to support students who are long-term English Language Learners, will be presented by Lynn Kelso, WPUSD Intervention Program Specialist and Val Buckingham, PCOE EL Coordinator.

**RECOMMENDATION:**

Information only.

46



**Then this course is a must for you!**

# BETTER TO BEST

**A Partnership Between  
Glen Edwards Middle School and Placer County Office of Education**

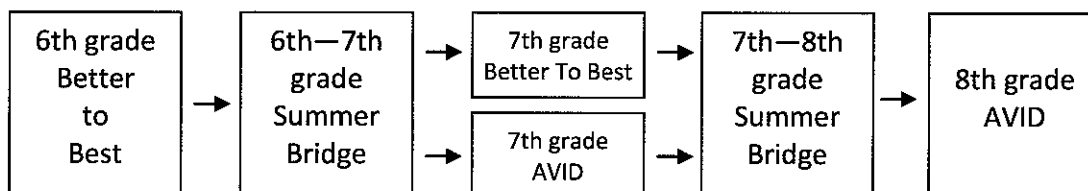
*Better to Best* is a sequence of enrichment elective courses designed to assist students to close any academic achievement gaps and better prepare them for the rigors of high school and post secondary course work.

## Course Elective Overview/Purpose:

- To re-engage students to ensure access to rigorous coursework.
- To fill in any academic gaps and for students to view themselves as college-bound.
- To focus on academic literacy, vocabulary, and AVID strategies.
- To provide opportunities to visit colleges and places with cultural relevance.

## Suggested target student may have one or more of the following:

- Basic to Proficient Scores on English Language Arts CSTs.
- At least average scores on other reading/writing district assessments.
- Conversational vocabulary but needs additional academic vocabulary.
- Motivation to improve academically.
- Intermediate to Advanced Scores on CELDT (English Learners only).



## FOR MORE INFORMATION, PLEASE CONTACT:

Placer COE:	Val Buckingham	(530) 745-1477	Email: vbuckingham@placercoe.k12.ca.us
Western Placer:	Lynn Kelso	(916) 645-6350	Email: kelsolyn@wpusd.k12.ca.us
	Daniela Thompson	(916) 645-6370	Email: dthompson@wpusd.k12.ca.us

# Public Hearing

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEE MEETING FACT SHEET**

**MISSION STATEMENT:** Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

**DISTRICT GLOBAL GOALS**

- 1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students**
- 2. Foster a safe, caring environment where individual differences are valued and respected.**
- 3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.**
- 4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.**
- 5. Promote student health and nutrition in order to enhance readiness for learning.**

**SUBJECT:**

Public Hearing re Sufficient  
Instructional Materials

**AGENDA ITEM AREA:**

Public Hearing

**REQUESTED BY:**

Mary Boyle

**ENCLOSURES:**

CDE Curriculum Cycle  
WPUSD Textbook Adoptions

**DEPARTMENT:**

Educational Services

**FINANCIAL INPUT/SOURCE:**

Requirement for State Funding

**MEETING DATE:**

October 4, 2011

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**BACKGROUND:**

Education Code 60119 requires that the governing board of a school district hold an annual instructional materials public hearing to determine whether the district has sufficient standards-aligned textbooks or instructional materials for students in each of its schools. A ten-day notice of the public hearing is required. Notices of Public Hearing were sent to news media and to our local schools on September 14, 2011.

This notice has been sent to our local major print media and is posted as required.

**RECOMMENDATION:**

Hold Public Hearing on Sufficient Instructional Materials.

**PLEASE POST**

September 14, 2011

**WESTERN PLACER UNIFIED SCHOOL DISTRICT**

**NOTICE OF PUBLIC HEARING**

Notice is hereby given that the Western Placer Unified School District will hold a public hearing at which the governing board shall encourage participation by parents, teachers, members of the community interested in the affairs of the school district, and bargaining unit leaders. This hearing shall make a determination, through a resolution, as to whether each pupil in each school in programs operated by Western Placer Unified School District will have sufficient textbooks or instructional materials, or both, in each of the following subjects, as appropriate, that are consistent with the content and cycles of the curriculum framework adopted by the State Board of Education (SBE):

1. Mathematics
2. Science
3. History-Social Science
4. Reading/Language Arts, including the English language development component of the adopted program.

A public hearing will be held October 4, 2011 at 7:00 p.m. in the Lincoln High School Theater. The Lincoln High School address is 790 J Street, Lincoln, CA.

The public hearing is a requirement for the district to qualify for Instructional Materials Funds for the 2011 - 2012 school year.

7.1



California Department of Education  
Curriculum Framework and Instructional Resources Division  
Schedule for Curriculum Framework Development K-12 and Adoption of Instructional Materials K-8

Calendar Year		05	06	07	08	09	10	11	12	13	14	15	16	17
Academic content standards and SBE adopted instructional materials	History-Social Science	A				Fc		A				Fc		A
	Science		A				Fc		A				Fc	
	Mathematics	Fc		A				Fc		A				Fc
	Reading/Language Arts/ELD		Fc		A				Fc		A			
Content standards and SBE adopted instructional materials	Visual & Performing Arts		A						Fc		A			
SBE adopted instructional materials, will have content standards	Foreign Language					SFc		A						
SBE adopted instructional materials, will have content standards	Health					S	Fc		A					
Model content standards, no SBE adopted materials	Physical Education	S		F								F		

DRAFT ONLY - This timeline has not been approved by the SBE

A = Primary Adoption  
c = Evaluation Criteria  
F = Framework  
ELD = English Language Development  
S = Standards to be adopted by SBE  
SBE = State Board of Education

7.2

**INFORMATION**

**DISCUSSION**

**ACTION**

**ITEMS**

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEE MEETING FACT SHEET**

**MISSION STATEMENT:** Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

**DISTRICT GLOBAL GOALS**

1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
2. Foster a safe, caring environment where individual differences are valued and respected.
3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.
4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.

**SUBJECT:**

Approve Resolution 11/12.5 re  
Instructional Materials

**AGENDA ITEM AREA:**

Action

**REQUESTED BY:**

Mary Boyle

**ENCLOSURES:**

Public Hearing Notice

**DEPARTMENT:**

Educational Services

**FINANCIAL INPUT/SOURCE:**

Categorical Funding Requirement

**MEETING DATE:**

October 4, 2011

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**BACKGROUND:**

Education Code 60119 requires that the governing board of a school district hold an annual instructional materials public hearing to determine whether the district has sufficient standards-aligned textbooks or instructional materials for students in each of its schools.

Western Placer Unified School District has followed state requirements regarding the adoption of appropriate standards-aligned textbooks for grades K – 12 and provides sufficient textbooks and instructional materials in all core academic areas.

A Public Hearing was held on October 4, 2011 re this requirement.

**ADMINISTRATION RECOMMENDATION:**

Approve Resolution 11/12.5 re Sufficient Textbooks.

8.1

**RESOLUTION # 11/12.5**  
**Education Code Section 60119**  
**Resolution on Sufficiency of Instructional Materials**

**RESOLUTION REGARDING SUFFICIENCY OR INSUFFICIENCY OF INSTRUCTIONAL MATERIALS:**

**Whereas**, the governing board of Western Placer Unified School District, in order to comply with the requirements of *Education Code* Section 60119 held a public hearing on October 4, 2011, at seven o'clock, which is on or before the eighth week of school (between the first day that students attend school and the eighth week from that day) and which did not take place during or immediately following school hours, and;

**Whereas**, the governing board provided at least 10 days notice of the public hearing posted in at least three public places within the district that stated the time, place, and purpose of the hearing, and;

**Whereas**, the governing board encouraged participation by parents, teachers, members of the community, and bargaining unit leaders in the public hearing, and;

**Whereas**, information provided at the public hearing and to the governing board at the public meeting detailed the extent to which textbooks and instructional materials were provided to all students, including English learners, in the district, and;

**Whereas**, the definition of "sufficient textbooks or instructional materials" means that each pupil has a textbook or instructional materials, or both, to use in class and to take home, and;

**Whereas**, sufficient textbooks and instructional materials were provided to each student, including English learners, that are aligned to the academic content standards and consistent with the cycles and content of the curriculum frameworks in the following subjects:

- Mathematics – (Adoption Cycle 2007 – 2009)
  - K – 5 HSP California Mathematics (Adopted 2009)
  - 6 – 8 McDougal Littell Concepts and Skills Courses 1 & 2 and Algebra I (Adopted 2009)
  - 9 – 12 McDougal Littell Algebra; Glencoe/McGraw Hill PreCalculus (Adopted 2008); McDougal Littell (Geometry (Adopted 2008)
- Science – (Adoption Cycle 2006 – 2008)
  - K – 5 Delta Science/FOSS (Adopted 2007)
  - 6 – 8 Pearson Prentice Hall – Focus on Science for California (Adopted 2007)

8.1.1

- 9 – 12 Pearson Prentice Hall Biology (Adopted 2007); Kendall Hunt Biology – An Ecological Approach; Addison Wesley Chemistry (Adopted 2007); Kendall Hunt Forensic Science (Adopted 2007)
- History-Social Science – (Adoption Cycle 2005 – 2007)
  - K – 5 Pearson Scott Foresman History/Social Science for California (Adopted 2007)
  - 6 – 8 Holt Rinehart & Winston History Social Studies (Adopted 2006)
  - 9 – 12 McDougal Little World History (Adopted 2005); Glencoe McGraw Hill Economics; McDougal Little US History (Adopted 2006); Prentice Hall Comparative Politics (Adopted 2006)
- English/Language Arts, including the English language development component of an adopted program – (Adoption Cycle 2008 – 2010)
  - K – 5 Houghton Mifflin Reading Language Arts (Adopted 2002); K-5 Medallions (Adopted 2010); (State Waiver 2010)
  - 6 – 8 Holt Rinehart & Winston Literature and Language Arts (Adopted 2002) (State Waiver 2010)
  - 9 – 12 McDougall Little The Language of Literature (Adopted 2002) (State Waiver 2010)

**Whereas**, laboratory science equipment was available for science laboratory classes offered in grades 9-12, inclusive;

**Therefore**, it is resolved that for the 2011 – 2012 school year, the Western Placer Unified School District has provided each pupil with sufficient textbooks and instructional materials aligned to the academic content standards and consistent with the cycles and content of the curriculum frameworks.

**PASSED AND ADOPTED THIS October 5, 2011**, By the Governing Board of Western Placer Unified School of Placer County, California

I, Kris Wyatt, Clerk of the Governing Board of Western Placer Unified School District of Placer county, California, certify that the foregoing is a full, true and correct copy of a resolution adopted by the said Board at a public School Board Meeting thereof held at a regular public place of meeting and the resolution is on file in the office of said Board.

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(Clerk)

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(Date)

8.1.2

# WESTERN PLACER UNIFIED SCHOOL DISTRICT BOARD OF TRUSTEES MEETING FACT SHEET

**MISSION STATEMENT:** Empower Students with the skills, knowledge, and attitudes for Success in an Ever Changing World.

## DISTRICT GLOBAL GOALS

1. Develop and continually upgrade a well articulated K-12 academic program that challenges all students to achieve their highest potential, with a special emphasis on students
2. Foster a safe, caring environment where individual differences are valued and respected.
3. Provide facilities for all district programs and functions that are suitable in terms of function, space, cleanliness and attractiveness.
4. Promote the involvement of the community, parents, local government, business, service organizations, etc. as partners in the education of the students.
5. Promote student health and nutrition in order to enhance readiness for learning.

### SUBJECT:

Approval of Documents and Resolution 11/12.6  
Related to Refunding of Certificates of Participation

### AGENDA ITEM AREA:

Action

### REQUESTED BY:

Joyce Lopes  
Superintendent of Business Services

### ENCLOSURES:

Resolution and Related Assistant  
Refunding Documents

### DEPARTMENT:

Business Services

### FINANCIAL INPUT/SOURCE:

Costs Included in Refunding COP

### MEETING DATE:

October 4, 2011

### ROLL CALL REQUIRED:

Yes

---

### BACKGROUND:

The district had five series of outstanding issuances of adjustable interest rate certificates of participation ("COPs") issued between 2003 and 2006. Annual debt service payments on these COPs were originally intended to be paid from a combination of CFD special tax proceeds and developer fees. In 2008, the district embarked on a COPs restructuring plan to create a debt repayment schedule that reflects the timing of the receipt of known revenue sources and secure fixed interest rates for budgeting purposes. Since 2008, the district has refinanced and restructured four of the five COPs series totaling \$130 million. Restructuring the 2006A COPs is the remaining piece of the puzzle. Tonight, the Board is requested to approve the resolution authorizing the sale of the 2011 Series refunding COPs, to refund the 2006 Series A COPs, and the form of the related financing documents.

### RECOMMENDATION:

Approve resolution and form of related financing documents.

8.2

**WESTERN PLACER UNIFIED SCHOOL DISTRICT  
RESOLUTION NO. 11/12.6**

**RESOLUTION AUTHORIZING AND )  
DIRECTING THE PREPARATION AND )  
EXECUTION OF CERTAIN LEASE )  
FINANCING DOCUMENTS, AUTHORIZING)  
THE PREPARATION AND DISTRIBUTION)  
OF A PRELIMINARY OFFICIAL )  
STATEMENT IN CONNECTION WITH THE )  
OFFERING AND SALE OF CERTIFICATES)  
OF PARTICIPATION RELATING )  
THERE TO, AND AUTHORIZING AND )  
DIRECTING CERTAIN ACTIONS WITH )  
RESPECT THERETO )**

RESOLVED, by the Governing Board (the "Board") of Western Placer Unified School District (the "District"), as follows:

WHEREAS, the District, working together with the California Public School District Financing Authority (the "Authority"), has heretofore caused the execution and delivery of the \$8,000,000 Western Placer School District Adjustable Rate Certificates of Participation (School Facilities Project), Series 2006A (the "2006 Certificates"), representing undivided proportional interests of the owners thereof in base rental payments to be made by the District as the rental for certain property pursuant to a lease agreement with the Authority to finance the construction of certain school facilities on property located within the geographic boundaries of the District;

WHEREAS, the 2006 Certificates are currently outstanding in the principal amount of \$8,000,000;

WHEREAS, the District has determined at this time, due to prevailing interest rates in the municipal bond market and for other reasons, to refinance its obligations with respect to the 2006 Certificates and to establish fixed interest rates therefore;

WHEREAS, it is in the public interest and for the public benefit that the District authorize and direct execution of the Lease Agreement (hereinafter defined) and certain other financing documents in connection therewith;

WHEREAS, a preliminary official statement containing information material to the offering and sale of the Certificates described below has been prepared on behalf of the District; and WHEREAS, the documents below specified shall be filed with the District and the members of the Board, with the aid of its staff, shall review said documents;

NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:

*Section 1.* Certificates of Participation (2011 Refinancing Project) (the "Certificates") are hereby authorized to be executed and delivered pursuant to the provisions of the Trust Agreement, as hereinafter defined.

*Section 2.* The below-enumerated documents be and are hereby approved, and the President of the Board, the Superintendent or the Assistant Superintendent, Business & Support Services, or the assignee of any such official, is hereby authorized and directed to execute said documents, with such changes, insertions and omissions as may be approved by such official, and the Clerk of the Board is hereby authorized and directed to attest to such official's signature:

8.2.1

(a) a site and facility lease, between the District, as lessor, and the Public Property Financing Corporation of California (the "Corporation"), as lessee, pursuant to which the District will lease certain property (the "Property") to the Corporation;

(b) a lease agreement, by and between the Corporation, as lessor, and the District, as lessee (the "Lease Agreement"), pursuant to which the Corporation will lease the Property back to the District, so long as the total principal amount of the Lease Agreement does not exceed \$9,000,000, so long as the maximum interest rate does not exceed 8.0%, and so long as the term of the Lease Agreement does not exceed forty years;

(c) a trust agreement, by and among the Corporation, the District and U.S. Bank National Association, as trustee (the "Trust Agreement"), relating to the financing, and the execution and delivery of the Certificates;

(d) an escrow deposit and trust agreement, by and between the District and U.S. Bank National Association, as escrow bank, relating to the refunding of the 2006 Certificates;

(e) a termination agreement, by and among the District, the Authority and U.S. Bank National Association, as trustee for the 2006 Certificates (the "2006 Trustee"), whereby the District, the Authority and the 2006 Trustee agree to terminate the documents relating to the 2006 Certificates; and

(f) a certificate purchase agreement, by and between Southwest Securities Inc. (the "Underwriter") and the District, relating to the purchase by the Underwriter of the Certificates, so long as the Underwriter's discount does not exceed 2.0% of the principal amount of the Certificates, exclusive of any original issue discount which does not represent compensation to the Underwriter.

*Section 3.* The Board hereby approves the Preliminary Official Statement describing the financing, in substantially the form on file with the Clerk of the Board, together with any changes therein or additions thereto deemed advisable by the President of the Board, the Superintendent or the Assistant Superintendent, Business & Support Services, or the assignee of any such official. The Board authorizes and directs the President of the Board, the Superintendent or the Assistant Superintendent, Business & Support Services, or the assignee of any such official, to deem "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") the Preliminary Official Statement prior to its distribution by the financial advisor.

*Section 4.* The President of the Board, the Superintendent or the Assistant Superintendent, Business & Support Services, or the assignee of any such official, is authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final official statement (the "Final Official Statement") and to execute said Final Official Statement, dated as of the date of the sale of the Certificates, and a statement that the facts contained in the Final Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Certificates, true and correct in all material respects and that the Final Official Statement did not, on the date of sale of the Certificates, and does not, as of the date of delivery of the Certificates, contain any untrue statement of a material fact with respect to the District or omit to state material facts with respect to the District required to be stated where necessary to make any statement made therein not misleading in the light of the circumstances under which it was made. The President of the Board, the Superintendent or the Assistant Superintendent, Business & Support Services, or the assignee of any such official, shall take such further actions prior to the signing of the Final Official Statement as are deemed necessary or appropriate to verify the accuracy thereof. The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by the President of the Board, the Superintendent or the Assistant Superintendent, Business & Support Services, or the assignee of any such official, and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the final Official Statement by the District.

8.2.2



*Section 5.* The Final Official Statement, when prepared, is approved for distribution in connection with the offering and sale of the Certificates.

*Section 6.* The President of the Board, the Superintendent, the Assistant Superintendent, Business & Support Services, the Clerk of the Board and all other appropriate officials of the District are hereby authorized and directed to execute such other agreements, documents and certificates as may be necessary to effect the purposes of this resolution and the financing herein authorized.

*Section 7.* This Resolution shall take effect upon its adoption by this Board.

\*\*\*\*\*

I, the undersigned Clerk of the Board of the Western Placer Unified School District, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted by the Governing Board of the District at a meeting thereof on the 4th day of October, 2011, by the following vote of the members thereof:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Kris Wyatt, Clerk of the Board

8-23

\$ \_\_\_\_\_  
**Certificates of Participation**  
**(2011 Refinancing Project)**  
**Evidencing Direct, Undivided Fractional Interests of the**  
**Owners Thereof in Lease Payments to be Made by the**  
**WESTERN PLACER UNIFIED SCHOOL DISTRICT**  
**(Placer County, California)**  
**As the Rental for Certain Property Pursuant to a Lease Agreement**  
**with the Public Property Financing Corporation of California**

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**PURCHASE AGREEMENT**

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October 25, 2011

Board of Trustees  
Western Placer Unified School District  
600 Sixth Street, Suite 400  
Lincoln, CA 95648

Ladies and Gentlemen:

Southwest Securities, Inc. (the "Underwriter"), offers to enter into this purchase agreement (this "Purchase Agreement") with the Western Placer Unified School District (the "District") which will be binding upon the District and the Underwriter upon the acceptance hereof by the District. This offer is made subject to its acceptance by the District by execution of this Purchase Agreement and its delivery to the Underwriter on or before 5:00 p.m., California time, on the date hereof. All terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Trust Agreement and the Lease Agreement (as those terms are hereafter defined).

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase, and the District hereby agrees to cause to be delivered to the Underwriter, all (but not less than all) of the \$\_\_\_\_\_ aggregate principal amount of the Certificates of Participation (2011 Refinancing Project) (the "Certificates") evidencing the direct undivided fractional interests of the Owners thereof in Lease Payments to be made by the District to the Public Property Financing Corporation of California (the "Corporation") pursuant to a Lease Agreement, dated as of November 1, 2011 (the "Lease Agreement"), by and between the District and the Corporation, at a purchase price of \$\_\_\_\_\_ (being the principal amount of the Certificates of \$\_\_\_\_\_, less Underwriter's discount of \$\_\_\_\_\_, and less a net original issue discount of \$\_\_\_\_\_). As an accommodation to the District, from said purchase price, the Underwriter will remit the sum of \$\_\_\_\_\_ to Assured Guaranty Municipal Corp. (the "Municipal Bond Insurer"), in payment of the premium (\$\_\_\_\_\_) for its municipal bond insurance policy (the "Municipal Bond Insurance Policy") and in payment of the premium

(\$ \_\_\_\_\_) for its municipal bond debt service reserve insurance policy (the "Reserve Insurance Policy").

2. Authorizing Instruments and Law. The Certificates shall be executed and delivered by U.S. Bank National Association, as trustee (the "Trustee") pursuant to a Trust Agreement dated as of November 1, 2011 (the "Trust Agreement") among the District, the Corporation and the Trustee. The Corporation will assign its right to receive Lease Payments to the Trustee pursuant to an Assignment Agreement, dated as of November 1, 2011 (the "Assignment Agreement") between the Corporation and the Trustee. The Certificates shall be as described in the Trust Agreement and the Official Statement relating to the Certificates (as defined below).

The District will use the proceeds of the Certificates to (a) refinance the acquisition, construction, installation, modernization and equipping of improvements to various District facilities and to provide for the refunding of the outstanding Western Placer School District Variable Rate Certificates of Participation (2001 Land Acquisition Project), Series 2006A (the "2006 Certificates"); (b) purchase the Reserve Insurance Policy in lieu of cash funding a reserve fund for the Certificates, and (c) pay the expenses of executing and delivering the Certificates.

Payment of principal and interest with respect to the Certificates will be insured by the Municipal Bond Insurance Policy issued by the Municipal Bond Insurer.

3. Public Offering. The Underwriter agrees to make a bona fide public offering of all the Certificates initially at the public offering prices (or yields) set forth in Appendix A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Certificates, provided that the Underwriter shall not change the interest rates set forth in Appendix A. The Certificates may be offered and sold to certain dealers at prices lower than such initial public offering prices.

4. Delivery of Official Statement and Continuing Disclosure. The District has delivered or caused to be delivered to the Underwriter prior to the execution of this Purchase Agreement or the first offering of the Certificates, whichever first occurs, copies of the Preliminary Official Statement relating to the Certificates (the "Preliminary Official Statement"). Such Preliminary Official Statement is the official statement deemed final by the District for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"), except for the information specifically permitted to be omitted by paragraph (b)(1) of the Rule, and approved for distribution by resolution of the District.

The Preliminary Official Statement and the final Official Statement, dated the date hereof (the "Final Official Statement"), including the cover pages, the appendices thereto and all information incorporated therein by reference are hereinafter referred collectively to as the "Official Statement."

To assist the Underwriter in complying with SEC Rule 15c2-12 (b)(5) (the "Rule"), the District will undertake, pursuant to a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"), to provide annual reports and notices of certain events. A description of these undertakings is set forth in the Preliminary Official Statement dated November 25, 2011, relating to the Certificates and will also be set forth in the Final Official Statement.

The District shall, within seven (7) business days of the date hereof, deliver the Final Official Statement to the Underwriter in sufficient quantity to comply with applicable SEC and Municipal Securities Rulemaking Board regulations.

5. The Closing. At 8:00 A.M., California time, on November 15, 2011, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the District and the Underwriter (the "Closing Date"), the District will deliver (i) the Certificates in definitive form to the Underwriter in such form as the Underwriter shall request, and (ii) the closing documents hereinafter mentioned at the office of Quint & Thimmig LLP ("Special Counsel"), or another place to be mutually agreed upon by the District and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Certificates on the Closing Date as set forth in Section 1 by wire transfer payable to the order of the Trustee on behalf of the District. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the "Closing." The Certificates will be delivered in book-entry form through the facilities of the Depository Trust Company.

6. District Representations, Warranties and Covenants. The District represents, warrants and covenants to the Underwriter that:

(a) *Due Organization, Existence and Corporation.* The District is a school district, organized and existing under the Constitution and the laws of the State of California (the "State"), with full right, power and authority to execute, deliver and perform its obligations under this Purchase Agreement, the Trust Agreement, the Lease Agreement, the Site and Facility Lease, dated as of November 1, 2011, by and between the District and the Corporation, and the Escrow Deposit and Trust Agreement, dated as of the Closing Date (the "Escrow Agreement"), by and between the District and U.S. Bank National Association, as escrow bank (the "Escrow Bank"), providing for the refunding of the 2006 Certificates (collectively, the "District Documents") and to carry out and consummate the transactions contemplated by the District Documents and the Official Statement.

(b) *Due Authorization and Approval.* By all necessary official action of the District, the District has duly authorized and approved the execution and delivery of, and the performance by the District of the obligations contained in, the Preliminary Official Statement, the Final Official Statement and the District Documents and, as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, the District Documents will constitute the legally valid and binding obligations of the District enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors' rights generally. The District has complied, and will at the Closing be in compliance in all respects, with the terms of the District Documents.

(c) *Official Statement Accurate and Complete.* The Preliminary Official Statement was as of its date, and the Final Official Statement is, and at all times subsequent to the date of the Final Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the Final Official Statement contain and up to and including the Closing will contain no misstatement of any material fact and do not, and up to and including the Closing will not, omit any statement necessary to make the statements contained therein, in the light of the circumstances under which such statements were made, not misleading.

(d) *Amendments and Supplements to Official Statement.* If after the date of this Purchase Agreement and until twenty-five (25) days after the end of the underwriting period, any event shall occur, of which the District has notice, as a result of which it may be necessary to supplement the Official Statement in order to make the statements therein, in light of the circumstances existing at such time, not misleading, the District shall forthwith notify the Underwriter of any such event of which it has knowledge and, if in the opinion of the Underwriter or the District, such event requires an amendment or supplement to the Official

Statement, the District, at its own expense, will amend or supplement the Official Statement in a form and manner jointly approved by the District and the Underwriter so that the statements therein as so amended or supplemented will not be misleading in the light of the circumstances existing at such time and the District shall promptly furnish to the Underwriter a reasonable number of copies of such amendment or supplement.

(e) *No Breach or Default.* As of the time of acceptance hereof and as of the time of the Closing, except as otherwise disclosed in the Official Statement, the District is not and will not be in breach of or in default under any applicable and material constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable and material judgment or decree or any trust agreement, lease agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the District Documents and compliance with the provisions of each of such agreements or instruments do not and will not be prohibited by or constitute a breach of or default under any applicable and material constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable and material judgment, decree, license, permit, trust agreement, lease agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties are bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the District Documents.

(f) *No Litigation.* As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, to the best knowledge and belief of the District, without having made any independent investigation, (1) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory authority, public board or body, pending or threatened against the District (i) in any way questioning the corporate existence of the District or the titles of the officers of the District to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Certificates, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest with respect to the Certificates, or in any way contesting or affecting the validity of the Certificates or the District Documents or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest portion of the Lease Payments from taxation; or (iii) contesting the completeness or accuracy of the Preliminary Official Statement or the Final Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Final Official Statement contained any untrue statement of a material fact or omitted to state any 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; and (2) there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iii) of this sentence.

(g) *Preliminary Official Statement.* For purposes of the Rule, the District has heretofore deemed final the Preliminary Official Statement prior to its use and distribution by the Underwriter, except for the information specifically permitted to be omitted by paragraph (b)(1) of the Rule.

(h) *Approvals and Consents.* Except as may be required under the blue sky or other securities laws of any jurisdiction, all approvals, consents, authorizations, elections and orders

of, or filings or registrations with, any governmental authority, board, or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the District of its obligations under the District Documents and the Certificates have been or will be obtained and are or will be in full force and effect.

(i) *Continuing Disclosure Filings.* The District has timely filed all of its prior annual reports and material event notices, if any.

7. Closing Conditions. The Underwriter has entered into this Purchase Agreement in reliance upon the representations, warranties and covenants herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter's obligations under this Purchase Agreement to purchase and pay for the Certificates shall be subject to the following additional conditions:

(a) *Bring-Down Representation.* The representations, warranties and covenants of the District contained herein shall be true, complete and correct at the date hereof and at the time of the Closing, as if made on the date of the Closing.

(b) *Executed Agreements and Performance Thereunder.* At the time of the Closing (i) the District Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter and (ii) there shall be in full force and effect such resolutions (the "Resolutions") as, in the opinion of Special Counsel, shall be necessary in connection with the transactions contemplated by the Official Statement and the District Documents.

(c) *Termination Events.* The Underwriter shall have the right to terminate this Purchase Agreement, without liability therefor, by notification to the District if at any time at or prior to the Closing:

(i) any event shall occur which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

(ii) the marketability of the Certificates or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any Federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or state authority materially adversely affecting the federal or State tax status of the District, or the interest on Certificates or notes or obligations of the general character of the Certificates; or

(iii) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Certificates; or

(iv) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental body having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Certificates, or the issuance, offering or sale of the Certificates, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Certificates, or the Certificates, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Trust Agreement needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(v) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to trade the Certificates; or

(vi) a general banking moratorium shall have been established by federal or State authorities; or

(vii) the United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency or there has occurred any other outbreak of hostilities or a national or international calamity or crisis, or there has occurred any escalation of existing hostilities, calamity or crisis, financial or otherwise, the effect of which on the financial markets of the United States being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Certificates; or

(viii) any rating of the Certificates shall have been downgraded, suspended or withdrawn by a national rating service, which, in the Underwriter's reasonable opinion, materially adversely affects the marketability or market price of the Certificates; or

(ix) the commencement of any action, suit or proceeding described in Section 6(f) which, in the judgment of the Underwriter, materially adversely affects the market price of the Certificates; or

(x) there shall be in force a general suspension of trading on the New York Stock Exchange.

(d) *Closing Documents.* At or prior to the Closing, the Underwriter shall receive with respect to the Certificates (unless the context otherwise indicates) the following documents:

(1) **Final Opinion.** An approving opinion of Special Counsel dated the date of the Closing and substantially in the form appended to the Official Statement, together with a letter from such counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that the foregoing opinion addressed to the District may be

relied upon by the Underwriter to the same extent as if such opinion were addressed to it.

(2) **Supplemental Opinion.** A supplemental opinion or opinions of Special Counsel addressed to the District and the Underwriter, and dated the date of the Closing substantially to the following effect:

(i) The District Documents have been duly authorized, executed and delivered by the District and constitute the valid, legal and binding agreements of the District enforceable in accordance with their respective terms.

(ii) The statements contained in the Official Statement (including the cover page and the Appendices thereto), insofar as such statements purport to summarize certain provisions of the Certificates, the Trust Agreement, the Lease Agreement or the tax-exempt status of the interest component of the Lease Payments, accurately summarize the information presented therein; provided that Special Counsel need not express any opinion with respect to any financial or statistical information contained therein.

(iii) The Certificates and the District's obligations under the Trust Agreement are exempt from registration under the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(3) **Disclosure Counsel.** An opinion of Quint & Thimmig LLP, San Francisco, California, as Disclosure Counsel addressed to the District and the Underwriter, stating that, without passing upon or assuming any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement and making no representation that they have independently verified the accuracy, completeness or fairness of any such statements, based upon the information made available to them in the course of their participation in the preparation of the Official Statement, nothing has come to such counsel's attention which would lead them to believe that the Official Statement, including the cover page and all appendices thereto (excluding therefrom financial statements and statistical data, information regarding The Depository Trust Company, and its book entry system, as to which no opinion need be expressed) contains an untrue statement of a material fact or 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.

(4) **Trustee Counsel Opinion.** The opinion of counsel to the Trustee, dated the date of the Closing, addressed to the District and the Underwriter, to the effect that:

(i) The Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America, having full power to enter into, accept and administer the trust created under the Trust Agreement.

(ii) The Trust Agreement and the Assignment Agreement have been duly authorized, executed and delivered by the Trustee and constitute the legal, valid and binding obligations of the Trustee enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought.



(5) **Escrow Bank Counsel Opinion.** The opinion of counsel to the Escrow Bank, dated the date of the Closing, addressed to the District and the Underwriter, to the effect that:

(i) The Escrow Bank is a national banking association, duly organized and validly existing under the laws of the United States of America, having full power to enter into, accept and administer the trust created under the Escrow Agreement.

(ii) The Escrow Agreement has been duly authorized, executed and delivered by the Escrow Bank and constitute the legal, valid and binding obligation of the Escrow Bank enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought.

(6) **District Certificate.** A certificate of the District, dated the date of the Closing, signed on behalf of the District by the Superintendent or other duly authorized officer of the District to the effect that:

(i) The representations, warranties and covenants of the District contained herein are true and correct in all material respects on and as of the date of the Closing as if made on the date of the Closing and the District has complied with all of the terms and conditions of this Purchase Agreement required to be complied with by the District at or prior to the date of the Closing.

(ii) No event affecting the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(7) **Corporation Certificate.** A certificate of the Corporation, dated the date of the Closing, signed on behalf of the Corporation by the President or other duly authorized officer of the Corporation to the effect that no event affecting the Corporation has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(8) **Trustee Certificate.** A certificate of the Trustee, dated the date of Closing, addressed to the Corporation, the District and the Underwriter to the following effect:

(i) The Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Trust Agreement and the Assignment Agreement.

(ii) The Trustee is duly authorized to enter into the Trust Agreement and the Assignment Agreement and the Trust Agreement and the Assignment Agreement have been duly executed and delivered by the Trustee.

(iii) To the best knowledge of the Trustee, after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any

court or governmental body, public board or body served upon the Trustee or threatened against the Trustee which in the reasonable judgment of the Trustee would affect the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Trust Agreement and the Assignment Agreement or contesting the powers of the Trustee or its authority to enter into and perform its obligation under the Trust Agreement and the Assignment Agreement.

(9) **Escrow Bank Certificate.** A certificate of the Escrow Bank, dated the date of Closing, addressed to the Corporation, the District and the Underwriter to the following effect:

(i) The Escrow Bank is duly organized and existing as a national banking association in good standing under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Escrow Agreement.

(ii) The Escrow Bank is duly authorized to enter into the Escrow Agreement and the Escrow Agreement has been duly executed and delivered by the Escrow Bank.

(iii) To the best knowledge of the Escrow Bank, after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental body, public board or body served upon the Escrow Bank or threatened against the Escrow Bank which in the reasonable judgment of the Escrow Bank would affect the existence of the Escrow Bank or in any way contesting or affecting the validity or enforceability of the Escrow Agreement or contesting the powers of the Escrow Bank or its authority to enter into and perform its obligation under the Escrow Agreement.

(10) **2006 Defeasance Opinion.** A defeasance opinion with respect to the 2006 Certificates, dated the Closing Date and addressed to the District, the Trustee, the Escrow Bank and the Underwriter, of Special Counsel;

(11) **Documents.** An original executed copy of each of the District Documents.

(12) **Arbitrage Certificate.** An arbitrage certificate executed by the District and satisfactory in form and substance to Special Counsel.

(13) **8038-G.** Evidence that the federal tax information form 8038-G has been executed by the District.

(14) **Title Insurance.** Evidence of arrangements for the issuance of a binder for a CLTA title insurance policy issued by Stewart Title Guaranty Company insuring the District's leasehold interest in the Property under the Lease Agreement, in form and substance acceptable to Special Counsel.

(15) **Municipal Bond Insurance Policy.** Receipt by the Trustee of the Municipal Bond Insurance Policy, together with any endorsements thereto, issued by the Municipal Bond Insurer as well as an opinion of counsel to the Municipal Bond Insurer and a Certificate of the Municipal Bond Insurer satisfactory to Special Counsel.

(16) **Reserve Insurance Policy.** Receipt by the Trustee of the Reserve Insurance Policy, together with any endorsements thereto, issued by the Municipal Bond Insurer

as well as an opinion of counsel to the Municipal Bond Insurer and a Certificate of the Municipal Bond Insurer satisfactory to Special Counsel.

(17) **Rating.** Evidence that Standard & Poor's Ratings Services has assigned the rating of "AAA" to the Certificates, based upon the issuance of the Municipal Bond Insurance Policy by the Municipal Bond Insurer.

(18) **CDIAC Filings.** Evidence of required filings with the California Debt and Investment Advisory Commission.

(19) **Additional Documents.** Such additional certificates, instruments and other documents as Special Counsel, the District or the Underwriter may reasonably deem necessary.

If the District or the Corporation shall be unable to satisfy the conditions contained in this Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter, the District, nor the Corporation shall be under further obligation hereunder, except as further set forth in Section 9.

8. **Expenses.** Whether or not the Underwriter accepts delivery of and pays for the Certificates as set forth herein, the Underwriter shall be under no obligation to pay, and the Corporation and the District shall pay or cause to be paid the expenses incident to the performance of the obligations of the Corporation and the District hereunder including but not limited to: (a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the District Documents and the cost of preparing, printing, issuing and delivering the definitive Certificates; (b) the fees and disbursements of any counsel, financial advisors, accountants or other experts or consultants retained by the District; (c) the fees and disbursements of Special Counsel; (d) the cost of preparation and printing of the Preliminary Official Statement and any supplements and amendments thereto and the cost of preparation and printing of the Official Statement, including the requisite number of copies thereof for distribution by the Underwriter; and (e) charges of rating agencies for the rating of the Certificates.

Whether or not the Underwriter accepts delivery of and pays for the Certificates as set forth herein, the Underwriter shall pay, and the District and the Corporation shall not be under an obligation to pay, CUSIP Bureau and CDIAC fees and expenses, fees and expenses to qualify the Certificates for sale under any "blue sky" laws, fees and expenses of counsel to the Underwriter, and all other expenses incurred by it in connection with the public offering and distribution of the Certificates.

9. **Notice.** Any notice or other communication to be given to the District or the Corporation under this Purchase Agreement may be given by delivering the same in writing to such entity at the address set forth above. Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to Southwest Securities, Inc., 2533 South Coast Hwy 101, Suite 210, Cardiff By The Sea, CA 92007, Attention: Mr. Todd Smith, Senior Vice President.

10. **Entire Agreement.** This Purchase Agreement, when accepted by the District shall constitute the entire agreement between the District, the Corporation and the Underwriter and is made solely for the benefit of the District and the Underwriter (including the successors or assigns of any Underwriter). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein. All of the District's representations, warranties and agreements in this Purchase Agreement shall remain operative and in full force and effect,

regardless of any investigation made by or on behalf of the Underwriter, until the earlier of (a) delivery of and payment for the Certificates hereunder, and (b) any termination of this Purchase Agreement.

11. Counterparts. This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

12. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

13. State of California Law Governs. The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of the State.

14. No Assignment. The rights and obligations created by this Purchase Agreement shall not be subject to assignment by either the Underwriter, the District, or the Corporation without the prior written consent of the other parties hereto.

SOUTHWEST SECURITIES, INC.

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

Accepted as of the date first stated above:

WESTERN PLACER UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_  
Scott Leaman  
Superintendent

8.2.14

## APPENDIX A

\$ \_\_\_\_\_  
Certificates of Participation  
(2011 Refinancing Project)  
Evidencing Direct, Undivided Fractional Interests of the  
Owners Thereof in Lease Payments to be Made by the  
WESTERN PLACER UNIFIED SCHOOL DISTRICT  
(Placer County, California)  
As the Rental for Certain Property Pursuant to a Lease Agreement  
with the Public Property Financing Corporation of California

### MATURITY SCHEUDLE

<u>Date</u> <u>November 1</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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### REDEMPTION

*Extraordinary Redemption.* The Certificates are subject to extraordinary redemption, in whole or in part, on any Interest Payment Date, in an order of maturity determined by the District, from the Net Proceeds of insurance or eminent domain proceedings credited towards the redemption of the Lease Payments pursuant to the Lease Agreement, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest represented thereby to the date fixed for redemption, without premium.

*Optional Redemption.* The Certificates maturing on or before November 1, \_\_\_\_, are not subject to optional redemption prior to maturity. The Certificates maturing on and after November 1, \_\_\_\_, are subject to optional redemption in whole or in part on any date in such order of maturity as shall be designated by the District (or, if the District shall fail to so designate the order of redemption, in *pro rata* among maturities) and by lot within a maturity, on or after November 1, \_\_\_\_, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium, from the proceeds of the optional prepayment of Lease Payments made by the District pursuant to the Lease Agreement.

*Mandatory Redemption.* The Certificates maturing on November 1, \_\_\_\_, are subject to mandatory redemption in part on November 1 in each year on and after November 1, \_\_\_\_, to and including November 1, \_\_\_\_, from the principal components of scheduled Lease Payments required to be paid by the District pursuant to the Lease Agreement with respect to each such redemption date (subject to abatement, as set forth in the Lease Agreement), at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

Year  
(November 1)

Principal Amount of  
Certificates to be Redeemed

†Maturity.

AFTER RECORDATION PLEASE RETURN TO:

Quint & Thimmig LLP  
575 Market Street, Suite 3600  
San Francisco, CA 94105-2874  
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

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**SITE AND FACILITY LEASE**

**Dated as of November 1, 2011**

**by and between the**

**WESTERN PLACER UNIFIED SCHOOL DISTRICT, as Lessor**

**and the**

**PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, as Lessee**

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(2011 Refinancing Project)

## SITE AND FACILITY LEASE

THIS SITE AND FACILITY LEASE (this "Site and Facility Lease"), dated as of November 1, 2011, is by and between WESTERN PLACER UNIFIED SCHOOL DISTRICT, a school district duly organized and existing under and by virtue of the laws of the State of California (the "District"), as lessor, and the PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, a nonprofit, public benefit corporation duly organized and existing under and by virtue of the laws of the State of California (the "Corporation"), as lessee;

### WITNESSETH:

WHEREAS, the Corporation intends to assist the District to refinance the acquisition, construction, installation, modernization and equipping of improvements to various District facilities and to provide for the refunding of the outstanding Western Placer School District Variable Rate Certificates of Participation (2001 Land Acquisition Project), Series 2006A (the "2006 Certificates"), by leasing certain land and improvements to the District pursuant to a Lease Agreement, dated as of November 1, 2011, a memorandum of which is recorded concurrently herewith (the "Lease Agreement"); and

WHEREAS, the District proposes to enter into this Site and Facility Lease with the Corporation as a material consideration for the Corporation's agreement to lease such land and improvements to the District;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED, as follows:

Section 1. Definitions. Capitalized terms used, but not otherwise defined, in this Site and Facility Lease shall have the meanings ascribed to them in the Lease Agreement.

Section 2. Site and Facility Lease. The District hereby leases to the Corporation and the Corporation hereby leases from the District, on the terms and conditions hereinafter set forth, those certain parcels of real property situated in Placer County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (collectively, the "Site"), and those certain improvements on the Site more particularly described in Exhibit B attached hereto and made a part hereof (collectively, the "Facility").

Section 3. Term. The term of this Site and Facility Lease shall commence on the date of recordation of this Site and Facility Lease in the Office of the County Recorder of Placer County, State of California, and shall end on November 1, \_\_\_\_, unless such term is extended or sooner terminated as hereinafter provided. If, on November 1, \_\_\_\_, the aggregate amount of Lease Payments (as defined in and as payable under the Lease Agreement) shall not have been paid, or provision shall not have been made for their payment, then the term of this Site and Facility Lease shall be extended until such Lease Payments shall be fully paid or provision made for such payment. If, prior to November 1, \_\_\_\_, all Lease Payments shall be fully paid or provision made for such payment in accordance with Section 4.4 or 10.1 of the Lease Agreement, the term of this Site and Facility Lease shall end ten (10) days thereafter.

Section 4. Advance Rental Payment. The District agrees to lease the Site and the Facility to the Corporation in consideration of the payment by the Corporation of an advance rental payment of \_\_\_\_\_ dollars (\$\_\_\_\_\_). The District and the Corporation agree that by reason of the sale of the Certificates and deposit of proceeds pursuant to the provisions of the Trust Agreement, the advance rental payment referenced in the preceding sentence shall be deemed to have been paid.

8.2.18



Section 5. Purpose. The Corporation shall use the Site and the Facility solely for the purpose of leasing the Site and the Facility to the District pursuant to the Lease Agreement and for such purposes as may be incidental thereto; *provided, however*, that in the event of default by the District under the Lease Agreement, the Corporation and its assigns may exercise the remedies provided in the Lease Agreement.

Section 6. District's Interest in the Site and the Facility. The District covenants that it is the owner in fee of the Site and the Facility.

Section 7. Assignments and Subleases. Unless the District shall be in default under the Lease Agreement, the Corporation may not assign its rights under this Site and Facility Lease or sublet the Site or the Facility, except as provided in the Lease Agreement, without the written consent of the District and AGM.

Section 8. Right of Entry. The District reserves the right for any of its duly authorized representatives to enter upon the Site and the Facility at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 9. Termination. The Corporation agrees, upon the termination of this Site and Facility Lease, to quit and surrender the Site and the Facility in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Site at the time of the termination of this Site and Facility Lease shall remain thereon and title thereto shall vest in the District.

Section 10. Default. In the event the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms of this Site and Facility Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Corporation, the District may exercise any and all remedies granted by law, except that no merger of this Site and Facility Lease and of the Lease Agreement shall be deemed to occur as a result thereof and the District shall have no right to terminate this Site and Facility Lease as a remedy for such default; *provided, however*, that so long as any Certificates are Outstanding and unpaid in accordance with the terms thereof, the Lease Payments assigned by the Corporation to the Trustee under the Assignment Agreement shall continue to be paid to the Trustee.

Section 11. Quiet Enjoyment. The Corporation, at all times during the term of this Site and Facility Lease, shall peaceably and quietly have, hold and enjoy all of the Site subject to the provisions of the Lease Agreement and the Trust Agreement.

Section 12. Waiver of Personal Liability. All liabilities under this Site and Facility Lease on the part of the Corporation are solely liabilities of the Corporation and the District hereby releases each and every, member, director, officer, employee and agent of the Corporation of and from any personal or individual liability under this Site and Facility Lease. No member, director, officer, employee or agent of the Corporation shall at any time or under any circumstances be individually or personally liable under this Site and Facility Lease for anything done or omitted to be done by the Corporation hereunder.

Section 13. Taxes. All assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Site and the Facility (including both land and improvements) will be paid in accordance with the Lease Agreement.

Section 14. Eminent Domain. In the event the whole or any part of the Site or the Facility thereon is taken by eminent domain proceedings, the interest of the Corporation shall be recognized and is hereby determined to be the amount of the then unpaid Certificates including

the unpaid principal and interest with respect to any then outstanding such Certificates and, subject to the provisions of the Lease Agreement, the balance of the award, if any, shall be paid to the District.

Section 15. Use of the Proceeds. The District and the Corporation hereby agree that the lease to the Corporation of the District's right and interest in the Site and the Facility pursuant to Section 1 serves the public purposes of the District by providing funds to enable the District to refund the 2006 Certificates. The District hereby agrees that the proceeds of the Certificates shall be used solely for the purpose of paying the costs of the refunding of the 2006 Certificates.

Section 16. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site and Facility Lease shall, to any extent, be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding, order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site and Facility Lease shall be affected thereby, and each provision of this Site and Facility Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 17. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid, and, if to the District, addressed to the District in care of the Superintendent, Western Placer Unified School District, 600 Sixth Street, 4th Floor, Lincoln, CA 95648, if to the Corporation, addressed to the Corporation in care of the Secretary/Treasurer, Public Property Financing Corporation of California, 23945 Calabasas Road, Suite 103, Calabasas, CA 91302, or if to AGM, addressed to Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director - Surveillance, Re: Policy No. \_\_\_\_, Telephone: (212) 826 0100m, Fax: (212) 339 3556, or to such other addresses as the respective parties may from time to time designate by notice in writing.

Section 18. Binding Effect. This Site and Facility Lease shall inure to the benefit of and shall be binding upon the District and the Corporation and their respective successors and assigns. AGM shall be deemed to be a third party beneficiary of this Site and Facility Lease.

Section 19. Amendment. This Site and Facility Lease may not be amended except as permitted under Section 10.01 of the Trust Agreement.

Section 20. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site and Facility Lease.

Section 21. Applicable Law. This Site and Facility Lease shall be governed by and construed in accordance with the laws of the State of California.

Section 22. Execution in Counterparts. This Site and Facility Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the District and the Corporation have caused this Site and Facility Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

WESTERN PLACER UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_  
Scott Leaman  
Superintendent

Attest:

\_\_\_\_\_  
Kris Wyatt  
Clerk of the Board

PUBLIC PROPERTY FINANCING  
CORPORATION OF CALIFORNIA

By \_\_\_\_\_  
William A. Morton  
Secretary/Treasurer

[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]

8.2.22

## EXHIBIT A

### DESCRIPTION OF THE SITE

The land described herein is situated in the State of California, County of Placer, and is described as follows:

A PORTION OF BLOCKS 24 AND 25 AND A PORTION OF "N" STREET AS SHOWN AND SO DESIGNATED ON THE PLAT OF WESTERN ADDITION NO. 2, FILED IN BOOK C OF MAPS AT PAGE 59, PLACER COUNTY RECORDS, TOGETHER WITH A PORTION OF BLOCK 15 AND A PORTION OF "M" STREET AS SHOWN ON THE PLAT OF WESTERN ADDITION, FILED IN BOOK A OF MAPS AT PAGE 23, PLACER COUNTY RECORDS, LOCATED IN SECTION 15, TOWNSHIP 12 NORTH, RANGE 6 EAST, M.D.M., CITY OF LINCOLN, PLACER COUNTY, CALIFORNIA.

BEGINNING AT THE SOUTHWEST CORNER OF THE ABOVE DESCRIBED BLOCK 25, THENCE FROM THE POINT OF BEGINNING THE FOLLOWING EIGHT CONSECUTIVE (8) COURSES AND DISTANCES: 1) NORTH  $00^{\circ}33'34''$  WEST, ALONG THE WESTERLY PROPERTY LINE FOR A DISTANCE OF 380.73 FEET; 2) LEAVING SAID WESTERLY LINE, NORTH  $89^{\circ}41'17''$  EAST FOR A DISTANCE 607.89 FEET; 3) SOUTH, FOR A DISTANCE OF 55.32 FEET; 4) EAST, FOR A DISTANCE OF 330.40 FEET; 5) SOUTH, FOR A DISTANCE OF 178.86 FEET; 6) WEST, FOR A DISTANCE OF 66.12 FEET; 7) SOUTH, FOR A DISTANCE OF 140.76 FEET TO THE SOUTHERLY PROPERTY LINE; 8) SOUTH  $89^{\circ}24'05''$  WEST, ALONG THE SOUTH PROPERTY LINE FOR A DISTANCE OF 868.49 FEET TO THE POINT OF BEGINNING.

APN: 008-231-001

## EXHIBIT B

### DESCRIPTION OF THE FACILITY

The Facility consists of the District's **First Street School**, located on the 4.4579-acre (194,185 square foot) Site at 1400 First Street, in Lincoln, California. The Facility is a kindergarten through fifth grade school adjacent to Glen Edwards Middle School, in the north central part of the City. The Facility, opened in 2000, consists of 36,960 square feet of permanent portable buildings all put in place at the same time. Major elements of the school are the administrative offices, staff room, library/support services, multi-purpose building, two restroom buildings and 27 classrooms.

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**LEASE AGREEMENT**

**Dated as of November 1, 2011**

**by and between the**

**PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, as Lessor**

**and**

**WESTERN PLACER UNIFIED SCHOOL DISTRICT, as Lessee**

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**(2011 Refinancing Project)**

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## LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease Agreement"), dated for convenience as of November 1, 2011, by and between the PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, a nonprofit, public benefit corporation organized and existing under the laws of the State of California, as lessor (the "Corporation"), and WESTERN PLACER UNIFIED SCHOOL DISTRICT, a school district organized and existing under the laws of the State of California, as lessee (the "District");

### WITNESSETH:

WHEREAS, pursuant to that certain Site and Facility Lease, dated as of November 1, 2011 (the "Site and Facility Lease"), the District has leased those certain parcels of real property situated in Placer County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof (collectively, the "Site"), and those certain improvements thereon, more particularly described in Exhibit B hereto (collectively, the "Facility" and, with the Site, the "Property"), to the Corporation, all for the purpose of enabling the District to refinance the acquisition, construction, installation, modernization and equipping of improvements to various District facilities and to provide for the refunding of the outstanding Western Placer School District Variable Rate Certificates of Participation (2001 Land Acquisition Project), Series 2006A (the "2006 Certificates");

WHEREAS, the Corporation proposes to lease the Property back to the District pursuant to this Lease Agreement and to assign its right to receive lease payments under this Lease Agreement (the "Lease Payments"), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under this Lease Agreement in the event of a default hereunder by the District, to U.S. Bank National Association, as trustee (the "Trustee"), pursuant to that certain Assignment Agreement, dated as of November 1, 2011, by and between the Corporation and the Trustee;

WHEREAS, pursuant to that certain Trust Agreement, dated as of November 1, 2011, by and among the District, the Corporation and the Trustee, the Trustee will execute and deliver certificates of participation (the "Certificates") in the Lease Payments; and

WHEREAS, the proceeds of the Certificates, together with other available moneys, will be applied by the District to (i) refund the 2006 Certificates, (ii) fund a reserve fund for the Certificates, and (iii) pay delivery costs incurred in connection with the execution, delivery and sale of the Certificates;

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

8.2.28

## ARTICLE I

### DEFINITIONS AND EXHIBITS

Section 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Lease Agreement shall have the respective meanings specified in Section 1.01 of the Trust Agreement, dated as of November 1, 2011, by and among the District, the Corporation and the Trustee.

Section 1.2. Exhibits. The following exhibits are attached to, and by this reference made a part of, this Lease Agreement:

- Exhibit A: The description of the Site.
- Exhibit B: The description of the Facility.
- Exhibit C: The schedule of Lease Payments to be paid by the District hereunder with respect to the Property, showing the Lease Payment Date and amount of each such Lease Payment.

## ARTICLE II

### REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of the District. The District represents, covenants and warrants to the Corporation and AGM as follows:

(a) *Due Organization and Existence.* The District is a school district organized and existing under the laws of the State.

(b) *Authorization.* The laws of the State authorize the District to enter into the Site and Facility Lease, this Lease Agreement, the Escrow Agreement and the Trust Agreement and to enter into the transactions contemplated by and to carry out its obligations under all of the aforesaid agreements, and the District has duly authorized and executed all of the aforesaid agreements and such agreements constitute the legal, valid and binding agreements of the District, enforceable against the District in accordance with their respective terms.

(c) *No Violations.* Neither the execution and delivery of the Site and Facility Lease, this Lease Agreement, the Escrow Agreement or the Trust Agreement, the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction, agreement or instrument to which the District is now a party or by which the District is bound, constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrances whatsoever upon any of the property or assets of the District, or upon the Property, except Permitted Encumbrances.

(d) *Execution and Delivery.* The District has duly authorized and executed this Lease Agreement, the Escrow Agreement in accordance with all applicable laws.

Section 2.2. Representations, Covenants and Warranties of Corporation. The Corporation represents, covenants and warrants to the District and AGM as follows:

(a) *Due Organization and Existence.* The Corporation is a nonprofit, public benefit corporation, organized and existing under and by virtue of the laws of the State; has power to enter into the Site and Facility Lease, this Lease Agreement, the Assignment Agreement and the Trust Agreement; is possessed of full power to own and hold, improve and equip real and personal property and to lease and sell the same; has duly authorized the execution and delivery of all of the aforesaid agreements and such agreements constitute the legal, valid and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms.

(b) *No Encumbrances.* The Corporation will not pledge the Lease Payments or other amounts derived from the Property and from its other rights under this Lease Agreement and will not mortgage or encumber the Property, except as provided under the terms of this Lease Agreement and the Trust Agreement.

(c) *No Violations.* Neither the execution and delivery of the Site and Facility Lease, this Lease Agreement, the Assignment Agreement or the Trust Agreement, the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Corporation is now a party or by which the Corporation is bound, constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance

whatsoever upon any of the property or assets of the Corporation, or upon the Property, except Permitted Encumbrances.

(d) *No Assignments.* Except as provided herein, the Corporation will not assign this Lease Agreement, its right to receive Lease Payments from the District or its duties and obligations hereunder to any other person, firm or corporation so as to impair or violate the representations, covenants and warranties contained in this Section 2.2.

(e) *Execution and Delivery.* The Corporation has duly authorized and executed this Lease Agreement in accordance with all applicable laws.

### ARTICLE III

#### DEPOSIT OF MONEYS

Section 3.1. Deposit of Moneys. On the Closing Date, the Corporation shall cause to be deposited with the Trustee the proceeds of sale of the Certificates, net of amounts paid by the Original Purchaser to AGM as an accommodation to the District for the premiums relating to the Municipal Bond Insurance Policy and the Reserve Fund Municipal Bond Insurance Policy. Amounts estimated to be required to pay Delivery Costs shall be deposited in the Delivery Costs Fund and the remaining balance of said amount required to refund the 2006 Certificates shall be transferred to the Escrow Bank for deposit in the Escrow Fund.

Section 3.2. Payment of Delivery Costs. Payment of Delivery Costs shall be made from the moneys deposited in the Delivery Costs Fund, which moneys shall be disbursed for such purpose in accordance and upon compliance with Section 3.02 of the Trust Agreement.

## ARTICLE IV

### AGREEMENT TO LEASE; TERM OF THIS LEASE AGREEMENT; LEASE PAYMENTS

#### Section 4.1. Lease.

(a) The Corporation hereby leases the Property to the District, and the District hereby leases the Property from the Corporation, upon the terms and conditions set forth in this Lease Agreement.

(b) The leasing of the Property by the District to the Corporation pursuant to the Site and Facility Lease shall not affect or result in a merger of the District's leasehold estate pursuant to this Lease Agreement and its fee estate as lessor under the Site and Facility Lease.

Section 4.2. Term of Agreement. The Term of the Lease Agreement shall commence on the Closing Date, and shall end on November 1, \_\_\_\_, unless such term is extended as hereinafter provided. If, on November 1, \_\_\_\_, the Trust Agreement shall not be discharged by its terms or if the Lease Payments payable hereunder shall have been abated at any time and for any reason, then the Term of the Lease Agreement shall be extended without the need to execute any amendment to this Section 4.2 until there has been deposited with the Trustee an amount sufficient to pay all obligations due under the Lease Agreement, but in no event shall the Term of the Lease Agreement extend beyond November 1, \_\_\_\_. If, prior to November 1, \_\_\_\_, the Trust Agreement shall be discharged by its terms, the Term of the Lease Agreement shall thereupon end. The Trustee shall notify the Corporation of the termination of this Lease Agreement pursuant to Section 14.03 of the Trust Agreement.

Notwithstanding the foregoing, the Term of the Lease Agreement shall not end so long as any amounts are owed to AGM with respect to the Municipal Bond Insurance Policy or the Reserve Fund Municipal Bond Insurance Policy.

Section 4.3. Possession. The District hereby agrees to accept and take possession of the Property on or prior to the date of recordation of this Lease Agreement. The first Lease Payment shall be due on April 15, 2012.

#### Section 4.4. Lease Payments.

(a) *Obligation to Pay.* Subject to the provisions of Articles VI and X hereof, the District agrees to pay to the Corporation, its successors and assigns, as rental for the use and occupancy of the Property during each Rental Period, the Lease Payments (denominated into components of principal and interest) in the respective amounts specified in Exhibit C hereto, to be due and payable on the respective Lease Payment Dates specified in Exhibit C hereto. Any amount held in the Lease Payment Fund on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole pursuant to Article X hereof and other than amounts required for payment of Certificates not yet surrendered) shall be credited towards the Lease Payment then due and payable; and no Lease Payment need be made on any Lease Payment Date if the amounts then held in the Lease Payment Fund are at least equal to the Lease Payment then required to be paid. The Lease Payments for the Property payable in any Rental Period shall be for the use of the Property for such Rental Period.

(b) *Effect of Prepayment.* In the event that the District prepays all remaining Lease Payments and all additional payments due under Section 4.7 hereof in full pursuant to Article X hereof, the District's obligations under this Lease Agreement shall thereupon cease and terminate including, but not limited to, the District's obligation to pay Lease Payments under

this Section 4.4; subject however, to the provisions of Section 10.1 hereof in the case of prepayment by application of a security deposit. In the event that the District optionally prepays the Lease Payments in part but not in whole pursuant to Section 10.2 hereof or pursuant to Section 10.3 hereof as a result of any insurance or condemnation award with respect to any portion of the Property, such prepayment shall be credited entirely towards the prepayment of the Lease Payments as follows: (i) the principal components of each remaining such Lease Payments shall be reduced in such order as shall be selected by the District in integral multiples of \$5,000; and (ii) the interest component of each remaining Lease Payment shall be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Certificates thereby redeemed pursuant to Sections 4.01(a) or (b), as the case may be, of the Trust Agreement.

(c) *Rate on Overdue Payments.* In the event the District should fail to make any of the payments required in this Section 4.4, the payment in default shall continue as an obligation of the District until the amount in default shall have been fully paid, and the District agrees to pay the same with interest thereon, to the extent permitted by law, from the date of default to the date of payment at the rate per annum payable with respect to the Certificates. Such interest, if received, shall be deposited in the Lease Payment Fund or in the Reserve Fund to replenish the Reserve Fund if withdrawals were made therefrom as a result of the default.

(d) *Fair Rental Value.* The Lease Payments for the Property for each Rental Period shall constitute the total rental for the Property for each such Rental Period and shall be paid by the District in each Rental Period for and in consideration of the right of the use and occupancy and the continued quiet use and enjoyment of the Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments for the Property represent the fair rental value of the Property. In making such determination, consideration has been given to the obligations of the parties under this Lease Agreement, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the District and the general public.

(e) *Source of Payments; Budget and Appropriation.* Lease Payments shall be payable from any source of available funds of the District, subject to the provisions of Articles VI and X hereof.

The District covenants to take such action as may be necessary to include all Lease Payments due hereunder in each of its budgets during the Term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments and for additional payments due under Section 4.7 hereof. To that end, the Board of Trustees of the District shall direct budgetary staff to include in each annual budget proposal to the Board of Trustees of the District an appropriation sufficient to pay Lease Payments and additional payments. The District hereby expresses its present intent to appropriate Lease Payments and additional payments due under Section 4.7 hereof during the Term of the Lease Agreement. The covenants on the part of the District herein contained shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the District.

The chief business official and all other officers charged with the duty of preparing and submitting the annual budget of the District to the Board of Trustees of the District are hereby irrevocably directed, following any draw on the Reserve Fund Municipal Bond Insurance Policy because the value of the Property has been reduced below the total unpaid principal component of Lease Payments and the District is permitted to pay less than the total scheduled Lease Payment, all in accordance with Section 6.3 (an "Abatement Period"), to include in the proposed



budget and to request that the Board of Trustees of the District include in the final approved budget, and thereby appropriate, any amounts necessary to reinstate the Reserve Fund Municipal Bond Insurance Policy, including interest due and any other amounts payable to AGM (collectively, the "Reinstatement Amount"). Such officers shall use their best efforts to obtain such appropriations.

The request for inclusion in the final approved budget and appropriation shall be made in each Fiscal Year following any Abatement Period so long as reimbursement amounts are owed to AGM. Failure by the chief business official and other officers to request such inclusion and appropriation shall constitute an Event of Default under this Lease Agreement and AGM may exercise remedies accordingly.

The decision of the Board of Trustees of the District as to whether or not to approve and appropriate any Reinstatement Amount in any given Fiscal Year during any Abatement Period is in the sound discretion of the Board of Trustees of the District; the failure of the Board of Trustees of the District to approve and appropriate the Reinstatement Amount in any given Fiscal Year during any Abatement Period shall not constitute an Event of Default under this Lease Agreement or under the Trust Agreement.

(f) *Assignment.* The District understands and agrees that all Lease Payments have been assigned by the Corporation to the Trustee in trust, pursuant to the Assignment Agreement, for the benefit of the Owners of the Certificates, and the District hereby assents to such assignment. The Corporation hereby directs the District, and the District hereby agrees to pay to the Trustee at the Principal Corporate Trust Office, all payments payable by the District pursuant to this Section 4.4 and all amounts payable by the District pursuant to Article X hereof.

Section 4.5. Quiet Enjoyment. During the Term of the Lease Agreement, the Corporation shall provide the District with quiet use and enjoyment of the Property and the District shall, during such Term, peaceably and quietly have and hold and enjoy the Property without suit, trouble or hindrance from the Corporation, except as expressly set forth in this Lease Agreement. The Corporation will, at the request of the District and at the District's cost, join in any legal action in which the District asserts its right to such possession and enjoyment to the extent the Corporation may lawfully do so. Notwithstanding the foregoing, the Corporation shall have the right to inspect the Property as provided in Section 7.2. hereof.

Section 4.6. Title. During the Term of the Lease Agreement, the Corporation shall hold fee title to those portions of the Property which are newly acquired or constructed and any and all additions which comprise fixtures, repairs, replacements or modifications to the Property, except for those fixtures, repairs, replacements or modifications which are added to the Property by the District at its own expense and which may be removed without damaging the Property and except for any items added to the Property by the District pursuant to Section 5.9 hereof.

If the District prepays the Lease Payments in full pursuant to Article X hereof or makes the security deposit permitted by Section 10.1 hereof, or pays all Lease Payments during the Term of the Lease Agreement as the same become due and payable, all right, title and interest of the Corporation in and to the Property shall be transferred to and vested in the District. The Corporation agrees to take any and all steps and execute and record any and all documents reasonably required by the District to consummate any such transfer of title.

Section 4.7. Additional Payments. In addition to the Lease Payments, the District shall pay when due the following additional payments:

(a) Any fees and expenses incurred by the District in connection with or by reason of its leasehold estate in the Property as and when the same become due and payable;

(b) Any amounts due to the Trustee pursuant to the Trust Agreement for all services rendered under the Trust Agreement and for all reasonable expenses, charges, costs, liabilities, legal fees and other disbursements incurred in and about the performance of its powers and duties under the Trust Agreement;

(c) Any reasonable fees and expenses of such accountants, consultants, attorneys and other experts as may be engaged by the District, the Corporation or the Trustee to prepare audits, financial statements, reports, opinions or provide such other services required under this Lease Agreement or the Trust Agreement;

(d) Any reasonable out-of-pocket expenses of the District in connection with the execution and delivery of this Lease Agreement or the Trust Agreement, or in connection with the execution and delivery of the Certificates, including any and all expenses incurred in connection with the authorization, execution, sale and delivery of the Certificates, or incurred by the Corporation in connection with any litigation which may at any time be instituted involving this Lease Agreement, the Trust Agreement, the Certificates or any of the other documents contemplated or thereby, or incurred by the Corporation in connection with the Continuing Disclosure Certificate, or otherwise incurred in connection with the administration thereof.

(e) The District agrees to repay any draws under the Reserve Fund Municipal Bond Insurance Policy and pay all related reasonable expenses incurred by AGM. Interest shall accrue and be payable on such draws and expenses from the date of payment by AGM at the Late Payment Rate. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Certificates and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as AGM shall specify.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to AGM shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to AGM on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Fund Municipal Bond Insurance Policy.

All cash and investments in the Reserve Fund shall be transferred to the Lease Payment Fund before any drawing may be made on the Reserve Fund Municipal Bond Insurance Policy. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts.

If the District shall fail to pay any Policy Costs in accordance with the requirements of this paragraph (e), AGM shall be entitled to exercise any and all legal and equitable remedies

available to it, including those provided under the Trust Agreement, other than (i) acceleration of the maturity of the Certificates, or (ii) remedies which would adversely affect Owners.

The Trust Agreement shall not be discharged until all Policy Costs owing to AGM shall have been paid in full. The District's obligation to pay such amounts shall expressly survive payment in full of the Certificates.

## ARTICLE V

### MAINTENANCE; TAXES; INSURANCE; USE LIMITATIONS; AND OTHER MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of the Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the District and the District shall pay, or otherwise arrange, for the payment of all utility services supplied to the Property which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the District or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Corporation agrees to provide only the Property, as hereinbefore more specifically set forth. The District waives the benefits of subsections 1 and 2 of section 1932 of the California Civil Code, but such waiver shall not limit any of the rights of the District under the terms of this Lease Agreement.

The District shall also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Corporation or the District affecting the Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the District shall be obligated to pay only such installments as are required to be paid during the Term of the Lease Agreement as and when the same become due.

The District may, at the District's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation or AGM shall notify the District that, in the opinion of Independent Counsel, by nonpayment of any such items, the interest of the Corporation in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the District shall promptly pay such taxes, assessments or charges or provide the Corporation and AGM with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation. The District shall provide the Corporation and AGM with written notice of any such contest and shall provide such updates on the contest as the Corporation or AGM may reasonably request.

Section 5.2. Modification of Property. The District shall, at its own expense, have the right to remodel the Property or to make additions, modifications and improvements to the Property. All additions, modifications and improvements to the Property shall thereafter comprise part of the Property and be subject to the provisions of this Lease Agreement. Such additions, modifications and improvements shall not in any way damage the Property, substantially alter its nature, cause the interest component of Lease Payments to be subject to federal income taxes or cause the Property to be used for purposes other than those authorized under the provisions of State and federal law; and the Property, upon completion of any additions, modifications and improvements made thereto pursuant to this Section 5.2, shall be of a value which is not substantially less than the value of the Property immediately prior to the making of such additions, modifications and improvements. The District will not permit any mechanic's or other lien to be established or remain against the Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the District pursuant to this Section 5.2; provided that if any such lien is established and the District shall first notify the Corporation of the District's intention to do so, the District may in good faith contest any lien filed or established against the Property, and in such event may permit the items so contested to remain undischarged and

unsatisfied during the period of such contest and any appeal therefrom and shall provide the Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Corporation. The Corporation will cooperate fully in any such contest, upon the request and at the expense of the District.

Section 5.3. Public Liability and Property Damage Insurance. The District shall maintain or cause to be maintained, throughout the Term of the Lease Agreement, insurance policies, including a standard comprehensive general insurance policy or policies in protection of the Corporation, the District, the Trustee and AGM and their respective members, officers, agents and employees. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the District, and may be maintained through a joint exercise of powers authority created for such purpose or, with the prior written consent of AGM, in the form of self-insurance by the District. Said policy or policies shall provide for indemnification of said parties against direct or consequential loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Said policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$100,000 (subject to a deductible clause of not to exceed \$5,000) for damage to property resulting from each accident or event. Such public liability and property damage insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the District and may be maintained in the form of insurance maintained through a joint exercise of powers authority created for such purpose or, with the prior written consent of AGM, in the form of self-insurance by the District. The Net Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the insurance proceeds shall have been paid.

Section 5.4. Fire and Extended Coverage Insurance. The District shall maintain, or cause to be maintained throughout the Term of the Lease Agreement, insurance against loss or damage to any part of the Property constituting structures, if any, by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Said extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an amount equal to one hundred percent (100%) of the replacement cost of such portion of the Property, if any. Such insurance may be subject to deductible clauses of not to exceed \$100,000 for any one loss. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried by the District and, with the prior written consent of AGM, may be maintained in whole or in part in the form of insurance maintained through a joint exercise of powers authority created for such purpose. The Net Proceeds of such insurance shall be applied as provided in Section 6.2(a) hereof. The District may not satisfy the requirements of this Section 5.4 for fire and extended coverage insurance with self-insurance except with the prior written consent of AGM.

Section 5.5. Rental Interruption Insurance. The District shall maintain, or cause to be maintained, throughout the Term of the Lease Agreement rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any part of the Property during the Term of the Lease Agreement as a result of any of the hazards covered in the insurance required by Section 5.4 hereof, if any, in an amount at least equal to two times maximum annual Lease Payments. The Net Proceeds of such insurance shall be paid to the Trustee and deposited in the Lease Payment Fund and shall be credited towards the payment of the Lease Payments in the order in which such Lease Payments come due and payable. Such insurance may be maintained as part of or in conjunction with any other insurance carried by the District and, with the prior consent of AGM, may be maintained in whole or in part in the form of insurance

maintained through a joint exercise of powers authority created for such purpose. The District may not satisfy the requirements of this Section 5.5 with self-insurance, except with the prior written consent of AGM.

Section 5.6. Title Insurance.

(a) The District shall provide, from moneys in the Delivery Costs Fund or at its own expense, on the Closing Date, a CLTA title insurance policy covering, and in the amount of not less than the principal amount of the Certificates, insuring the District's leasehold estate in the Property, subject only to Permitted Encumbrances. A copy of such policy shall be delivered to AGM.

(b) The Net Proceeds of such title insurance shall be applied as provided in Section 6.2(c) hereof.

Section 5.7. Insurance Net Proceeds; Form of Policies. Each policy or other evidence of insurance required by Sections 5.4, 5.5 and 5.6 hereof shall provide that all proceeds thereunder shall be payable to the Trustee as and to the extent required hereunder, shall name the Trustee and AGM as additional insureds and shall be applied as provided in Section 6.2 hereof. Insurance must be provided by an insurer rated "A" or better by S&P or A.M. Best Company unless waived by AGM. The District shall pay or cause to be paid when due the premiums for all insurance policies required by this Lease Agreement. Notice of cancellation of any such policy shall be filed with AGM. The Trustee shall not be responsible for the sufficiency of any insurance herein required, including any forms of self-insurance and shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss. The District shall cause to be delivered annually on or before each November 1 to the Trustee and AGM a certification, signed by a District Representative, stating compliance with the provisions of Section 5.3 through 5.7 of this Lease Agreement. The Trustee shall be entitled to rely on such certification without independent investigation. The District shall have the adequacy of any insurance reserves maintained by the District or by a joint exercise of powers authority, if applicable, for purposes of the insurance required by Section 5.3 and 5.4 hereof reviewed at least annually, on or before each November 1, by an independent insurance consultant and shall maintain reserves in accordance with the recommendations of such consultant to the extent moneys are available for such purpose and not otherwise appropriated.

Section 5.8. Advances. If the District shall fail to perform any of its obligations under this Article V, the Corporation may, but shall not be obligated to, take such action as may be necessary to cure such failure, including the advancement of money, and the District shall be obligated to repay all such advances as soon as possible, with interest at a rate equal to the rate then payable with respect to the Certificates from the date of the advance to the date of repayment.

Section 5.9. Installation of District's Equipment. The District may, at any time and from time to time in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon any portion of the Property. All such items shall remain the sole property of the District in which neither the Corporation nor the Trustee shall have any interest and may be modified or removed by the District at any time provided that the District shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement shall prevent the District from purchasing or leasing items to be installed pursuant to this Section 5.9 under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

Section 5.10. Liens. The District shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property, other than the respective rights of the Corporation and the District as provided herein and Permitted Encumbrances. Except as expressly provided in this Article V, the District shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The District shall reimburse the Corporation for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.11. Private Activity Bond Limitation. The District shall assure that proceeds of the Certificates are not so used as to cause the Certificates or the Lease Agreement to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

Section 5.12. Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Certificates or the Lease Agreement to be "federally guaranteed" within the meaning of section 149(b) of the Code.

Section 5.13. Rebate Requirement. The District shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Certificates and the Lease Agreement.

Section 5.14. No Arbitrage. The District shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Certificates which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Certificates or the Lease Agreement to be "arbitrage bonds" within the meaning of section 148 of the Code.

Section 5.15. Maintenance of Tax-Exemption. The District shall take all actions necessary to assure the exclusion of interest with respect to the Certificates from the gross income of the Owners of the Certificates to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the Closing Date.

Section 5.16. No Condemnation. The District hereby covenants and agrees, to the extent it may lawfully do so, that so long as any of the Certificates remain outstanding and unpaid, the District will not exercise the power of condemnation with respect to the Property. The District further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the District should fall or refuse to abide by such covenant and condemns the Property, the appraised value of the Property shall not be less than the greater of (i) if the Certificates are then subject to redemption, the principal and interest components of the Certificates Outstanding through the date of their redemption, or (ii) if the Certificates are not then subject to redemption, the amount necessary to defease the Certificates to the first available redemption date in accordance with the Trust Agreement.

## ARTICLE VI

### DAMAGE, DESTRUCTION AND EMINENT DOMAIN; USE OF NET PROCEEDS

Section 6.1. Eminent Domain. If all of the Property shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of this Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily under the power of eminent domain, (1) this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there shall be a partial abatement of Lease Payments as a result of the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments hereunder, in an amount to be agreed upon by the District and the Corporation and communicated to the Trustee such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

#### Section 6.2. Application of Net Proceeds.

(a) *From Insurance Award*. The Net Proceeds of any insurance award resulting from any damage to or destruction of any portion of the Property constituting structures, if any, by fire or other casualty shall be paid by the District to the Trustee, as assignee of the Corporation under the Assignment Agreement, deposited in the Insurance and Condemnation Fund held by the Trustee and applied as set forth in Section 7.01 of the Trust Agreement.

(b) *From Eminent Domain Award*. The Net Proceeds of any eminent domain award resulting from any event described in Section 6.1 hereof shall be paid by the District to the Trustee, as assignee of the Corporation under the Assignment Agreement, deposited in the Insurance and Condemnation Fund and applied as set forth in Section 7.02 of the Trust Agreement.

(c) *From Title Insurance*. The Net Proceeds of any title insurance award shall be paid to the Trustee, as assignee of the Corporation under the Assignment Agreement, deposited in the Insurance and Condemnation Fund and applied as set forth in Section 7.03 of the Trust Agreement.

Section 6.3. Abatement of Lease Payments in the Event of Damage or Destruction. Lease Payments shall be abated during any period in which, by reason of damage or destruction, there is substantial interference with the use and occupancy by the District of the Project or any portion thereof (other than any portions of the Project described in Section 5.2 hereof) to the extent to be agreed upon by the District and the Corporation and communicated by a Certificate of a District Representative to the Trustee. The parties agree that the amounts of the Lease Payments under such circumstances shall not be less than the amounts of the unpaid Lease Payments as are then set forth in Exhibit C, unless such unpaid amounts are determined, upon consultation with AGM, to be greater than the fair rental value of the portions of the Project not damaged or destroyed (giving due consideration to the factors identified in the last sentence of Section 4.4(d)), based upon an appropriate method of valuation approved by AGM, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction as evidenced by a Certificate of a District Representative to the Trustee. In the event of any such damage or destruction, this Lease Agreement shall continue in full force and effect and the District waives any right to terminate this Lease Agreement by virtue of any such damage and destruction.



Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this Section 6.3 to the extent that (a) the proceeds of rental interruption insurance or (b) amounts in the Reserve Fund and/or the Insurance and Condemnation Fund and/or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated under this Section 6.3, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

## ARTICLE VII

### DISCLAIMER OF WARRANTIES; ACCESS; INDEMNIFICATION

Section 7.1. Disclaimer of Warranties. THE CORPORATION MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE DISTRICT OF THE PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY. IN NO EVENT SHALL THE CORPORATION OR ITS ASSIGNS BE LIABLE FOR INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THE SITE AND FACILITY LEASE, THIS LEASE AGREEMENT OR THE TRUST AGREEMENT FOR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE DISTRICT'S USE OF THE PROPERTY.

Section 7.2. Access to the Property. The District agrees that the Corporation and any Corporation Representative, and the Corporation's successors or assigns, and AGM, shall have the right at all reasonable times to enter upon and to examine and inspect the Property. The District further agrees that the Corporation, any Corporation Representative, and the Corporation's successors or assigns, and AGM, shall have such rights of access to the Property as may be reasonably necessary to cause the proper maintenance of the Property in the event of failure by the District to perform its obligations hereunder.

Section 7.3. Release and Indemnification Covenants. The District shall and hereby agrees to indemnify and save the Corporation and its officers, agents, directors, employees, successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on the Property by the District, (ii) any breach or default on the part of the District in the performance of any of its obligations under this Lease Agreement or the Trust Agreement, (iii) any act or omission of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Property, (iv) any act or omission of any sublessee of the District with respect to the Property, or (v) the authorization of payment of the Delivery Costs. Such indemnification shall include the costs and expenses of defending any claim or liability arising under this Lease Agreement or the Trust Agreement and the transactions contemplated thereby. No indemnification is made under this Section 7.3 or elsewhere in this Lease Agreement for willful misconduct, negligence or breach of duty under this Lease Agreement by the Corporation, its officers, agents, directors, employees, successors or assigns.

## ARTICLE VIII

### ASSIGNMENT, SUBLEASING AND AMENDMENT

Section 8.1. Assignment by the Corporation. The Corporation's rights under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the District under this Lease Agreement, have been assigned to the Trustee pursuant to the Assignment Agreement.

Section 8.2. Assignment and Subleasing by the District. This Lease Agreement may not be assigned by the District. The District may sublease the Property or any portion thereof, but only with the written consent of the Corporation and AGM and subject to, and delivery to the Corporation of a certificate as to, all of the following conditions:

(a) This Lease Agreement and the obligation of the District to make Lease Payments hereunder shall remain obligations of the District;

(b) The District shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Corporation, the Trustee and AGM a true and complete copy of such sublease;

(c) No such sublease by the District shall cause the Property to be used for a purpose other than as may be authorized under the provisions of the Constitution and laws of the State; and

(d) The District shall furnish the Corporation, the Trustee and AGM with a written opinion of Bond Counsel, which shall be an Independent Counsel, stating that such sublease does not cause the interest components of the Lease Payments to become subject to federal income taxes or State personal income taxes.

### Section 8.3. Amendment of Lease Agreement.

(a) *Substitution of Site or Facility.* The District shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to substitute other land (a "Substitute Site") for the Site (the "Former Site"), and/or substitute a different facility (a "Substitute Facility") for the Facility or a portion thereof (the "Former Facility"), provided that the District shall satisfy all of the following requirements (to the extent applicable) which are hereby declared to be conditions precedent to such substitution:

(i) If a substitution of the Site, the District shall file with the Corporation, AGM and the Trustee an amended Exhibit A to the Site and Facility Lease which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(ii) If a substitution of the Site, the District shall file with the Corporation, AGM and the Trustee an amended Exhibit A to this Lease Agreement which adds thereto a description of such Substitute Site and deletes therefrom the description of the Former Site;

(iii) If a substitution of the Facility, the District shall file with the Corporation, AGM and the Trustee an amended Exhibit B to the Site and Facility Lease which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(iv) If a substitution of the Facility, the District shall file with the Corporation, AGM and the Trustee an amended Exhibit B to this Lease Agreement which adds thereto a description of such Substitute Facility and deletes therefrom the description of the Former Facility;

(v) The District shall certify in writing to the Corporation, AGM and the Trustee that such Substitute Site and/or Substitute Facility serve the purposes of the District, constitutes property that is unencumbered, subject to Permitted Encumbrances, and constitutes property which the District is permitted to lease under the laws of the State;

(vi) The District delivers to the Trustee, AGM and the Corporation evidence, in the form of maintained insurance or information regarding replacement costs, that the value of the Property following such substitution is equal or greater than the Outstanding principal amount of the Certificates and confirms in writing to the Trustee that the indemnification provided pursuant to Section 12.03 of the Trust Agreement applies with respect to the Substitute Site and/or Substitute Facility;

(vii) The Substitute Site and/or Substitute Facility shall not cause the District to violate any of its covenants, representations and warranties made herein and in the Trust Agreement;

(viii) The District shall obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which adds thereto a description of the Substitute Site and deletes therefrom the description of the Former Site;

(ix) The District shall certify that the Substitute Site and/or the Substitute Facility is of the same or greater essentiality to the District as was the Former Site and/or the Former Facility;

(x) The District shall provide notice of the substitution to any rating agency then rating the Certificates;

(xi) The District shall furnish the Corporation, AGM and the Trustee with a written opinion of Bond Counsel, which shall be an Independent Counsel, stating that such substitution does not cause the interest components of the Lease Payments to become subject to federal income taxes or State personal income taxes; and

(xii) AGM shall provide written consent to such substitution.

(b) *Release of Site.* The District shall have, and is hereby granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Site, provided that the District shall satisfy all of the following requirements which are hereby declared to be conditions precedent to such release:

(i) The District shall file with the Corporation, AGM and the Trustee an amended Exhibit A to the Site and Facility Lease which describes the Site, as revised by such release;

(ii) The District delivers to the Trustee, AGM and the Corporation evidence, in the form of maintained insurance or information regarding replacement costs, that the value of the Site, as revised by such release, is equal or greater than the Outstanding principal amount of the Certificates and confirms in writing to the Trustee that the indemnification provided pursuant to Section 12.03 of the Trust Agreement applies with respect to the Site, as revised by such release;

(iii) Such release shall not cause the District to violate any of its covenants, representations and warranties made herein and in the Trust Agreement;

(iv) The District shall obtain an amendment to the title insurance policy required pursuant to Section 5.6 hereof which describes the Site, as revised by such release;

(v) The District shall provide notice of the release to any rating agency then rating the Certificates; and

(vi) AGM shall provide written consent to such release.

(d) *Generally.* The Corporation and the District may at any time amend or modify any of the provisions of this Lease Agreement, but only (a) with the prior written consent of the Owners of a majority in aggregate principal amount of the Outstanding Certificates, or (b) without the consent of any of the Owners, but with the prior written consent of AGM, but only if such amendment or modification is for any one or more of the following purposes:

(i) to add to the covenants and agreements of the District contained in this Lease Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the District;

(ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained herein, or in any other respect whatsoever as the Corporation and the District may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments will not materially adversely affect the interests of the Owners; or

(iii) to amend any provision thereof relating to the Code, to any extent whatsoever but only if and to the extent such amendment will not adversely affect the exclusion from gross income of interest with respect to the Certificates under the Code, in the opinion of Bond Counsel.

## ARTICLE IX

### EVENTS OF DEFAULT AND REMEDIES

Section 9.1. Events of Default Defined. The following shall be "events of default" under this Lease Agreement and the terms "Events of Default" and "Default" shall mean, whenever they are used in this Lease Agreement, with respect to the Property, any one or more of the following events:

(a) Failure by the District to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein.

(b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Lease Agreement (including failure to request appropriation pursuant to Section 4.4(e) hereof) or under the Trust Agreement, other than as referred to in clause (i) of this Section 9.1, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Corporation, the Trustee, AGM or the Owners of not less than five percent (5%) in aggregate principal amount of Certificates then outstanding; *provided, however*, if the failure stated in the notice can be corrected, but not within the applicable period, the Corporation, the Trustee and such Owners shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the District within the applicable period and diligently pursued until the default is corrected; *provided further, however*, that no grace period for a covenant default shall exceed 30 days, nor be extended for more than 60 days, without the prior written consent of AGM.

(c) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar acts which may hereafter be enacted.

#### Section 9.2. Remedies on Default.

The Trustee, acting at the direction of AGM, shall have the right to re-enter and re-let the Property and to terminate this Lease Agreement. AGM shall have the right to control all remedies for default under both this Lease Agreement and the Trust Agreement.

Whenever any Event of Default referred to in Section 9.1 hereof shall have happened and be continuing, it shall be lawful for the Corporation to exercise any and all remedies available pursuant to law or granted pursuant to this Lease Agreement; *provided, however*, that notwithstanding anything herein or in the Trust Agreement to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be kept and performed by the District is expressly made a condition and upon the breach thereof, the Corporation may exercise any and all rights of entry and re-entry upon the Property, and also, at its option, with or without such entry, may terminate this Lease Agreement; *provided*, that no such termination shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. In the event of such default and notwithstanding any re-entry by the Corporation, the District shall, as herein expressly provided, continue to remain liable for the payment of the Lease Payments and/or damages for breach of this Lease Agreement and the performance of all conditions herein

contained and, in any event such rent and/or damages shall be payable to the Corporation at the time and in the manner as herein provided, to wit:

(a) In the event the Corporation does not elect to terminate this Lease Agreement in the manner hereinafter provided for in subparagraph (b) hereof, the District agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Corporation for any deficiency arising out of the re-leasing of the Property, or, in the event the Corporation is unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of the Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Property or the exercise of any other remedy by the Corporation. The District hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the District to enter upon and re-lease the Property in the event of default by the District in the performance of any covenants herein contained to be performed by the District and to remove all personal property whatsoever situated upon the Property, to place such property in storage or other suitable place within Placer County, for the account of and at the expense of the District, and the District hereby exempts and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Property and the removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. The District hereby waives any and all claims for damages caused or which may be caused by the Corporation in re-entering and taking possession of the Property as herein provided and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the District that may be in or upon the Property. The District agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Corporation to re-lease the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Corporation in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the District the right to terminate this Lease Agreement shall vest in the Corporation to be effected in the sole and exclusive manner hereinafter provided for in paragraph (b) hereof.

(b) In an Event of Default hereunder, the Corporation at its option may terminate this Lease Agreement and re-lease all or any portion of the Property. In the event of the termination of this Lease Agreement by the Corporation at its option and in the manner hereinafter provided on account of default by the District (and notwithstanding any re-entry upon the Property by the Corporation in any manner whatsoever or the re-leasing of the Property), the District nevertheless agrees to pay to the Corporation all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments. Any surplus received by the Corporation from such re-leasing shall be credited towards the Lease Payments next coming due and payable. Neither notice to pay rent or to deliver up possession of the premises given pursuant to law nor any proceeding in unlawful detainer taken by the Corporation shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of default by the District shall be or become effective by operation of law, or otherwise, unless and until the Corporation shall have given written notice to the District of the election on the part of the Corporation to terminate this Lease Agreement. The District covenants and agrees that no surrender of the Property and/or of the remainder of the Term of the Lease Agreement or any termination of this Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

Section 9.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in this Article IX it shall not be necessary to give any notice, other than such notice as may be required in this Article IX or by law.

Section 9.4. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Lease Agreement should default under any of the provisions hereof and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party; provided, however, that the Trustee shall not be required to expend its own funds for any payment described in this Section 9.4.

Section 9.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.6. Application of Proceeds. All net proceeds received from the re-lease or other disposition of the Property under this Article IX, and all other amounts derived by the Corporation or the Trustee as a result of an Event of Default hereunder, shall be transferred to the Trustee promptly upon receipt thereof and after payment of all fees and expenses of the Trustee, including indemnifications and attorneys fees, shall be deposited by the Trustee in the Lease Payment Fund to be applied to the Lease Payments in order of payment date.

Section 9.7. Trustee and Certificate Owners to Exercise Rights. Such rights and remedies as are given to the Corporation under this Article IX have been assigned by the Corporation to the Trustee under the Assignment Agreement, to which assignment the District hereby consents. Such rights and remedies shall be exercised by the Trustee, AGM and the Owners of the Certificates as provided in the Trust Agreement and herein.



## ARTICLE X

### PREPAYMENT OF LEASE PAYMENTS

Section 10.1. Security Deposit. Notwithstanding any other provision of this Lease Agreement, the District may, on any date, secure the payment of all or a portion of the Lease Payments remaining due by an irrevocable deposit with the Trustee or an escrow holder under an escrow deposit and trust agreement as referenced in Section 14.01(b) of the Trust Agreement, of: (a) in the case of a security deposit relating to all Lease Payments, either (i) cash in an amount which, together with amounts on deposit in the Lease Payment Fund, the Insurance and Condemnation Fund and the Reserve Fund, is sufficient to pay all unpaid Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in Exhibit C, or (ii) Defeasance Obligations in such amount as will, in the written opinion of an independent certified public accountant or other firm of recognized experts in such matters (addressed to AGM), together with interest to accrue thereon and, if required, all or a portion of moneys or Defeasance Obligations or cash then on deposit and interest earnings thereon in the Lease Payment Fund, the Insurance and Condemnation Fund and the Reserve Fund, be fully sufficient to pay all unpaid Lease Payments on their respective Lease Payment Dates; or (b) in the case of a security deposit relating to a portion of the Lease Payments, a certificate executed by a District Representative designating the portion of the Lease Payments to which the deposit pertains, and either (i) cash in an amount which is sufficient to pay the portion of the Lease Payments designated in such District Representative's certificate, including the principal and interest components thereof, or (ii) Defeasance Obligations in such amount as will, together with interest to be received thereon, if any, in the written opinion of an independent certified public accountant or other firm of recognized experts in such matters (addressed to AGM), be fully sufficient to pay the portion of the Lease Payments designated in the aforesaid District Representative's certificate.

In the event of a deposit pursuant to this Section 10.1 as to all Lease Payments and the payment of all fees, expenses and indemnifications owed to the Trustee, all obligations of the District under this Lease Agreement shall cease and terminate, excepting only the obligation of the District to make, or cause to be made, all payments from the deposit made by the District pursuant to this Section 10.1 and the obligations of the District pursuant to Section 5.13 hereof and title to the Property shall vest in the District on the date of said deposit automatically and without further action by the District or the Corporation. Said deposit and interest earnings thereon shall be deemed to be and shall constitute a special fund for the payments provided for by this Section 10.1 and said obligation shall thereafter be deemed to be and shall constitute the installment purchase obligation of the District for the Property. Upon said deposit, the Corporation will execute or cause to be executed any and all documents as may be necessary to confirm title to the Property in accordance with the provisions hereof. In addition, the Corporation hereby appoints the District as its agent to prepare, execute and file or record, in appropriate offices, such documents as may be necessary to place record title to the Property in the District.

Section 10.2. Prepayment Option. The Corporation hereby grants an option to the District to prepay the principal component of the Lease Payments in full, by paying the aggregate unpaid principal components of the Lease Payments as set forth in Exhibit C hereto, or in part, in a prepayment amount equal to the principal amount of Lease Payments to be prepaid, together with the accrued interest to the date fixed for prepayment, without premium.

Said option may be exercised with respect to Lease Payments due on and after October 15, \_\_\_\_, in whole or in part on any date, commencing October 15, \_\_\_\_. Said option shall be exercised by the District by giving written notice to the Corporation and the Trustee of the exercise of such option at least sixty (60) days prior to said Lease Payment Date. Such option

shall be exercised in the event of prepayment in full, by depositing with said notice cash in an amount, which, together with amounts then on deposit in the Reserve Fund, the Insurance and Condemnation Fund and the Lease Payment Fund, will be sufficient to pay the aggregate unpaid component of the Lease Payments on said Lease Payment Date as set forth in Exhibit C hereto, together with any Lease Payments then due but unpaid, or, in the event of prepayment in part, by depositing with said notice cash in an amount divisible by \$5,000 equal to the amount desired to be prepaid together with any Lease Payments then due but unpaid. In the event of prepayment in part, the partial prepayment shall be applied against Lease Payments in such order of payment date as shall be selected by the District. Lease Payments due after any such partial prepayment shall be in the amounts set forth in a revised Lease Payment schedule which shall be provided by, or caused to be provided by, the District to the Trustee and which shall represent an adjustment to the schedule set forth in Exhibit C attached hereto taking into account said partial prepayment. The Trustee agrees to notify the Corporation in the event of any prepayment of Lease Payments, as provided in Section 14.03 of the Trust Agreement.

Notwithstanding the foregoing, the District shall not be permitted to prepay any Lease Payments if any amounts are owed to AGM with respect to the Municipal Bond Insurance Policy or the Reserve Fund Municipal Bond Insurance Policy.

Section 10.3. Mandatory Prepayment From Net Proceeds of Insurance, Title Insurance or Eminent Domain. The District shall be obligated to prepay the Lease Payments, in whole on any date or in part on any Lease Payment Date, from and to the extent of any Net Proceeds of an insurance, title insurance or condemnation award with respect to the Property theretofore deposited in the Lease Payment Fund for such purpose pursuant to Article VI hereof and Article VII of the Trust Agreement. The District and the Corporation hereby agree that such Net Proceeds shall be applied first to the payment of any delinquent Lease Payments, and thereafter shall be credited towards the District's obligations under this Section 10.3. Lease Payments due after any such partial prepayment shall be in the amounts set forth in a revised Lease Payment schedule which shall be provided by, or caused to be provided by, the District to the Trustee and which shall represent an adjustment to the schedule set forth in Exhibit C attached hereto taking into account said partial prepayment.

Section 10.4. Credit for Amounts on Deposit. In the event of prepayment of the principal components of the Lease Payments in full under this Article X, such that the Trust Agreement shall be discharged by its terms as a result of such prepayment, remaining amounts on deposit in the Lease Payment Fund or the Reserve Fund shall be credited towards the amounts then required to be so prepaid.

ARTICLE XI  
MISCELLANEOUS

Section 11.1. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received 48 hours after deposit in the United States mail in first-class form with postage fully prepaid:

If to the Corporation:	Public Property Financing Corporation of California 23945 Calabasas Road, Suite 103 Calabasas, CA 91302 Attention: Secretary/Treasurer Phone: (818) 224-4787 Fax: (818) 224-4789
If to the District:	Western Placer Unified School District 600 Sixth Street, 4th Floor Lincoln, CA 95648 Attention: Superintendent Phone: (916) 645-6350 Fax: (916) 645-6356
If to the Trustee:	U.S. Bank National Association One California Street, Suite 1000 San Francisco, CA 94111 Attention: Corporate Trust Services Phone: (415) 273-4514 Fax: (415) 273-4590
If to AGM:	Assured Guaranty Municipal Corp. 31 West 52 <sup>nd</sup> Street New York, NY 10019 Attention: Managing Director – Surveillance Phone: (212) 826-0100 Fax: (212) 339-3556

The Corporation, the District, AGM and the Trustee, by notice given hereunder, may designate different addresses to which subsequent notices, certificates or other communications will be sent.

Section 11.2. Information to be Given to AGM.

(a) The District shall provide AGM with the following information:

(i) the fiscal year budget of the District within thirty (30) days after adoption of such budget;

(ii) not later than one hundred eighty (180) days after the end of the fiscal year, audited financial statements of the District prepared by an independent certified public accountant, together with a certificate of the District stating that no event of default has occurred or is continuing under this Lease Agreement or the Trust Agreement;

(iii) prior to the incurrence of additional general fund-secured obligations, any disclosure document or financing agreement pertaining to such additional obligations, which disclosure document or financing agreement shall include, without limitation, the

applicable maturity schedule, interest rate or rates, redemption and security provisions pertaining to any such additional obligations;

(iv) within thirty (30) days following any litigation or investigation that may have a material adverse affect on the financial position of the District of such litigation; and

(v) immediate notice of any draw on the debt service reserve fund.

(b) The District will permit AGM to discuss the affairs, finances and accounts of the District or any information AGM may reasonably request regarding the security for the Lease Payments with appropriate officers of the District. The District will permit AGM to have access to the Property and have access to and to make copies of all books and records relating to the Certificates at any reasonable time upon reasonable notice on any Business Day.

AGM shall have the right to direct an accounting at the District's expense, and the District's failure to comply with such direction within thirty (30) days after receipt of written notice of the direction from AGM shall be deemed an Event of Default hereunder; *provided, however*, that if compliance cannot occur within such period, then such period will be extended so long as compliance is begun within such period and diligently pursued, but only if such extension would not materially adversely affect the interests of any Owner.

Section 11.3. Binding Effect. This Lease Agreement shall inure to the benefit of and shall be binding upon the Corporation and the District and their respective successors and assigns. AGM shall be deemed to be a third party beneficiary of this Lease Agreement.

Section 11.4 Severability. In the event any provision of this Lease 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.

Section 11.5. Net-net-net Lease. This Lease Agreement shall be deemed and construed to be a "net-net-net lease" and the District hereby agrees that the Lease Payments shall be an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

Section 11.6. Further Assurances and Corrective Instruments. The Corporation and the District agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be or for carrying out the expressed intentions of this Lease Agreement.

Section 11.7. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.8. Applicable Law. This Lease Agreement shall be governed by and construed in accordance with the laws of the State.

Section 11.9. Corporation and District Representatives. Whenever under the provisions of this Lease Agreement the approval of the Corporation or the District is required, or the Corporation or the District is required to take some action at the request of the other, such approval or such request shall be given for the Corporation by a Corporation Representative

and for the District by a District Representative, and each party hereto shall be authorized to rely upon any such approval or request.

Section 11.10. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Lease Agreement.

IN WITNESS WHEREOF, the Corporation has caused this Lease Agreement to be executed in its corporate name by its duly authorized officers; and the District has caused this Lease Agreement to be executed in its name by its duly authorized officers, as of the date first above written.

PUBLIC PROPERTY FINANCING  
CORPORATION OF CALIFORNIA

By \_\_\_\_\_  
William A. Morton  
Secretary/Treasurer

WESTERN PLACER UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_  
Scott Leaman  
Superintendent

Attest:

\_\_\_\_\_  
Kris Wyatt  
Clerk of the Board

## EXHIBIT A

### DESCRIPTION OF THE SITE

The land described herein is situated in the State of California, County of Placer, and is described as follows:

A PORTION OF BLOCKS 24 AND 25 AND A PORTION OF "N" STREET AS SHOWN AND SO DESIGNATED ON THE PLAT OF WESTERN ADDITION NO. 2, FILED IN BOOK C OF MAPS AT PAGE 59, PLACER COUNTY RECORDS, TOGETHER WITH A PORTION OF BLOCK 15 AND A PORTION OF "M" STREET AS SHOWN ON THE PLAT OF WESTERN ADDITION, FILED IN BOOK A OF MAPS AT PAGE 23, PLACER COUNTY RECORDS, LOCATED IN SECTION 15, TOWNSHIP 12 NORTH, RANGE 6 EAST, M.D.M., CITY OF LINCOLN, PLACER COUNTY, CALIFORNIA.

BEGINNING AT THE SOUTHWEST CORNER OF THE ABOVE DESCRIBED BLOCK 25, THENCE FROM THE POINT OF BEGINNING THE FOLLOWING EIGHT CONSECUTIVE (8) COURSES AND DISTANCES: 1) NORTH  $00^{\circ}33'34''$  WEST, ALONG THE WESTERLY PROPERTY LINE FOR A DISTANCE OF 380.73 FEET; 2) LEAVING SAID WESTERLY LINE, NORTH  $89^{\circ}41'17''$  EAST FOR A DISTANCE 607.89 FEET; 3) SOUTH, FOR A DISTANCE OF 55.32 FEET; 4) EAST, FOR A DISTANCE OF 330.40 FEET; 5) SOUTH, FOR A DISTANCE OF 178.86 FEET; 6) WEST, FOR A DISTANCE OF 66.12 FEET; 7) SOUTH, FOR A DISTANCE OF 140.76 FEET TO THE SOUTHERLY PROPERTY LINE; 8) SOUTH  $89^{\circ}24'05''$  WEST, ALONG THE SOUTH PROPERTY LINE FOR A DISTANCE OF 868.49 FEET TO THE POINT OF BEGINNING.

APN: 008-231-001

## EXHIBIT B

### DESCRIPTION OF THE FACILITY

The Facility consists of the District's **First Street School**, located on the 4.4579-acre (194,185 square foot) Site at 1400 First Street, in Lincoln, California. The Facility is a kindergarten through fifth grade school adjacent to Glen Edwards Middle School, in the north central part of the City. The Facility, opened in 2000, consists of 36,960 square feet of permanent portable buildings all put in place at the same time. Major elements of the school are the administrative offices, staff room, library/support services, multi-purpose building, two restroom buildings and 27 classrooms.



## EXHIBIT C

### SCHEDULE OF LEASE PAYMENTS

Lease Payment <u>Date</u>	Principal <u>Component</u>	Total Interest <u>Component</u>	Lease Payment <u>Date</u>
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AFTER RECORDATION RETURN TO:

Quint & Thimmig LLP  
575 Market Street, Suite 3600  
San Francisco, CA 94105-2874  
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

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MEMORANDUM OF LEASE AGREEMENT

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This Memorandum of Lease Agreement (this "Memorandum of Lease Agreement"), is entered into as of November 1, 2011, by and between the PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, nonprofit, public benefit corporation organized and existing under the laws of the State of California, as lessor (the "Corporation"), and the WESTERN PLACER UNIFIED SCHOOL DISTRICT, a school duly organized and existing under the laws of the State of California, as lessee (the "District"), who agree as follows:

Section 1. The Lease. The District leases from the Corporation and the Corporation leases to the District, certain real property described in paragraph 2 hereof, and the improvements situated upon said real property, and certain equipment, upon the terms and conditions, and for the term, more fully set forth in the Lease Agreement, dated as of November 1, 2011, by and between the Corporation, as lessor, and the District, as lessee (the "Lease Agreement"), all of the provisions of which are hereby incorporated into this Memorandum of Lease Agreement by reference.

Section 2. Leased Premises; Term. The Corporation leases, lets and demises unto the District and the District leases, hires and takes from the Corporation, those certain parcels of real property situated in Placer County, State of California, more particularly described in Exhibit A attached hereto and made a part hereof, and those certain improvements on the Site more particularly described in Exhibit B attached hereto and made a part hereof. The Lease Agreement is for a term commencing on the Closing Date and ending on November 1, \_\_\_\_, or such earlier or later date on which the Lease Payments (as defined in the Lease Agreement) are paid in full or provision has been made for such payment in accordance with the Lease Agreement.

Section 3. Assignment of Lessor's Rights Under Lease Agreement. Pursuant to the Assignment Agreement, dated as of November 1, 2011, by and between the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), recorded concurrently herewith, the Corporation has agreed to assign and transfer to the Trustee, certain of its rights under the Lease Agreement and in consideration of such assignment and the execution of the Trust Agreement, dated as of November 1, 2011, by and among the District, the Corporation and the Trustee, the Trustee has agreed to execute and deliver \$\_\_\_\_\_ aggregate principal amount of certificates of participation each evidencing a direct, undivided fractional interest in the Lease Payments to be paid by the District under the Lease Agreement.

*Section 4. Provisions Binding on Successors and Assigns.* Subject to the provisions of the Lease Agreement relating to assignment and subletting, the Lease Agreement shall inure to the benefit of and shall be binding upon the Corporation and the District and their respective successors and assigns.

*Section 5. Purpose of Memorandum.* This Memorandum of Lease Agreement is prepared for the purpose of recordation, and it in no way modifies the provisions of the Lease Agreement.

*Section 6. Execution.* This Memorandum of Lease Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Corporation has caused this Memorandum of Lease Agreement to be executed in its corporate name by its duly authorized officers; and the District has caused this Memorandum of Lease Agreement to be executed in its name by its duly authorized officers, as of the date first above written.

PUBLIC PROPERTY FINANCING  
CORPORATION OF CALIFORNIA

By \_\_\_\_\_  
William A. Morton  
Secretary/Treasurer

WESTERN PLACER UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_  
Scott Leaman  
Superintendent

Attest:

\_\_\_\_\_  
Kris Wyatt  
Clerk of the Board

[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]

8.2.63

## EXHIBIT A

### DESCRIPTION OF THE SITE

The land described herein is situated in the State of California, County of Placer, and is described as follows:

A PORTION OF BLOCKS 24 AND 25 AND A PORTION OF "N" STREET AS SHOWN AND SO DESIGNATED ON THE PLAT OF WESTERN ADDITION NO. 2, FILED IN BOOK C OF MAPS AT PAGE 59, PLACER COUNTY RECORDS, TOGETHER WITH A PORTION OF BLOCK 15 AND A PORTION OF "M" STREET AS SHOWN ON THE PLAT OF WESTERN ADDITION, FILED IN BOOK A OF MAPS AT PAGE 23, PLACER COUNTY RECORDS, LOCATED IN SECTION 15, TOWNSHIP 12 NORTH, RANGE 6 EAST, M.D.M., CITY OF LINCOLN, PLACER COUNTY, CALIFORNIA.

BEGINNING AT THE SOUTHWEST CORNER OF THE ABOVE DESCRIBED BLOCK 25, THENCE FROM THE POINT OF BEGINNING THE FOLLOWING EIGHT CONSECUTIVE (8) COURSES AND DISTANCES: 1) NORTH  $00^{\circ}33'34''$  WEST, ALONG THE WESTERLY PROPERTY LINE FOR A DISTANCE OF 380.73 FEET; 2) LEAVING SAID WESTERLY LINE, NORTH  $89^{\circ}41'17''$  EAST FOR A DISTANCE 607.89 FEET; 3) SOUTH, FOR A DISTANCE OF 55.32 FEET; 4) EAST, FOR A DISTANCE OF 330.40 FEET; 5) SOUTH, FOR A DISTANCE OF 178.86 FEET; 6) WEST, FOR A DISTANCE OF 66.12 FEET; 7) SOUTH, FOR A DISTANCE OF 140.76 FEET TO THE SOUTHERLY PROPERTY LINE; 8) SOUTH  $89^{\circ}24'05''$  WEST, ALONG THE SOUTH PROPERTY LINE FOR A DISTANCE OF 868.49 FEET TO THE POINT OF BEGINNING.

APN: 008-231-001

8.2.64

## EXHIBIT B

### DESCRIPTION OF THE FACILITY

The Facility consists of the District's **First Street School**, located on the 4.4579-acre (194,185 square foot) Site at 1400 First Street, in Lincoln, California. The Facility is a kindergarten through fifth grade school adjacent to Glen Edwards Middle School, in the north central part of the City. The Facility, opened in 2000, consists of 36,960 square feet of permanent portable buildings all put in place at the same time. Major elements of the school are the administrative offices, staff room, library/support services, multi-purpose building, two restroom buildings and 27 classrooms.

AFTER RECORDATION RETURN TO:

Quint & Thimmig LLP  
575 Market Street, Suite 3600  
San Francisco, CA 94105-2874  
Attention: Brian D. Quint, Esq.

THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

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**ASSIGNMENT AGREEMENT**

**Dated as of November 1, 2011**

**by and between the**

**PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA**

**and**

**U.S. BANK NATIONAL ASSOCIATION, as Trustee**

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(2011 Refinancing Project)



## ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT, dated as of November 1, 2011, by and between the PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, a nonprofit, public benefit corporation organized and existing under the laws of the State of California (the "Corporation"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the laws of the United States of America, as trustee (the "Trustee");

### WITNESSETH:

In the joint and mutual exercise of their powers, in consideration of the mutual covenants herein contained, and for other valuable consideration, the parties hereto recite and agree as follows:

#### Section 1. Recitals.

(a) The Corporation and the Western Placer Unified School District (the "District"), have entered into a lease agreement, dated as of November 1, 2011, a memorandum of which is recorded concurrently herewith (the "Lease Agreement"), whereby the Corporation has agreed to lease to the District, and the District has agreed to lease from the Corporation, those certain parcels of real property situated in Placer County, State of California, more particularly described in Exhibit A hereto (collectively, the "Site"), and those certain improvements thereon, more particularly described in Exhibit B hereto (collectively, the "Facility" and, with the Site, the "Property"), in the manner and on the terms set forth in the Lease Agreement, which terms include, without limitation, the obligation of the District to pay lease payments (the "Lease Payments") to the Corporation in consideration of the District's use and enjoyment of the Property.

(b) Under the Lease Agreement, the Corporation is required to cause to be deposited with the Trustee certain sums of money to be credited, held and applied in accordance with the Lease Agreement and with a trust agreement, dated as of November 1, 2011 (the "Trust Agreement"), by and among the Corporation, the District and the Trustee.

(c) Upon delivery of the Lease Agreement, the Corporation is required to deposit with the Trustee moneys to refinance the acquisition, construction, installation, modernization and equipping of improvements to various District facilities and to provide for the refunding of the outstanding Western Placer School District Variable Rate Certificates of Participation (2001 Land Acquisition Project), Series 2006A (the "2006 Certificates"). For the purpose of obtaining such moneys, the Corporation is willing to convey to certain persons (the "Owners") direct, undivided fractional interests in the Lease Payments, such direct, undivided fractional interests to be evidenced by certificates of participation therein (the "Certificates"). In order to make such fractional interests marketable on terms acceptable to the Corporation, the Corporation is willing to assign and transfer its rights under the Lease Agreement to the Trustee for the benefit of the Owners. Concurrently with the delivery of this Assignment Agreement, the Trustee is executing and delivering Certificates in an aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_). The proceeds of such sale are anticipated to be sufficient to permit the Corporation to make the deposits required under the Lease Agreement and the Trust Agreement and to permit the Corporation to pay therewith the costs of refunding the 2006 Certificates.

(d) Each of the parties has authority to enter into this Assignment Agreement and has taken all actions necessary to authorize its officers to execute it.

8.2.67

*Section 2. Assignment.* The Corporation, for good and valuable consideration, hereby transfers, assigns and sets over to the Trustee, for the benefit of the Owners of the Certificates and Assured Guaranty Municipal Corp., as Municipal Bond insurer for the Certificates, all of the Corporation's rights and interests under the Lease Agreement (excepting only the Corporation's rights under Sections 5.8, 7.3 and 9.4 but none of its obligations, including, without limitation, its obligations under Section 4.7 of the Lease Agreement), including without limitation (i) the right to receive and collect all of the Lease Payments from the District, (ii) the right to receive and collect any proceeds of any insurance maintained thereunder and of any condemnation award rendered with respect to the Property, and (iii) the right to exercise such rights and remedies conferred on the Corporation pursuant to the Lease Agreement as may be necessary or convenient (A) to enforce payment of the Lease Payments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation Fund established under the Trust Agreement, or (B) otherwise to protect the interests of the Owners in the event of a default by District under the Lease Agreement. All rights assigned by the Corporation shall be administered by the Trustee in accordance with the provisions of the Trust Agreement and for the equal and fractional benefit of the Owners of the Certificates.

*Section 3. Acceptance.* The Trustee hereby accepts the assignments made herein for the purpose of securing, equally and fractionally, the payments due pursuant to the Lease Agreement and the Trust Agreement to, and the rights under the Lease Agreement and Trust Agreement of, the Owners of the Certificates delivered pursuant to the Trust Agreement, all subject to the provisions of the Trust Agreement.

*Section 4. Conditions.* This Assignment Agreement shall neither confer rights nor impose duties upon the Trustee beyond those expressly provided in the Trust Agreement. The Trustee assumes no responsibility for the accuracy of the recitals herein.

*Section 5. Execution in Counterparts.* This Assignment Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

PUBLIC PROPERTY FINANCING  
CORPORATION OF CALIFORNIA

By \_\_\_\_\_  
William A. Morton  
Secretary/Treasurer

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
Marianne Diaz  
Vice President

8.2.69

[NOTARY ACKNOWLEDGMENTS TO BE ATTACHED]

8.2.70

## EXHIBIT A

### DESCRIPTION OF THE SITE

The land described herein is situated in the State of California, County of Placer, and is described as follows:

A PORTION OF BLOCKS 24 AND 25 AND A PORTION OF "N" STREET AS SHOWN AND SO DESIGNATED ON THE PLAT OF WESTERN ADDITION NO. 2, FILED IN BOOK C OF MAPS AT PAGE 59, PLACER COUNTY RECORDS, TOGETHER WITH A PORTION OF BLOCK 15 AND A PORTION OF "M" STREET AS SHOWN ON THE PLAT OF WESTERN ADDITION, FILED IN BOOK A OF MAPS AT PAGE 23, PLACER COUNTY RECORDS, LOCATED IN SECTION 15, TOWNSHIP 12 NORTH, RANGE 6 EAST, M.D.M., CITY OF LINCOLN, PLACER COUNTY, CALIFORNIA.

BEGINNING AT THE SOUTHWEST CORNER OF THE ABOVE DESCRIBED BLOCK 25, THENCE FROM THE POINT OF BEGINNING THE FOLLOWING EIGHT CONSECUTIVE (8) COURSES AND DISTANCES: 1) NORTH  $00^{\circ}33'34''$  WEST, ALONG THE WESTERLY PROPERTY LINE FOR A DISTANCE OF 380.73 FEET; 2) LEAVING SAID WESTERLY LINE, NORTH  $89^{\circ}41'17''$  EAST FOR A DISTANCE 607.89 FEET; 3) SOUTH, FOR A DISTANCE OF 55.32 FEET; 4) EAST, FOR A DISTANCE OF 330.40 FEET; 5) SOUTH, FOR A DISTANCE OF 178.86 FEET; 6) WEST, FOR A DISTANCE OF 66.12 FEET; 7) SOUTH, FOR A DISTANCE OF 140.76 FEET TO THE SOUTHERLY PROPERTY LINE; 8) SOUTH  $89^{\circ}24'05''$  WEST, ALONG THE SOUTH PROPERTY LINE FOR A DISTANCE OF 868.49 FEET TO THE POINT OF BEGINNING.

APN: 008-231-001

8.271

## EXHIBIT B

### DESCRIPTION OF THE FACILITY

The Facility consists of the District's **First Street School**, located on the 4.4579-acre (194,185 square foot) Site at 1400 First Street, in Lincoln, California. The Facility is a kindergarten through fifth grade school adjacent to Glen Edwards Middle School, in the north central part of the City. The Facility, opened in 2000, consists of 36,960 square feet of permanent portable buildings all put in place at the same time. Major elements of the school are the administrative offices, staff room, library/support services, multi-purpose building, two restroom buildings and 27 classrooms.

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**TRUST AGREEMENT**

**Dated as of November 1, 2011**

**by and among**

**U.S. BANK NATIONAL ASSOCIATION, as Trustee,**

**the**

**PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA**

**and the**

**WESTERN PLACER UNIFIED SCHOOL DISTRICT**

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**(2011 Refinancing Project)**

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EXHIBIT A:	DEFINITIONS
EXHIBIT B:	FORM OF THE CERTIFICATES

## TRUST AGREEMENT

THIS TRUST AGREEMENT, dated as of November 1, 2011, by and among U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee"), the PUBLIC PROPERTY FINANCING CORPORATION OF CALIFORNIA, a nonprofit, public benefit corporation organized and existing under the laws of the State of California (the "Corporation"), and WESTERN PLACER UNIFIED SCHOOL DISTRICT, a school district organized and existing under the laws of the State of California (the "District");

### WITNESSETH:

WHEREAS, the District and the Corporation have entered into a lease agreement, dated as of the date hereof (the "Lease Agreement"), whereby the Corporation has agreed to lease certain real property and improvements (collectively, the "Property") to the District and the District has agreed to lease the Property from the Corporation;

WHEREAS, for the purpose of obtaining the moneys required to be deposited by it with the Trustee all for the purpose of enabling the District to refinance the acquisition, construction, installation, modernization and equipping of improvements to various District facilities and to provide for the refunding of the outstanding Western Placer School District Variable Rate Certificates of Participation (2001 Land Acquisition Project), Series 2006A (the "2006 Certificates"), the Corporation proposes to assign and transfer certain of its rights under the Lease Agreement to the Trustee, and the Trustee has agreed to execute and deliver certificates of participation, each evidencing a direct, fractional interest in lease payments made by the District under the Lease Agreement, to provide the moneys required herein to be deposited by the Corporation; and

WHEREAS, the proceeds of the Certificates, together with other available moneys, will be applied by the District to (i) refund the 2006 Certificates, (ii) fund a reserve fund for the Certificates, and (iii) pay delivery costs incurred in connection with the execution, delivery and sale of the Certificates;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

8.2.77

ARTICLE I  
DEFINITIONS

Section 1.01. Definitions. The terms defined in Exhibit A attached hereto and by this reference incorporated herein, as used and capitalized herein, shall, for all purposes of this Trust Agreement, have the meanings ascribed to them in said Exhibit A unless the context clearly requires some other meaning.

Section 1.02. Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Trust Agreement, and has taken all actions necessary to authorize the execution of this Trust Agreement by the officers and persons signing it.

Section 1.03. Exhibits. The following exhibits are attached to, and by reference made a part of, this Trust Agreement:

Exhibit A: Definitions.

Exhibit B: Form of the Certificates.

## ARTICLE II

### THE CERTIFICATES OF PARTICIPATION

Section 2.01. Authorization. The Trustee is hereby authorized and directed upon written request from the Corporation to execute and deliver, to the Original Purchaser identified in such written request, Certificates in an aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_), evidencing direct, undivided fractional interests of the Owners thereof in the Lease Payments.

Section 2.02. Date; Payment of Interest. Each Certificate shall be dated as of the Closing Date. Interest with respect thereto shall be payable from the Interest Payment Date next preceding the date of execution thereof, unless: (i) it is executed as of an Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or (ii) it is executed after a Regular Record Date and before the following Interest Payment Date, in which event interest with respect thereto shall be payable from such Interest Payment Date; or (iii) it is executed on or before April 15, 2012, in which event interest with respect thereto shall be payable from the Closing Date; *provided, however*, that if, as of the date of execution of any Certificate, interest is in default with respect to any Outstanding Certificates, interest represented by such Certificate shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Certificates. Payment of defaulted interest shall be paid by check mailed to the Owners as of a special record date to be fixed by the Trustee in its sole discretion, notice of which shall be given to the Owners not less than ten (10) days prior to such special record date.

#### Section 2.03. Maturity; Interest Rates; Percentages.

(a) *Maturity; Interest Rates*. The Certificates shall mature on November 1 in each of the respective years, and in the respective amounts, except that no Certificate may have principal maturing in more than one year, and interest represented thereby shall be computed at the respective rates, as follows:

Maturity (November 1)	Principal Amount	Interest Rate
--------------------------	---------------------	------------------

(b) *Payments With Respect to Certificates Equal to Total Lease Payments*. The total principal and interest due with respect to all Certificates shall not exceed the total Lease Payments due under the Lease Agreement.

Section 2.04. Interest. Interest represented by the Certificates shall be payable on each Interest Payment Date to and including the date of maturity or redemption, whichever is earlier, as provided in Section 2.10 hereof. Said interest shall represent the portion of Lease Payments designated as interest and coming due during the six-month period preceding each

Interest Payment Date. The portion of Lease Payments designated as interest with respect to any Certificate shall be computed by multiplying the portion of Lease Payments designated as principal with respect to such Certificate by the rate of interest applicable to such Certificate (on the basis of a 360-day year of twelve 30-day months).

Section 2.05. Forms. The Certificates shall be delivered in the form of fully registered Certificates without coupons in the denomination of \$5,000 or any integral multiple thereof. The Certificates shall be numbered consecutively, beginning with R-1. The Certificates shall be substantially in the form set forth in Exhibit B attached hereto and by this reference incorporated herein.

Section 2.06. Execution. The Certificates shall be executed by and in the name of the Trustee by the manual signature of an authorized officer or signatory of the Trustee. If any officer or signatory whose signature appears on any Certificate ceases to be such officer or signatory before the date of delivery of said Certificate, such signature shall nevertheless be as effective as if the officer or signatory had remained in office until such date.

Section 2.07. Application of Proceeds. The net proceeds received by the Trustee from the sale of the Certificates in the aggregate amount of \$\_\_\_\_\_, being the face amount of the Certificates of \$\_\_\_\_\_, less an underwriter's discount of \$\_\_\_\_\_, less net original issue discount of \$\_\_\_\_\_, less the sum of \$\_\_\_\_\_ transferred to AGM in payment of the premium for the Municipal Bond Insurance Policy (paid as an accommodation to the District) and less the sum of \$\_\_\_\_\_ transferred to AGM in payment of the premium for the Reserve Fund Municipal Bond Insurance Policy (paid as an accommodation to the District), shall forthwith be deposited or transferred by the Trustee as follows:

(a) The Trustee shall deposit in the Delivery Costs Fund an amount equal to \$\_\_\_\_\_;  
and

(b) The Trustee shall transfer the remaining amount (\$\_\_\_\_\_) to the Escrow Bank for deposit in the Escrow Fund.

The Trustee may establish a temporary fund or account in its records to facilitate such deposits and transfers.

Section 2.08. Transfer and Exchange.

(a) *Transfer of Certificates*. The registration of any Certificate may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his attorney duly authorized in writing upon surrender of such Certificate for cancellation at the Principal Corporate Trust Office, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Certificate or Certificates shall be surrendered for registration of transfer, the Trustee shall execute and deliver a new Certificate or Certificates for like aggregate principal amount in authorized denominations. The District shall pay any costs of the Trustee incurred in connection with such transfer, except that the Trustee may require the payment by the Certificate Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer. The Trustee shall not be required to transfer (i) any Certificates or portion thereof during the period between the date fifteen (15) days prior to the date of selection of Certificates for redemption and such date of selection, or (ii) any Certificates selected for redemption.

(b) *Exchange of Certificates*. Certificates may be exchanged, upon surrender thereof, at the Principal Corporate Trust Office for a like aggregate principal amount of Certificates of other

authorized denominations of the same maturity. Whenever any Certificate or Certificates shall be surrendered for exchange, the Trustee shall execute and deliver a new Certificate or Certificates for like aggregate principal amount in authorized denominations. The District shall pay any costs of the Trustee incurred in connection with such exchange, except that the Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. The Trustee shall not be required to exchange (i) any Certificate or any portion thereof during the period between the date fifteen (15) days prior to the date of selection of Certificates for redemption and such date of selection, or (ii) any Certificate selected for redemption.

Section 2.09. Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee, at the expense of the Owner of said Certificate, shall execute and deliver a new Certificate of like tenor, maturity and amount in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled by it and destroyed with a certificate of destruction furnished to the District. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft shall be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and if an indemnity satisfactory to the Trustee shall be given, the Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like tenor, maturity and amount and numbered as the Trustee shall determine in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trustee may require payment by the District of the expenses which may be incurred by the Trustee in carrying out the duties under this Section 2.09. Any Certificate executed and delivered under the provisions of this Section 2.09 in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and fractionally entitled to the benefits of this Trust Agreement with all other Certificates secured by this Trust Agreement. The Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section 2.09, in lieu of delivering a new Certificate to replace a Certificate which has been mutilated, lost, destroyed or stolen, and which has matured or has been called for redemption or is about to be called for redemption, the Trustee may make payment with respect to such Certificate upon receipt of the aforementioned indemnity.

Section 2.10. Payment. Payment of interest due with respect to any Certificate on any Interest Payment Date shall be made to the person appearing on the Registration Books as the Owner thereof as of the Regular Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed on the Interest Payment Date by first class mail to such Owner at his address as it appears on the Registration Books as of such Regular Record Date or, upon written request filed with the Trustee prior to the Regular Record Date by an Owner of at least \$1,000,000 in aggregate principal amount of Certificates, by wire transfer in immediately available funds to an account in the United States designated by such Owner in such written request. Any such written request shall remain in effect until rescinded in writing by the Owner. The principal and redemption price with respect to the Certificates at maturity or upon prior redemption shall be payable by check denominated in lawful money of the United States of America upon surrender of the Certificates at the Principal Corporate Trust Office.

Section 2.11. Execution of Documents and Proof of Ownership. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose,

or by any bank, trust company or other depository for such Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner or his attorney or agent of any such instrument and of any instrument appointing any such attorney or agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, stating that the persons signing such instruments acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of his authority.

(b) The fact of the ownership of Certificates by any person and the amount, the maturity and the numbers of such Certificates and the date of his holding the same shall be proved by the Registration Books.

Any request or consent of the Owner of any Certificate shall bind every future Owner of the same Certificate in respect of anything done or suffered to be done by the Trustee pursuant to such request or consent.

Section 2.12. Registration Books. The Trustee shall keep or cause to be kept, at its Principal Corporate Trust Office, sufficient records for the registration and registration of transfer of the Certificates, which shall at all reasonable times be open to inspection by the District and the Corporation during regular business hours on any Business Day with reasonable prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Certificates as hereinbefore provided.

Section 2.13. CUSIP Numbers. The Trustee, the District and the Corporation shall not be liable for any defect or inaccuracy in the CUSIP number that appears on any Certificate or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the Certificates have been assigned by an independent service and are included in such notice solely for the convenience of the Owners and that neither the Trustee, the District nor the Corporation shall be liable for any inaccuracies in such numbers.

Section 2.14. Use of Depository. Notwithstanding any provision of this Trust Agreement to the contrary:

(a) At the request of the Original Purchaser, the Certificates shall be initially executed, delivered and registered in the name of "Cede & Co.," as nominee of The Depository Trust Company, the depository designated by the Original Purchaser, and shall be evidenced by one Certificate maturing on each of the maturity dates set forth in Section 2.03 hereof to be in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Certificates, or any portions thereof, may not thereafter be transferred except:

(i) to any successor of The Depository Trust Company or its nominee, or of any substitute depository designated pursuant to paragraph (ii) of this subsection (a) ("substitute depository"); provided that any successor of The Depository Trust



Company or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any substitute depository designated in a written request of the District, upon (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (B) a determination by the District that The Depository Trust Company or its successor is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) to any person as provided below, upon (A) the resignation of The Depository Trust Company or its successor (or any substitute depository or its successor) from its functions as depository or (B) a determination by the District that The Depository Trust Company or its successor is no longer able to carry out its functions as depository; provided that no substitute depository which is not objected to by the District and the Trustee can be obtained.

(b) In the case of any transfer pursuant to paragraph (i) or paragraph (ii) of subsection (a) of this Section 2.14, upon receipt of all Outstanding Certificates by the Trustee, together with a written request of a District Representative to the Trustee, a single new Certificate shall be executed and delivered for each maturity of such Certificate then outstanding, registered in the name of such successor or such substitute depository or their nominees, as the case may be, all as specified in such written request of a District Representative. In the case of any transfer pursuant to paragraph (iii) of subsection (a) of this Section 2.14, upon receipt of all Outstanding Certificates by the Trustee together with a written request of a District Representative, new Certificates shall be executed and delivered in such denominations and registered in the names of such persons as are requested in a written request of the District provided the Trustee shall not be required to deliver such new Certificates within a period less than sixty (60) days from the date of receipt of such a written request of a District Representative.

(c) In the case of partial redemption or an advance refunding of any Certificates evidencing all of the principal maturing in a particular year, The Depository Trust Company shall, at the District's expense, deliver the Certificates to the Trustee for cancellation and re-registration to reflect the amounts of such reduction in principal.

(d) The District and the Trustee shall be entitled to treat the person in whose name any Certificate is registered as the absolute Owner thereof for all purposes of this Trust Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District and the District and the Trustee shall have no responsibility for the accuracy of any records maintained by DTC or any participant in DTC or transmitting payments to, communication with, notifying or otherwise dealing with any beneficial owners of the Certificates. Neither the District nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including The Depository Trust Company or its successor (or substitute depository or its successor), except for the registered owner of any Certificate.

(e) So long as all outstanding Certificates are registered in the name of Cede & Co. or its registered assign, the District and the Trustee shall reasonably cooperate with Cede & Co., as sole registered Owner, or its registered assign in effecting payment of the principal and redemption premium, if any, and interest due with respect to the Certificates by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due, in accordance with the Letter of Representations between DTC and the Trustee.

(f) So long as all Outstanding Certificates are registered in the name of Cede & Co. or its registered assigns (hereinafter, for purposes of this paragraph (f), the "Owner"):

(i) All notices and payments addressed to the Owners shall contain the Certificates' CUSIP number.

(ii) Notices to the Owner shall be forwarded in the manner set forth in the form of DTC's standard form blanket issuer letter of representations executed by the District and received and accepted by DTC.

### ARTICLE III

#### DELIVERY COSTS FUND

Section 3.01. Delivery Costs Fund. The Trustee shall establish a special fund designated as the "Delivery Costs Fund;" shall keep such fund separate and apart from all other funds and moneys held by it; and shall administer such fund as provided herein. There shall be deposited in the Delivery Costs Fund the proceeds of sale of the Certificates required to be deposited therein pursuant to Section 2.07(a) hereof and any other funds from time to time deposited with the Trustee for such purpose and identified in writing to the Trustee.

Section 3.02. Payment of Delivery Costs. The moneys in the Delivery Costs Fund shall be disbursed by the Trustee to pay the Delivery Costs.

(a) The Trustee shall disburse moneys in the Delivery Costs Fund only upon a receipt of a sequentially numbered requisition, signed by a District Representative, setting forth the amounts to be disbursed for payment or reimbursement of Delivery Costs and the name and address of the person or persons to whom said amounts are to be disbursed, stating that the amounts to be disbursed are for Delivery Costs properly chargeable to the Delivery Costs Fund.

(b) The Trustee shall be responsible for the safekeeping and investment (in accordance with Section 8.02 hereof) of the moneys held in the Delivery Costs Fund and the payment thereof in accordance with this Section 3.02, but the Trustee shall not be responsible for the truth or accuracy of such requisitions, may rely conclusively thereon and shall be under no duty to investigate or verify any statements made therein.

(c) Upon written notice from a District Representative that all Delivery Costs have been paid, but in no event later than May 15, 2012, the Trustee shall transfer any moneys then remaining in the Delivery Costs Fund to the Lease Payment Fund and applied to pay the Lease Payments as the same become due and payable, the Delivery Costs Fund shall be closed, the Trustee shall no longer be obligated to make payments for Delivery Costs and all further Delivery Costs shall be paid by the District.

ARTICLE IV  
REDEMPTION OF CERTIFICATES

Section 4.01. Redemption.

(a) *Optional Redemption.* The Certificates maturing on or before November 1, \_\_\_\_, are not subject to optional redemption prior to maturity. The Certificates maturing on and after November 1, \_\_\_\_, are subject to optional redemption in whole or in part on any date in such order of maturity as shall be designated by the District (or, if the District shall fail to so designate the order of redemption, in pro rata among maturities) and by lot within a maturity, on or after November 1, \_\_\_\_, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption from the proceeds of the optional prepayment of Lease Payments made by the District pursuant to the Lease Agreement, without premium.

(b) *Redemption From Net Proceeds of Insurance, Title Insurance, Condemnation or Eminent Domain Award.* The Certificates are subject to mandatory redemption in whole or in part on any date from the Net Proceeds of an insurance, title insurance, condemnation, or eminent domain award to the extent credited towards the prepayment of the Lease Payments by the District pursuant to Section 10.3 of the Lease Agreement, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

(c) *Mandatory Redemption.* The Certificates maturing on November 1, \_\_\_\_, are subject to mandatory redemption in part on November 1 in each year on and after November 1, \_\_\_\_, to and including November 1, \_\_\_\_, from the principal components of scheduled Lease Payments required to be paid by the District pursuant to Section 4.4 of the Lease Agreement with respect to each such redemption date (subject to abatement, as set forth in Section 6.3 of the Lease Agreement), at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

Year (November 1)	Principal Amount of Certificates to be Redeemed
----------------------	--

\_\_\_\_\_  
†Maturity.

In the event that the Trustee shall redeem Certificates maturing on November 1, \_\_\_\_, in part but not in whole pursuant to subsections (a) or (b) of this Section 4.01, the amount of the Certificates to be redeemed in each subsequent year pursuant to this subsection (c) shall be reduced to correspond to the principal components of the Lease Payments prevailing following such redemption as determined pursuant to Section 4.4(b) of the Lease Agreement.

Section 4.02. Selection of Certificates for Redemption. Whenever provision is made in this Trust Agreement for the redemption of Certificates and less than all Outstanding Certificates are to be redeemed, the Trustee shall select Certificates for redemption from the Outstanding Certificates not previously called for redemption in such order of maturity as shall be designated by the District (and, in lieu of such designation, *pro rata* among maturities) and by

lot within a maturity. The Trustee shall select Certificates for redemption within a maturity by lot in any manner which the Trustee shall, in its sole discretion, deem appropriate. For the purposes of such selection, Certificates shall be deemed to be composed of \$5,000 portions and any such portion may be separately redeemed. The Trustee shall promptly notify the District and the Corporation in writing of the Certificates so selected for redemption. Selection by the Trustee of Certificates for redemption shall be final and conclusive. Upon the occurrence of an redemption in part, the selection of Certificates to be redeemed shall be subject to the approval of AGM.

Section 4.03. Notice of Redemption. Unless waived in writing by any Owner of a Certificate to be redeemed, notice of any such redemption shall be given by the Trustee on behalf and at the expense of the District, by mailing a copy of a redemption notice by first class mail, postage prepaid, at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to such Owner of the Certificate or Certificates to be redeemed at the address shown on the Certificate Registration Books maintained by the Trustee or at such other address as is furnished in writing by such Owner to the Trustee; *provided, however*, that neither the failure to receive such notice nor any defect in any notice shall affect the sufficiency of the proceedings for the redemption of the Certificates.

All notices of redemption shall be dated and shall state: (i) the redemption date; (ii) the redemption price; (iii) if less than all Outstanding Certificates of a maturity are to be redeemed, the Certificate numbers (and, in the case of partial redemption, the respective principal amounts) of the Certificates to be redeemed; (iv) that on the redemption date the redemption price will become due and payable upon each such Certificate or portion thereof called for redemption and that interest with respect thereto shall cease to accrue from and after said date; (v) the place where such Certificates are to be surrendered for payment of the redemption price, which place of payment shall be the Principal Corporate Trust Office; (vi) the CUSIP numbers of all Certificates being redeemed; (vii) the original date of execution and delivery of the Certificates; (viii) the rate of interest payable with respect to each maturity of Certificates being redeemed; (ix) the maturity date of each Certificate being redeemed; and (x) any other descriptive information needed to identify accurately the Certificates being redeemed.

Prior to any redemption date, the District shall deposit, or cause to be deposited, with the Trustee an amount of money in immediately available funds sufficient to pay the redemption price of all the Certificates or portions of Certificates which are to be redeemed on that date.

Notice of redemption having been given as aforesaid and the deposit of the redemption price having been made by the District, the Certificates or portions of Certificates so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date interest with respect to such Certificates or portions of Certificates shall cease to be payable. Upon surrender of such Certificates for redemption in accordance with said notice, such Certificates shall be paid by the Trustee at the redemption price. Upon the payment of the redemption price of Certificates being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Certificates being redeemed with the proceeds of such check or other transfer, to the extent possible. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Certificates which have been redeemed shall be canceled by the Trustee, shall not be redelivered and shall be destroyed pursuant to Section 15.07.

In addition to the foregoing notice to the Owners, notice shall also be given by the Trustee, by telecopy, registered, certified or overnight mail, to all Securities Depositories and to an Information Service which shall state the information set forth above, but no defect in said

notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above.

The Trustee shall have no responsibility for a defect in the CUSIP number that appears on any Certificate or in the redemption notice. The redemption notice may provide that the CUSIP numbers have been assigned by an independent service and are included in the notice solely for the convenience of Certificate Owners and that the Trustee and the District shall not be liable in any way for inaccuracies in said numbers.

Section 4.04. Partial Redemption of Certificate. Upon surrender of any Certificate redeemed in part only, the Trustee shall execute and deliver to the Owner thereof a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Certificate surrendered and of the same interest rate and the same maturity.

Section 4.05. Purchase of Certificates. In lieu of redemption of Certificates as provided in this Article IV, amounts held by the Trustee for such redemption may also be used on any Interest Payment Date, upon receipt by the Trustee at least ninety (90) days prior to the next scheduled Interest Payment Date of the written request of a District Representative, for the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the District may in its discretion direct. Such purchases may be affected through the investment department of the Trustee or of an affiliate of the Trustee. The aggregate principal amount of Certificates of the same maturity purchased in lieu of redemption pursuant to this Section 4.05 shall not exceed the aggregate principal amount of Certificates of such maturity which would otherwise be subject to such redemption. Remaining moneys, if any, shall be deposited in the Lease Payment Fund. The exercise of any provision of this Trust Agreement which permits the purchase of Certificates in lieu of redemption shall require approval of AGM wherein any Certificate so purchased is not extinguished.

## ARTICLE V

### LEASE PAYMENTS; LEASE PAYMENT FUND

Section 5.01. Assignment of Rights in Lease Agreement. The Corporation has, in the Assignment Agreement, transferred, assigned and set over to the Trustee certain of its rights but none of its obligations set forth in the Lease Agreement, including but not limited to all of the Corporation's rights to receive and collect Lease Payments and all other amounts required to be deposited in the Lease Payment Fund pursuant to the Lease Agreement or pursuant hereto. All Lease Payments and such other amounts to which the Corporation may at any time be entitled shall be paid directly to the Trustee and all of the Lease Payments collected or received by the Corporation shall be deemed to be held and to have been collected or received by the Corporation as the agent of the Trustee, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one Business Day after the receipt thereof, and all such Lease Payments and such other amounts shall be forthwith deposited by the Trustee upon the receipt thereof in the Lease Payment Fund (except as provided in Section 6.04 hereof).

Section 5.02. Establishment of Lease Payment Fund. The Trustee shall establish a special fund designated as the "Lease Payment Fund." All moneys at any time deposited by the Trustee in the Lease Payment Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates. So long as any Certificates are Outstanding, neither the District nor the Corporation shall have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in this Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

Section 5.03. Deposits. There shall be deposited in the Lease Payment Fund all Lease Payments received by the Trustee (except as provided in Section 6.04 hereof), including any moneys received by the Trustee for deposit therein pursuant to Sections 4.01, 5.01 or Article VII hereof, or Article X of the Lease Agreement, and any other moneys required to be deposited therein pursuant to the Lease Agreement or pursuant to this Trust Agreement.

Section 5.04. Application of Moneys. All amounts in the Lease Payment Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal, interest and redemption premiums (if any) with respect to the Certificates as the same shall become due and payable in accordance with the provisions of Article II and Article IV hereof.

Section 5.05. Surplus. Any surplus remaining in the Lease Payment Fund after redemption and/or payment of all Certificates, including premiums and accrued interest (if any) and payment of any applicable fees and expenses to the Trustee and payment of any amounts owed to AGM, or provision for such redemption or payment having been made to the satisfaction of the Trustee, shall be withdrawn by the Trustee and remitted to the District.

ARTICLE VI  
RESERVE FUND

Section 6.01. Establishment of Reserve Fund. The Trustee shall establish a special fund designated as the "Reserve Fund." All moneys at any time on deposit in the Reserve Fund shall be held by the Trustee in trust for the benefit of the Owners of the Certificates, and applied solely as provided herein.

Section 6.02. Deposits. In lieu of a cash deposit to the Reserve Fund the Reserve Fund Municipal Bond Insurance Policy shall be delivered to the Trustee on the Closing Date.

Section 6.03. Transfers of Excess. The Trustee shall, on or before each April 1 and October 1, value investments in the Reserve Fund at market value and transfer any moneys in the Reserve Fund then in excess of the Reserve Requirement in accordance with Section 8.04; *provided, however* that the Trustee shall not liquidate an investment to make such transfer of excess unless so directed in writing by a District Representative.

Section 6.04. Application in Event of Deficiency in the Lease Payment Fund.

The Trustee shall ascertain the necessity for a claim upon the Reserve Fund Municipal Bond Insurance Policy and to provide notice to AGM in accordance with the terms of the Reserve Fund Municipal Bond Insurance Policy at least five business days prior to each date upon which interest or principal is due with respect to the Certificates.

If, on any Interest Payment Date, the moneys available in the Lease Payment Fund do not equal the amount of the principal, interest and redemption premium (if any) with respect to the Certificates then coming due and payable, the Trustee shall apply the moneys available in the Reserve Fund to make delinquent Lease Payments by transferring the amount necessary for this purpose to the Lease Payment Fund or shall draw on the Reserve Fund Municipal Bond Insurance Policy and apply amounts received from such draw to make delinquent Lease Payments by transferring the amount necessary for this purpose to the Lease Payment Fund. To the extent there is cash on deposit in the Reserve Fund, such cash shall be applied first before there is any draw on the Reserve Fund Municipal Bond Insurance Policy. Upon receipt of any delinquent Lease Payment with respect to which moneys have been advanced from the Reserve Fund or there has been a draw on the Reserve Fund Municipal Bond Insurance Policy, such Lease Payment shall be deposited in the Reserve Fund to the extent of such advance and first applied to reimburse a draw on the Reserve Fund Municipal Bond Insurance Policy and then to replenish any cash drawn therefrom.

This Trust Agreement shall not be discharged until all Policy Costs owing to AGM shall have been paid in full. The District's obligation to pay such amounts, as set forth in the Lease Agreement, shall expressly survive payment in full of the Certificates.

Section 6.05. Transfer To Make All Lease Payments. If, on any Interest Payment Date, the moneys on deposit in the Reserve Fund and the Lease Payment Fund (excluding amounts required for payment of principal, interest and redemption premium (if any) with respect to Certificates not presented for payment) are sufficient to pay all Outstanding Certificates, including all principal, interest and redemption premiums (if any), the Trustee shall transfer all amounts then on deposit in the Reserve Fund to the Lease Payment Fund to be applied to the payment of the Lease Payments, and such moneys shall be distributed to the Owners of Certificates in accordance with Article II and IV of this Trust Agreement. Any amounts remaining in the Reserve Fund upon payment in full of all Outstanding Certificates and all



amounts due the Trustee hereunder, or upon provision for such payment as provided in Section 15.01, shall be withdrawn by the Trustee and paid to the District.

## ARTICLE VII

### INSURANCE AND CONDEMNATION FUND; INSURANCE; EMINENT DOMAIN; TITLE INSURANCE

#### Section 7.01. Establishment of Insurance and Condemnation Fund; Application of Net Proceeds of Insurance Award.

(a) Any Net Proceeds of insurance against damage to or destruction of any part of the Property collected by the District in the event of any such damage or destruction shall be paid to the Trustee by the District pursuant to Section 6.2(a) of the Lease Agreement and deposited by the Trustee promptly upon receipt thereof in a special fund designated as the "Insurance and Condemnation Fund" to be established by the Trustee when deposits are required to be made therein.

(b) Within ninety (90) days following the date of such deposit, the District shall determine and notify the Trustee in writing of its determination either (i) that the replacement, repair, restoration, modification or improvement of the Property is not economically feasible or in the best interest of the District, or (ii) that all or a portion of such Net Proceeds are to be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property.

(c) In the event the District's determination is as set forth in clause (i) of paragraph (b) above, such Net Proceeds shall be promptly transferred by the Trustee to the Lease Payment Fund, applied to the prepayment of Lease Payments pursuant to Section 10.3 of the Lease Agreement and applied to the redemption of Certificates as provided in Section 4.01(b) hereof; *provided, however*, that in the event of damage or destruction of the Property in full, such Net Proceeds may be transferred to the Lease Payment Fund only if sufficient, together with other moneys available therefor, to cause the prepayment of the principal components of all unpaid Lease Payments pursuant to Section 10.3 of the Lease Agreement, otherwise such Net Proceeds shall be applied to the replacement, repair, restoration, modification or improvement of the Property; *provided further, however*, that in the event of damage or destruction of the Property in part, such Net Proceeds may be transferred to the Lease Payment Fund and applied to the prepayment of Lease Payments only if the resulting Lease Payments represent fair consideration for the remaining portions of the Property, evidenced by a certificate signed by a District Representative and a Corporation Representative.

(d) In the event the District's determination is as set forth in clause (ii) of paragraph (b) above, Net Proceeds deposited in the Insurance and Condemnation Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property by the District, and disbursed by the Trustee upon receipt of requisitions signed by a District Representative stating with respect to each payment to be made (i) the requisition number, (ii) the name and address of the person, firm or corporation to whom payment is due, (iii) the amount to be paid and (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation, accompanied by a bill or a statement of account for such obligation. The Trustee shall not be responsible for the representations made in such requisitions and may conclusively rely thereon and shall be under no duty to investigate or verify any statements made therein. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the District.

Section 7.02. Application of Net Proceeds of Eminent Domain Award. If all or any part of the Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to Section 6.2(b) of the Lease Agreement and shall be applied and disbursed by the Trustee as follows:

(a) If the District has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the District to meet any of its obligations with respect to the Property under the Lease Agreement, and (ii) such proceeds are not needed for repair or rehabilitation of the Property, the District shall so certify to the Trustee and the Trustee, at the District's written request, shall transfer such proceeds to the Lease Payment Fund to be credited towards the prepayment of the Lease Payments pursuant to Section 10.3 of the Lease Agreement and applied to the redemption of Certificates in the manner provided in Section 4.01(b) hereof.

(b) If the District has given written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the District to meet any of its obligations with respect to the Property under the Lease Agreement, and (ii) such proceeds are needed for repair, rehabilitation or replacement of the Property, the District shall so certify to the Trustee and the Trustee, at the District's written request, shall pay to the District, or to its order, from said proceeds such amounts as the District may expend for such repair or rehabilitation, upon the filing with the Trustee of requisitions of the District Representative in the form and containing the provisions set forth in Section 7.01. The Trustee shall not be responsible for the representations made in such requisitions and may conclusively rely thereon and shall be under no duty to investigate or verify any statements made therein.

(c) If (i) less than all of the Property shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the District has given written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the operation of the Property or the ability of the District to meet any of its obligations with respect to the Property under the Lease Agreement or (ii) all of the Property shall have been taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited toward the prepayment of the Lease Payments pursuant to Section 10.3 of the Lease Agreement and applied to the redemption of Certificates in the manner provided in 4.01(b) hereof.

(d) In making any determination under this Section 7.02, the District may, but shall not be required to, obtain at its expense, the report of an independent engineer or other independent professional consultant, a copy of which shall be filed with the Trustee. Any such determination by the District shall be final.

Section 7.03. Application of Net Proceeds of Title Insurance Award. The Net Proceeds from a title insurance award shall be deposited with the Trustee in the Insurance and Condemnation Fund pursuant to Section 6.2(c) of the Lease Agreement and shall be transferred to the Lease Payment Fund to be credited towards the prepayment of Lease Payments required to be paid pursuant to Section 10.3 of the Lease Agreement and applied to the redemption of Certificates in the manner provided in Section 4.01(b).

Section 7.04. Cooperation. The Corporation and the Trustee shall cooperate fully with the District, at the expense of the District, in filing any proof of loss with respect to any insurance policy maintained pursuant to Article V of the Lease Agreement and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Property or any portion thereof. Neither the Trustee nor the Corporation shall be obligated

to join in such action if it believes it will be exposed to liability or has not been indemnified to its satisfaction from any loss, liability or expense including, but not limited to, attorneys fees.

## ARTICLE VIII

### MONEYS IN FUNDS; INVESTMENT

Section 8.01. Held in Trust. The moneys and investments held by the Trustee under this Trust Agreement are irrevocably held in trust for the benefit of the Owners of the Certificates and for the purposes herein specified and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement and shall not (except as set forth in Section 9.03 hereof) be subject to levy, attachment or lien by or for the benefit of any creditor of the Corporation, the Trustee, the District or any Owner of Certificates.

Section 8.02. Investments Authorized. Moneys held by the Trustee hereunder shall, upon written order of a District Representative, be invested and reinvested by the Trustee in Permitted Investments. The Trustee may deem all investments directed by a District Representative as Permitted Investments without independent investigation thereof. If a District Representative shall fail to so direct investments, the Trustee shall invest the affected moneys in Permitted Investments described in paragraph (g) of the definition thereof. Such investments, if registrable, shall be registered in the name of and held by the Trustee or its nominee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 8.02. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as principal or agent in the making or disposing of any investment and make or dispose of any investment through its investment department or that of an affiliate and shall be entitled to its customary fees therefor. The Trustee is hereby authorized, in making or disposing of any investment permitted by this Section 8.02, to deal with itself (in its individual capacity) or with one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account.

Any interest rate exchange agreement ("Swap Agreement") entered into by the District shall meet the following conditions (i) the Swap Agreement must be entered into to manage interest costs related to, or a hedge against, (a) assets then held, or (b) debt then outstanding, or (iii) debt reasonably expected to be issued within the next twelve (12) months, and (ii) the Swap Agreement shall not contain any leverage element or multiplier component greater than 1.0x unless there is a matching hedge arrangement which effectively off-sets the exposure from any such element or component. Unless otherwise consented to in writing by AGM, any uninsured net settlement breakage or other termination amount then in effect shall be subordinate to debt service with respect to the Certificates and on any debt on parity with the Certificates. The District shall not terminate a Swap Agreement unless it demonstrates to the satisfaction of AGM prior to the payment of any such termination amount that such payment will not cause the District to be in default under this Trust Agreement or the Lease Agreement, including but not limited to, any monetary obligations hereunder and thereunder thereunder. All counterparties or guarantors to any Swap Agreement must have a rating of at least "A-" and "A3" by S&P and Moody's. If the counterparty or guarantor's rating falls below "A-" or "A3" by either S&P or Moody's, the counterparty or guarantor shall execute a credit support annex to the Swap Agreement, which credit support annex shall be acceptable to AGM. If the counterparty or the guarantor's long term unsecured rating falls below "Baal" or "BBB+" by either Moody's or S&P, a replacement counterparty or guarantor, acceptable to AGM, shall be required.

Section 8.03. Accounting. The Trustee shall furnish to the District, at least monthly, an accounting which may be in the form of its customary accounting statements of all investments made by the Trustee; provided that the Trustee shall not be obligated to deliver an accounting for any fund or account that (a) has a balance of \$0.00 and (b) has not had any activity since the last reporting date. The Trustee shall not be responsible or liable for any loss suffered in

connection with any investment of funds made by it in accordance with Section 8.02 hereof. The District acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the District the right to receive brokerage confirmations of security transactions, the District waives receipt of such confirmations. The Trustee shall furnish to the District periodic statements of account which shall include detail of all investment transactions made by the Trustee.

Section 8.04. Allocation of Earnings. All interest or income received by the Trustee on investment of the Lease Payment Fund shall be retained in the Lease Payment Fund. Amounts retained or deposited in the Lease Payment Fund pursuant to this Section 8.04 shall be applied as a credit against the Lease Payment due by the District pursuant to the Lease Agreement on the Lease Payment Date following the date of deposit. All interest received by the Trustee on investment of the Reserve Fund shall be retained in the Reserve Fund in the event that amounts on deposit in the Reserve Fund are less than the Reserve Requirement. Reserve Fund investments may not have maturities extending beyond five years, except for the Reserve Fund Municipal Bond Insurance Policy and investment agreements or repurchase agreements approved by AGM. In the event that amounts then on deposit in the Reserve Fund on the valuation date described in Section 6.03 hereof equal or exceed the Reserve Requirement, such excess shall be transferred to the Lease Payment Fund. Transfers to the Lease Payment Fund from the Reserve Fund shall be made by the Trustee on or prior to each May 1 and November 1. All interest or income in the Delivery Costs Fund shall be retained in the Delivery Costs Fund until the Delivery Costs Fund is closed pursuant to Section 3.02 hereof.

Section 8.05. Acquisition, Disposition and Valuation of Investments. The District covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Trust Agreement, or otherwise containing gross proceeds of the Certificates (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued at their market value.

ARTICLE IX  
THE TRUSTEE

Section 9.01. Appointment of Trustee. U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America with a Principal Corporate Trust Office in San Francisco, California, is hereby appointed Trustee, registrar and paying agent by the Corporation and the District for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided in this Trust Agreement. The Corporation and the District agree that they will maintain a Trustee which shall be a corporation or association organized under the laws of any state, the United States of America, or the District of Columbia, authorized under such laws to exercise corporate trust powers, which shall have (or, in the case of a bank or trust company included in a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least fifty million dollars (\$50,000,000), subject to supervision or examination by federal or State authority, so long as any Certificates are Outstanding and acceptable to AGM. If such corporation or association publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority above referred to then for the purpose of this Section 9.01, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section 9.01, the Trustee shall resign immediately in the manner and with the effect specified in Section 9.07.

The Trustee is hereby authorized to pay the Certificates when duly presented for payment at maturity, or on redemption, or on purchase by the Trustee prior to maturity in accordance with Section 4.05 hereof, and to cancel all Certificates upon payment thereof. The Trustee shall keep records in accordance with industry standards of all funds administered by it and of all Certificates paid and discharged.

Section 9.02. Acceptance of Trusts. The Trustee hereby accepts the trusts imposed upon it by this Trust Agreement and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Trust Agreement and no implied duties or obligations shall be read into this Trust Agreement against the Trustee. In case an Event of Default has occurred (which has not been cured or waived) the Trustee may exercise such of the rights and powers vested in it by this Trust Agreement and shall use the same degree of care and skill in their exercise as a prudent and reasonable person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) No provision in this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder either directly or by or through attorneys, receivers or agents and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder and shall

be absolutely protected in relying thereon. The Trustee shall not be responsible for the misconduct of such persons selected by it with reasonable care.

(d) The Trustee shall not be responsible for any recital herein, in the Assignment Agreement or in the Certificates, or for any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Certificates delivered hereunder or intended to be secured hereby and the Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Corporation or the District under the Lease Agreement.

(e) The Trustee shall not be accountable for the use of any Certificates delivered hereunder or the proceeds thereof. The Trustee, in its individual or any other capacity, may become the Owner or pledgee of Certificates secured hereby with the same rights which it would have if it were not the Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the District with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Certificates, whether or not such committee shall represent the Owners of the majority in principal amount of the Certificates then Outstanding.

(f) In the absence of bad faith on its part, the Trustee shall be protected in acting or refraining from acting upon any notice, request, consent, requisition, certificate, order, affidavit, facsimile, letter, telegram or other paper or document believed by it to be genuine and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith pursuant to this Trust Agreement upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Certificate, shall be conclusive and binding upon all future Owners of the same Certificate and upon Certificates executed and delivered in exchange therefor or in place thereof. The Trustee shall not be bound to recognize any person as an Owner of any Certificate or to take any action at his request unless such person is the registered owner as shown on the Registration Books.

(g) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed by a Corporation Representative or a District Representative as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been given notice or is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient. The Trustee may accept a certificate of a Corporation Representative or a District Representative to the effect that an authorization in the form therein set forth has been adopted by the Corporation or the District, as the case may be, as conclusive evidence that such authorization has been duly adopted, and is in full force and effect.

(h) The permissive right of the Trustee to do things enumerated in this Trust Agreement shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees, affiliates and agents.

(i) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the District to make any of the Lease Payments to the Trustee required to be made by the District pursuant to the Lease Agreement or failure by the Corporation or the District to file with the Trustee any document required by this Trust Agreement or a Lease Agreement to be so filed subsequent to the delivery of the Certificates, unless the Trustee shall be specifically notified in writing of such default by the Corporation,



the District or by the Owners of at least five percent (5%) in aggregate principal amount of Certificates then Outstanding and all notices or other instruments required by this Trust Agreement to be delivered to the Trustee must, in order to be effective, be delivered at the Principal Corporate Trust Office, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default except as aforesaid.

(j) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in this Trust Agreement with respect to the execution of any Certificates, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Trust Agreement, the Trustee shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action, deemed desirable by the Trustee for the purpose of establishing the right of the District to the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of moneys made by it in accordance with Article VIII of this Trust Agreement.

(m) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Outstanding Certificates relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Trust Agreement.

(n) Before taking any action under Article XIII hereof or this Section 9.02 at the request or direction of the Certificate Owners, the Trustee may require payment or reimbursement of its fees and expenses, including fees and expenses of counsel and receipt of an indemnity bond satisfactory to it from the Certificate Owners to protect it against all liability, except liability which is adjudicated to have resulted from its own negligence or willful misconduct in connection with any action so taken. Before being required to take any action, the Trustee may require an opinion of Independent Counsel acceptable to the Trustee, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Trustee shall be absolutely protected in relying thereon.

(o) Under no circumstances shall the Trustee be liable for the obligations evidenced by the Certificates.

(p) The Trustee shall not be accountable for the use or application by the District or the Corporation or any other party of any funds which the Trustee has released in accordance with the terms of this Trust Agreement.

(q) The Trustee has no obligation or duty to insure compliance by the District with the Code.

(r) The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal or environmental requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness

for the use contemplated by the District or the Corporation of the Property. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Lease Agreement or this Trust Agreement for the existence, furnishing or use of the Property.

(s) The Trustee makes no representations as to the validity or sufficiency of the Certificates and shall incur no responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Certificates assigned to or imposed upon it. The Trustee shall not be responsible for the validity or sufficiency of the Lease Agreement or the assignment under the Assignment Agreement. The Trustee shall not be liable for the sufficiency or collection of any Lease Payments or other moneys required to be paid to it under the Lease Agreement (except as provided in this Trust Agreement), its right to receive moneys pursuant to the Lease Agreement, or the value of or title to the premises upon which the Property is located or the Property. The Trustee makes no representations and shall have no responsibility for any official statement or other offering material prepared or distributed with respect to the Certificates.

(t) In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the District or the Corporation having any claim against the Trustee arising from this Trust Agreement shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein.

(u) The Trustee is authorized and directed to execute the Assignment Agreement in its capacity as Trustee hereunder.

Section 9.03. Fees, Charges and Expenses of Trustee. The District shall pay or reimburse the Trustee for reasonable fees for its services rendered hereunder and under the Assignment Agreement and all advances and expenditures, including but not limited to, advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys or other experts employed by the Trustee in connection with such services and the Trustee shall, in the Event of Default, have a first and prior lien on the funds held hereunder to secure the same. The Trustee's rights hereunder, including its rights under Section 12.03 hereof, shall survive its resignation or removal and final payment of the Certificates.

Section 9.04. Notice to Certificate Owners of Default. If an Event of Default occurs of which the Trustee has been given or is deemed to have notice pursuant to Section 9.02(i) hereof, then the Trustee shall, within ninety (90) days of the occurrence thereof, give written notice thereof at the expense of the District by first class mail, postage prepaid, to the Owner of each Certificate, unless such Event of Default shall have been cured before the giving of such notice; *provided, however* that unless such Event of Default consists of the failure by the District to make any Lease Payment when due, the Trustee may elect not to give such notice if and so long as the Trustee in good faith determines that it is in the best interests of the Certificate Owners not to give such notice.

Section 9.05. Intervention by Trustee. In any judicial proceeding to which the Corporation or the District is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Owners of the Certificates, the Trustee may intervene on behalf of the Certificate Owners and shall do so if requested in writing by the Owners of at least twenty-five percent (25%) of the aggregate principal amount of Certificates then Outstanding, provided the Trustee shall have no duty to take such action unless it has received payment or reimbursement and has been indemnified to its satisfaction as provided in Section 9.02(n) hereof against all risk or liability arising from such action.

Section 9.06. Removal of Trustee. Upon thirty (30) days' notice, the District (so long as no Event of Default shall have occurred and be continuing) or the Owners of at least a majority of the aggregate principal amount of Certificates then Outstanding may, with the consent of the Corporation, remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee and the Corporation, and may appoint a successor or successors thereto; provided that any such successor shall be a corporation or association meeting the requirements set forth in Section 9.01 hereof.

Section 9.07. Resignation by Trustee. The Trustee and any successor Trustee may, at any time, resign by giving thirty (30) days' written notice by registered or certified mail to the District and the Corporation.

Section 9.08. Appointment of Successor Trustee. In the event of the removal or resignation of the Trustee pursuant to Sections 9.06 or 9.07 hereof, the District shall promptly appoint a successor Trustee. In the event the District shall, for any reason whatsoever, fail to appoint a successor Trustee within thirty (30) days following the delivery to the Trustee of the instrument described in Section 9.06 hereof or within thirty (30) days following the receipt of notice by the District pursuant to Section 9.07 hereof, the Trustee may apply to a court of competent jurisdiction at the expense of the District, for the appointment of a successor Trustee meeting the requirements of Section 9.01 hereof. Any such successor Trustee appointed by such court shall become the successor Trustee hereunder notwithstanding any action by the District purporting to appoint a successor Trustee following the expiration of such thirty (30) day period. Any resignation or removal of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee.

Section 9.09. Merger or Consolidation. Any company or association into which the Trustee 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 Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company or association shall be eligible under Section 9.01 hereof, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, 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.

Section 9.10. Concerning any Successor Trustee. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its or his predecessor and also the Corporation and the District an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the written request of the District, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Upon such acceptance, the District shall mail, by first class mail, postage prepaid, or cause the mailing of, notice thereof to the Certificate Owners at their respective addresses set forth on the Registration Books. Should any instrument in writing from the District be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the District. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article IX, shall be filed or recorded by the successor Trustee in each recording office where the Assignment Agreement shall have been filed or recorded.

## ARTICLE X

### MODIFICATION OR AMENDMENT OF AGREEMENTS

Section 10.01. Amendments Permitted. This Trust Agreement and the rights and obligations of the Owners of the Certificates and the Lease Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement which shall become effective when the written consent of the Owners of at least sixty percent (60%) in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 10.03 hereof, shall have been filed with the Trustee. No such modification or amendment shall (1) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the redemption thereof, without the express consent of the Owner of such Certificate, or (2) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of a Lease Agreement, or (3) modify any of the rights or obligations of the Trustee without its written assent thereto. Any such supplemental agreement shall become effective as provided in Section 10.02 hereof.

This Trust Agreement and the rights and obligations of the Owners of the Certificates and the Lease Agreement and the rights and obligations of the respective parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but only to the extent permitted by law and only (1) to add to the covenants and agreements of the Corporation or the District, (2) to cure, correct or supplement any ambiguous or defective provision contained herein or therein and which shall not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the Owners of the Certificates, (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which shall not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the Owners of the Certificates, (4) to make such additions, deletions or modifications as may be necessary or appropriate in the opinion of bond counsel to assure the exclusion from gross income for federal income tax purposes of the interest component of Lease Payments and the interest payable with respect to the Certificates, (5) to add to the rights of the Trustee, or (6) to maintain the rating or ratings assigned to the Certificates. Any such supplemental agreement shall become effective upon execution and delivery by the parties hereto or thereto, as the case may be.

This Trust Agreement and the Lease Agreement may not be modified or amended at any time by a supplemental agreement which would modify any of the rights and obligations of the Trustee without its written assent thereto.

The Trustee may obtain an opinion of Independent Counsel that any amendment entered into hereunder complies with the provisions of this Article X and the Trustee may rely conclusively on such opinion.

Section 10.02. Procedure for Amendment with Written Consent of Certificate Owners. This Trust Agreement and the Lease Agreement may be amended by supplemental agreement as provided in this Section 10.02 in the event the consent of the Owners of the Certificates is required pursuant to Section 10.01 hereof. A copy of such supplemental agreement, together with a request to the Certificate Owners for their consent thereto, shall be mailed by first class mail, postage prepaid, by the Trustee at the expense of the District, to each Owner of a Certificate at his address as set forth on the Registration Books, but failure to mail copies of such

supplemental agreement and request shall not affect the validity of the supplemental agreement when assented to as in this Section 10.02 provided.

Such supplemental agreement shall not become effective unless there shall be filed with the Trustee the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the Certificates then Outstanding (exclusive of Certificates disqualified as provided in Section 10.03 hereof) and a notice shall have been mailed as hereinafter in this Section 10.02 provided. Each such consent shall be effective only if accompanied by proof of ownership of the Certificates for which such consent is given, which proof shall be such as is permitted by Section 2.11 hereof. Any such consent shall be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in the following paragraph of this Section 10.02 provided for has been mailed.

After the Owners of the required percentage of Certificates shall have filed their consents to such supplemental agreement, the Trustee shall mail by first class mail, postage prepaid, a notice at the expense of the District, to the Owners of the Certificates in the manner hereinbefore provided in this Section 10.02 for the mailing of such supplemental agreement of the notice of adoption thereof, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Certificates and will be effective as provided in this Section 10.02 (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section 10.02 to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental agreement shall become effective upon the mailing of such last-mentioned notice, and such supplemental agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Certificates at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty (60) day period.

Section 10.03. Disqualified Certificates. Certificates owned or held by or for the account of the District or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with the District (except any Certificates held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Certificates provided for in this Trust Agreement, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Trust Agreement; *provided, however*, that the Trustee shall not be liable for determining whether Certificates are owned or held by the District or any such other person unless such Certificates are registered in the name of the District or such other person on the Registration Books.

Section 10.04. Effect of Supplemental Agreement. From and after the time any supplemental agreement becomes effective pursuant to this Article X, this Trust Agreement or a Lease Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Certificates Outstanding, as the case may be, 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 supplemental agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or a Lease Agreement, as the case may be, for any and all purposes.

Section 10.05. Endorsement or Replacement of Certificates Delivered After Amendments. The District may determine that Certificates delivered after the effective date of any action taken as provided in this Article X shall bear a notation, by endorsement or otherwise, in form approved by the Trustee, as to such action. In that case, upon demand of the Owner of any Certificate Outstanding at such effective date and presentation of his Certificate for such purpose at the Principal Corporate Trust Office, a suitable notation shall be made on such Certificate. The District may determine that the delivery of substitute Certificates, so modified as in the opinion of the District is necessary to conform to such Certificate Owners' action, is necessary and such substitute Certificates shall thereupon be prepared, executed and delivered. In that case, upon demand of the Owner of any Certificate then Outstanding, such substitute Certificate shall be exchanged at the Principal Corporate Trust Office, at the expense of the District, for a Certificate of the same character then Outstanding, upon surrender of such Outstanding Certificate.

Section 10.06. Amendatory Endorsement of Certificates. The provisions of this Article X shall not prevent any Certificate Owner from accepting any amendment as to the particular Certificates held by him, provided that proper notation thereof is made on such Certificates.

ARTICLE XI  
COVENANTS

Section 11.01. Compliance With and Enforcement of Lease Agreement. The District covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement. The Corporation covenants and agrees with the Owners of the Certificates to perform all obligations and duties imposed on it under the Lease Agreement.

The District will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of their respective Lease Agreement by the Corporation thereunder. The Corporation and the District, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting their respective estates, or either of them, in the Property, which may or can in any manner affect such estate of the District or the Corporation, will deliver the same, or a copy thereof, to the Trustee and AGM.

Section 11.02. Observance of Laws and Regulations. The District will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the District, including its right to exist and carry on business as a school district, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 11.03. Prosecution and Defense of Suits. The District shall promptly, upon request of the Trustee or any Certificate Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Property, whether now existing or hereafter developing and shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Certificate Owner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Section 11.04. Recordation and Filing. The District shall record and file, or cause to be recorded and filed, the Site Lease, the Lease Agreement (or a memorandum thereof), the Assignment Agreement and all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Certificate Owners.

Section 11.05. Budgets. The District shall supply to the Trustee as soon as practicable, but not later than September 15 in each year, a written determination by a District Representative that the District has made adequate provision in its annual budget for the payment of Lease Payments due under the Lease Agreement in the Fiscal Year covered by such budget. The determination given by the District to the Trustee shall be that the amounts so budgeted are fully adequate for the payment of all Lease Payments due under the Lease Agreement in the annual period covered by such budget.

Section 11.06. Further Assurances. The Corporation and the District will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Trust Agreement and the Lease Agreement, or as may be requested by the Trustee and for the better assuring and confirming unto the Owners of the Certificates and the Trustee the rights and benefits provided herein.

Section 11.07. Satisfaction of Conditions Precedent. The District hereby certifies, recites and declares that all acts, conditions and things required by the constitution and statutes of the State, the Lease Agreement and this Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of the Certificates, do exist, have happened and have been performed in due time, form and manner as required by law.

Section 11.08. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Trust Agreement, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Trustee shall, upon payment of its fees and expenses, including counsel fees, and receipt of indemnity satisfactory to it, at the written request of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Certificates, or any holder or beneficial owner of the Certificates may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.



## ARTICLE XII

### LIMITATION OF LIABILITY

Section 12.01. Limited Liability of District. Except for the payment of Lease Payments when due in accordance with the Lease Agreement and the performance of the other covenants and agreements of the District contained in the Lease Agreement and this Trust Agreement, the District shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Certificates with respect to this Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee, except as expressly set forth herein.

Section 12.02. No Liability of District or Corporation for Trustee Performance. Neither the District nor the Corporation shall have any obligation or liability to any of the other parties or to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it under this Trust Agreement.

Section 12.03. Indemnification of Trustee. The District shall to the extent permitted by law indemnify and save the Trustee, its officers, employees, directors, affiliates and agents harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses (including allocated costs of internal counsel), arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on, the Property by the Corporation or the District; (ii) any breach or default on the part of the Corporation or the District the performance of any of their respective obligations under the Lease Agreement, the Assignment Agreement, this Trust Agreement and any other agreement made and entered into for purposes of the Property; (iii) any act of the Corporation or the District or of any of their respective agents, contractors, servants, employees, licensees with respect to the Property; (iv) any act of any assignee of, or purchaser from the Corporation or the District or of any of its or their respective agents, contractors, servants, employees or licensees with respect to the Property; (v) the authorization of payment of Delivery Costs; (vi) the actions of any other party, including but not limited to the ownership, operation or use of the Property by the Corporation or the District including, without limitation, the use, storage, presence, disposal or release of any Hazardous Substances on or about the Property; (vii) the Trustee's exercise and performance of its powers and duties hereunder or as assigned to it under the Assignment Agreement; (viii) the offering and sale of the Certificates; (ix) the presence under or about or release from the Property, or any portion thereof, of any substance, material or waste which is or becomes regulated or classified as hazardous or toxic under State, local or federal law, or the violation of any such law by the District; or (x) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, in any official statement or other offering document utilized in connection with the sale of the Certificates. Such indemnification shall include the costs and expenses of defending against any claim or liability arising under this Trust Agreement. No indemnification will be made under this Section 12.03 or elsewhere in this Trust Agreement for willful misconduct or negligence under this Trust Agreement by the Trustee, its officers, affiliates or employees. The District's obligations hereunder shall remain valid and binding notwithstanding maturity and payment of the Certificates or resignation or removal of the Trustee.

Section 12.04. Limitation of Rights to Parties and Certificate Owners. Nothing in this Trust Agreement or in the Certificates expressed or implied is intended or shall be construed to give any person other than the District, the Corporation, the Trustee, AGM and the Owners of the Certificates, any legal or equitable right, remedy or claim under or in respect of this Trust

Agreement or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the District, the Corporation, the Trustee, AGM and said Owners.

## ARTICLE XIII

### EVENTS OF DEFAULT AND REMEDIES OF CERTIFICATE OWNERS

Section 13.01. Assignment of Rights. Pursuant to the Assignment Agreement, the Corporation has transferred, assigned and set over to the Trustee all of the Corporation's rights in and to the Lease Agreement (excepting only the Corporation's rights under Sections 5.8, 7.3 and 9.4 and the obligations under Section 4.7 thereof), including without limitation all of the Corporation's rights to exercise such rights and remedies conferred on the Corporation pursuant to the Lease Agreement as may be necessary or convenient (i) to enforce payment of the Lease Payments and any other amounts required to be deposited in the Lease Payment Fund or the Insurance and Condemnation Fund, and (ii) otherwise to exercise the Corporation's rights and take any action to protect the interests of the Trustee or the Certificate Owners in an Event of Default.

Section 13.02. Remedies. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee shall upon request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding and upon payment of its fees and expenses, including counsel fees, and being indemnified to its satisfaction therefor shall, exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; *provided, however*, that notwithstanding anything herein or in the Lease Agreement to the contrary, there shall be no right under any circumstances to accelerate the maturities of the Certificates or otherwise to declare any Lease Payment not then in default to be immediately due and payable.

Section 13.03. Application of Funds. All moneys held by the Trustee in the funds and accounts held hereunder and all moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article XIII or Article IX of the Lease Agreement shall be applied by the Trustee in the following order upon presentation of the several Certificates:

*First*, to the payment of the costs and expenses of the Trustee and of the Certificate Owners in declaring such Event of Default, and collecting moneys owed hereunder, including reasonable compensation to its or their agents, attorneys and counsel (including allocated costs of internal counsel), including all fees and expenses past due; and

*Second*, to the payment of the whole amount then owing and unpaid with respect to the Certificates for principal and interest, with interest on the overdue principal and installments of interest at the rate per annum payable with respect to the Certificates (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

*Third*, any amount due to AGM and unpaid.

Section 13.04. Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion shall, upon the written request of the Owners of a majority in principal amount of the Certificates then Outstanding, upon payment of its fees and expenses, including counsel fees, and being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Certificates

by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder. If one or more Events of Default shall occur and be continuing, the Trustee shall be entitled as a matter of right to the appointment of a receiver or receivers for the Property and for any property securing the Certificates and the revenues, income, produce, and profits thereon. In the case of any receivership, insolvency, bankruptcy, reorganization, or other judicial proceedings affecting the District or the Property, the Trustee shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of the Trustee and Owners allowed in such proceedings for the entire amount due and payable under this Trust Agreement at the time of the institution of such proceedings, and also for any additional amount which may become due and payable thereafter, without prejudice to the right of any Owner to file a claim on his or her own behalf. The Trustee shall not be obligated to take any such action unless offered compensation, indemnity for its potential liability, and reimbursement for its legal fees and expenses in accordance with this Section 13.04.

Section 13.05. Non-waiver. Nothing in this Article XIII or in any other provision of this Trust Agreement or in the Certificates, shall affect or impair the obligation of the District to pay or prepay the Lease Payments as provided in the Lease Agreement, or affect or impair the right of action, which is absolute and unconditional, of the Certificate Owners to institute suit to enforce and collect such payment. No delay or omission of the Trustee or of any Owner of any of the Certificates to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article XIII to the Trustee, to AGM or to the Owners of Certificates may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Certificate Owners.

Section 13.06. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

Section 13.07. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Certificates then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; *provided, however*, that the Trustee shall not discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, without the consent of a majority in aggregate principal amount of the Certificates Outstanding.

Section 13.08. Limitation on Certificate Owners' Right to Sue. No Owner of any Certificate executed and delivered hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Owners of at least twenty-five percent (25%) in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such

request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Certificates of any remedy hereunder; it being understood and intended that no one or more Owners of Certificates shall have any right in any manner whatever by his or their action to enforce any right under this Trust Agreement, except in the manner herein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

The right of any Owner of any Certificate to receive payment of said Owner's fractional interest in the Lease Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section 13.08 or any other provision of this Trust Agreement.

Section 13.09. Parties Interested Herein. Nothing in this Trust Agreement expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the District, the Corporation and the Trustee and AGM, their officers, employees and agents, and the Owners any right, remedy or claim under or by reason of this Trust Agreement, or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Trust Agreement contained by and on behalf of the District shall be for the sole and exclusive benefit of the District, the Corporation, the Trustee and AGM, their officers, employees and agents, and the Owners.

## ARTICLE XIV

### PROVISIONS RELATING TO AGM AND THE MUNICIPAL BOND INSURANCE POLICY

#### Section 14.01. Notices and Other Information.

(a) Any notice that is required to be given to an Owner, nationally recognized municipal securities information repositories or state information depositories pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission or to the Trustee pursuant to this Trust Agreement or the Lease Agreement shall also be provided to AGM, simultaneously with the sending of such notices. In addition, all information furnished by the District pursuant to the Continuing Disclosure Certificate shall also be provided to AGM, simultaneously with the furnishing of such information. All notices required to be given to AGM shall be in writing and shall be sent by registered or certified mail addressed to the Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019, Attention: Managing Director - Surveillance, Re: Policy No. \_\_\_\_, Telephone: (212) 826 0100; Fax: (212) 339 3556.

(b) AGM shall have the right to receive such additional information as it may reasonably request.

(c) The District will permit AGM to discuss the affairs, finances and accounts of the District or any information AGM may reasonably request regarding the security for the Certificates with appropriate officers of the District, and the District will use best efforts to enable AGM to have access to the facilities, books and records of the District on any Business Day upon reasonable prior notice.

(d) The Trustee shall notify AGM of any failure of the Corporation or the District to provide notices, certificates and other information required to be provided under the Trust Agreement or the Lease Agreement.

#### Section 14.02. Defeasance.

(a) In the event that the principal and/or interest due with respect to the Certificates shall be paid by AGM pursuant to the Municipal Bond Insurance Policy, the Certificates shall remain outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid, and the assignment and pledge of the trust estate and all covenants, agreements and other obligations of the District to the Owners shall continue to exist and shall run to the benefit of AGM and AGM shall be subrogated to the rights of such Owners, including, without limitation, any rights that such owners may have in respect of securities law violations arising from the offer and sale of the Certificates.

(b) For any defeasance of Certificates, AGM requires the following items:

(i) An opinion of counsel that the defeasance will not adversely impact the exclusion from gross income for federal income tax purposes of interest with respect to the Certificates.

(ii) An escrow agreement and an opinion of counsel regarding the validity and enforceability of the escrow agreement. The escrow agreement shall provide that:

(1) Any substitution of securities shall require verification by an independent certified public accountant and the prior written consent of AGM.

(2) The District will not exercise any optional redemption of Certificates secured by the escrow agreement or any other redemption other than mandatory sinking fund redemptions unless (A) the right to make any such redemption has been expressly reserved in the escrow agreement and such reservation has been disclosed in detail in the official statement for the refunding bonds, and (B) as a condition of any such redemption there shall be provided to AGM a verification of an independent certified public accountant as to the sufficiency of escrow receipts without reinvestment to meet the escrow requirements remaining following such redemption.

(3) The Corporation and the District shall not amend the escrow agreement or enter into a forward purchase agreement or other agreement with respect to rights in the escrow without the prior written consent of AGM.

#### Section 14.03. Trustee-Related Provisions.

(a) AGM shall receive prior written notice of any name change of the Trustee or the resignation, removal or termination of the Trustee.

(b) No resignation, removal or termination of the Trustee shall take effect until a successor, acceptable to AGM, shall be appointed.

(c) The Trustee may be removed at any time at the request of AGM for any breach of its obligations under the Trust Agreement.

#### Section 14.04. Amendments and Supplements.

(a) With respect to amendments or supplements to this Trust Agreement or the Lease Agreement which do not require the consent of the Owners, AGM must be given prior written notice of any such amendments or supplements.

(b) With respect to amendments or supplements to this Trust Agreement or the Lease Agreement which do require the consent of the Owners, AGM's prior written consent is required.

(c) Copies of any amendments or supplements to this Trust Agreement or the Lease Agreement which are consented to by AGM shall be sent to the rating agencies that have assigned a rating to the Certificates.

(d) Notwithstanding any other provision of this Trust Agreement or the Lease Agreement, in determining whether the rights of Owners will be adversely affected by any action taken pursuant to the terms and provisions thereof, the Trustee shall consider the effect on the Owners as if there was no Municipal Bond Insurance Policy.

Section 14.05. AGM as Third Party Beneficiary. To the extent that this Trust Agreement or the Lease Agreement confer upon or give or grant to AGM any right, remedy or claim under or by reason of the Trust Agreement or the Lease Agreement, AGM is explicitly recognized as being a third party beneficiary hereunder and may enforce any such right, remedy or claim conferred, given or granted hereunder.

Section 14.06. Control Rights.

(a) AGM shall be deemed to be the Owner of all of the Certificates for purposes of (i) exercising all remedies and directing the Trustee to take actions or for any other purposes following an Event of Default, and (ii) granting any consent, direction or approval or taking any action permitted by or required under this Trust Agreement or the Lease Agreement, as the case may be, to be granted or taken by the Owners of such Certificates.

(b) Anything in this Trust Agreement or the Lease Agreement to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, AGM shall be entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners.

Section 14.07. Consent Rights of AGM.

(a) *Consent of AGM.* Any provision of this Trust Agreement or the Lease Agreement expressly recognizing or granting rights in or to AGM may not be amended in any manner that affect the rights of AGM hereunder or thereunder without the prior written consent of AGM.

(b) *Consent of AGM in Addition to Owner Consent.* Wherever this Trust Agreement or the Lease Agreement require the consent of Owners, AGM's consent shall also be required.

(c) *Consent of AGM in the Event of Insolvency.* Any reorganization or liquidation plan with respect to the District must be acceptable to AGM. In the event of any reorganization or liquidation, AGM shall have the right to vote on behalf of all Owners who hold Certificates guaranteed by AGM, absent a default by AGM under the Municipal Bond Insurance Policy.

The rights granted to AGM under this Trust Agreement or the Lease Agreement to request, consent to or direct any action are rights granted to AGM in consideration of its issuance of the Municipal Bond Insurance Policy. Any exercise by AGM of such rights is merely an exercise of AGM's contractual rights and shall not be construed or deemed to be taken for the benefit or on behalf, of the Owners and such action does not evidence any position of AGM, affirmative or negative, as to whether the consent of the Owners or any other person is required in addition to the consent of AGM.

Section 14.08. Payment Procedure Under the Municipal Bond Insurance Policy.

If, on the third Business Day prior to the related scheduled interest payment date or principal payment date ("Payment Date") there is not on deposit with the Trustee, after making all transfers and deposits required under this Trust Agreement, moneys sufficient to pay the principal and interest with respect to the Certificates due on such Payment Date, the Trustee shall give notice to AGM and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or teletype of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal and interest with respect to the Certificates due on such Payment Date, the Trustee shall make a claim under the Municipal Bond Insurance Policy and give notice to AGM and AGM's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest with respect to the Certificates and the amount required to pay principal with respect to the Certificates, confirmed in writing to AGM and AGM's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Municipal Bond Insurance Policy.



The Trustee shall designate any portion of payment of principal with respect to Certificates paid by AGM, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Certificates registered to the then current Owners, whether DTC or its nominee or otherwise, and shall issue a replacement Certificate to AGM, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Certificate shall have no effect on the amount of principal or interest payable by the District with respect to any Certificate or the subrogation rights of AGM.

The Trustee shall keep a complete and accurate record of all funds deposited by AGM into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal with respect to any Certificate. AGM shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Municipal Bond Insurance Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Owners referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Municipal Bond Insurance Policy in trust on behalf of Owners and shall deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners in the same manner as principal and interest payments are to be made with respect to the Certificates under the sections of this Trust Agreement regarding payment of Certificates. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in this Trust Agreement to the contrary, the District agrees to pay to AGM (i) a sum equal to the total of all amounts paid by AGM under the Municipal Bond Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by AGM until payment thereof in full, payable to AGM at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest with respect to the Certificates, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. The District covenants and agrees that AGM Reimbursement Amounts are secured on a parity with amounts due under the Lease Agreement.

Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following a Payment Date shall promptly be remitted to AGM.

AGM shall, to the extent it makes any payment of principal or interest with respect to the Certificates, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Municipal Bond Insurance Policy. Each obligation of the District to AGM under the Lease Agreement or this Trust Agreement shall survive discharge or termination of the Lease Agreement or this Trust Agreement.

The District shall pay or reimburse AGM any and all charges, fees, costs and expenses that AGM may reasonably pay or incur in connection with (i) the administration, enforcement,

defense or preservation of any rights or security in the Lease Agreement or this Trust Agreement; (ii) the pursuit of any remedies under the Lease Agreement or this Trust Agreement or otherwise afforded by law or equity; (iii) any amendment, waiver or other action with respect to, or related to, the Lease Agreement or this Trust Agreement whether or not executed or completed; or (iv) any litigation or other dispute in connection with the Lease Agreement or this Trust Agreement or the transactions contemplated thereby, other than costs resulting from the failure of AGM to honor its obligations under the Municipal Bond Insurance Policy. AGM reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Lease Agreement or this Trust Agreement.

After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the District or rebate only after the payment of past due and current debt service on the Certificates and amounts required to restore the Reserve Fund to the Reserve Requirement.

AGM shall be entitled to pay principal or interest with respect to the Certificates that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Municipal Bond Insurance Policy) and any amounts due with respect to the Certificates as a result of acceleration of the maturity thereof in accordance with this Trust Agreement, whether or not AGM has received a Notice of Nonpayment (as such terms are defined in the Municipal Bond Insurance Policy) or a claim upon the Insurance Policy.

ARTICLE XV  
MISCELLANEOUS

Section 15.01. Defeasance. If and when all Outstanding Certificates shall be paid and discharged and all other amounts due and owing hereunder have been paid (as set forth below) then, notwithstanding that any Certificates shall not have been surrendered for payment, all obligations of the Corporation, the Trustee and the District with respect to all Outstanding Certificates shall cease and terminate, except only the obligation of the District to pay or cause to be paid, from Lease Payments paid by or on behalf of the District from funds deposited pursuant to paragraph (b) of this Section 15.01, to the Owners of the Certificates not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraph (b), the Certificates shall continue to represent direct and fractional interests of the Owners thereof in Lease Payments under the Lease Agreement.

Such payment and discharge may be accomplished in either of the following ways:

(a) by well and truly paying or causing to be paid the principal, and interest and redemption premiums (if any) with respect to all Certificates Outstanding, as and when the same become due and payable; or

(b) by irrevocably depositing with the Trustee or an escrow holder security for the payment of Lease Payments as more particularly described in Section 10.1 of the Lease Agreement, to be applied to pay the Lease Payments as the same become due and payable and prepay the Lease Payments in full on any prepayment date, pursuant to Section 10.1 of the Lease Agreement

Any funds held by the Trustee, at the time of one of the events described in paragraphs (a) or (b) of this Section 15.01, which are not required for the payment to be made to Owners, shall, after payment of all fees and expenses of the Trustee, including attorneys fees (including allocated costs of internal counsel), be paid over to the District.

To accomplish defeasance, the District shall cause to be delivered (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to AGM ("Accountant") verifying the sufficiency of the escrow established to pay the Certificates in full on the maturity or redemption date ("Verification"), (ii) an escrow deposit agreement (which shall be acceptable in form and substance to AGM), and (iii) an opinion of nationally recognized bond counsel to the effect that the Certificates are no longer Outstanding; each Verification and defeasance opinion shall be acceptable in form and substance to the District and AGM, and addressed, to the District and the Trustee and AGM. In the event a forward purchase agreement will be employed in the refunding, such agreement shall be subject to the approval of AGM and shall be accompanied by such opinions of counsel as may be required by AGM. AGM shall be provided with final drafts of the above-referenced documentation not less than five Business Days prior to the funding of the escrow.

Certificates shall be deemed Outstanding under this Trust Agreement unless and until they are in fact paid and retired or the above criteria are met.

Section 15.02. Records. The Trustee shall keep records in accordance with industry standards of all moneys received and disbursed by it under this Trust Agreement, which shall be available for inspection by the District, the Corporation, AGM and any Owner of at least five percent (5%) of the Outstanding principal amount of the Certificates, or the agent of any of

them, at any time during regular business hours on any Business Day upon reasonable prior notice.

Section 15.03. Notices. All written notices to be given under this Trust Agreement shall be given by first class mail, postage prepaid, to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice shall be effective upon deposit in the United States first class mail, postage prepaid to the address set forth below:

If to the Corporation:	Public Property Financing Corporation of California 23945 Calabasas Road, Suite 103 Calabasas, CA 91302 Attention: Secretary/Treasurer Phone: (818) 224-4787 Fax: (818) 224-4789
If to the District:	Western Placer Unified School District 600 Sixth Street, 4th Floor Lincoln, CA 95648 Attention: Superintendent Phone: (916) 645-6350 Fax: (916) 645-6356
If to the Trustee:	U.S. Bank National Association One California Street, Suite 1000 San Francisco, CA 94111 Attention: Corporate Trust Services Phone: (415) 273-4514 Fax: (415) 273-4590
If to AGM:	Assured Guaranty Municipal Corp. 31 West 52 <sup>nd</sup> Street New York, NY 10019 Attention: Managing Director - Surveillance Phone: (212) 826-0100 Fax: (212) 339-3556

The Trustee agrees to notify the Corporation and AGM in the event of any prepayment by the District of Lease Payments under the Lease Agreement and upon the termination of the Lease Agreement.

Section 15.04. Governing Law. This Trust Agreement shall be construed and governed in accordance with the laws of the State.

Section 15.05. Binding Effect; Successors. This Trust Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Whenever in this Trust Agreement the Corporation, the District or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Trust Agreement contained by or on behalf of the Corporation, the District or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 15.06. Execution in Counterparts. This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 15.07. Destruction of Canceled Certificates. Whenever in this Trust Agreement provision is made for the surrender to or cancellation by the Trustee and the delivery to the District of any Certificates, the Trustee may, in lieu of such cancellation and delivery, destroy such Certificates and deliver a certificate of such destruction to the District.

Section 15.08. Headings. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Trust Agreement. All references herein to "Articles," "Sections," and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Trust Agreement; and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 15.09. Waiver of Notice. Whenever in this Trust Agreement the giving of notice by first class mail, postage prepaid, or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 15.10. Payments Due on Other than Business Day. If the date for making any payment as provided in this Trust Agreement is not a Business Day, such payment may be made on the next succeeding Business Day with the same force and effect as if done on the date provided therefore herein.

Section 15.11. Payment of Unclaimed Moneys. Notwithstanding any provisions of this Trust Agreement, any moneys held by the Trustee in trust for the payment of the principal or interest due with respect to any Certificates and remaining unclaimed two years from the date of deposit of such funds, or if the law shall have been changed and the District has notified the Trustee of such change or the Trustee notifies the District, then on the date thirty (30) days prior to the then applicable escheat provision of State law, shall, on such date, be repaid to the District free from the trusts created by this Trust Agreement, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the District as aforesaid, the Trustee may (at the cost and request of the District) first mail to the Owners to whom such amounts have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the amounts so payable and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof. The Trustee shall not be liable for any interest on funds held by it. The District shall not be liable for any interest on the sums paid to it pursuant to this Section 15.11 and shall not be regarded as a trustee of such money.

Section 15.12. Separability of Invalid Provisions. In case any one or more of the provisions contained in this Trust Agreement or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision of this Trust Agreement, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases of this Trust Agreement may be held illegal, invalid or unenforceable.

IN WITNESS WHEREOF, the parties hereto have executed this Trust Agreement as of the date and year first above written.

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
Marianne Diaz  
Vice President

PUBLIC PROPERTY FINANCING  
CORPORATION OF CALIFORNIA

By \_\_\_\_\_  
William A. Morton  
Secretary/Treasurer

WESTERN PLACER UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_  
Scott Leaman  
Superintendent

Attest:

\_\_\_\_\_  
Kris Wyatt  
Clerk of the Board

## EXHIBIT A

### DEFINITIONS

"AGM" means Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company, or any successor thereto.

"Assignment Agreement" means the Assignment Agreement, dated as of November 1, 2011, by and between the Corporation and the Trustee, together with any duly authorized and executed amendments thereto.

"Bond Counsel" means (a) Quint & Thimmig LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the District of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Code.

"Business Day" means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the state in which the Principal Corporate Trust Office is located or in the State are closed or are required to close or a day on which the New York Stock Exchange is closed.

"Certificates" means the \$\_\_\_\_\_ aggregate principal amount of certificates of participation to be executed and delivered pursuant to the Trust Agreement which evidence direct, undivided fractional Interests of the Owners thereof in Lease Payments.

"Closing Date" means November 15, 2011, the date upon which there is a physical delivery of the Certificates in exchange for the amount representing the purchase price of the Certificates by the Original Purchaser.

"Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Lease Agreement or the Trust Agreement) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Code.

"Continuing Disclosure Certificate" shall mean that certain Continuing Disclosure Certificate executed by the District and dated the date of issuance and delivery of the Certificates, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Corporation" means the Public Property Financing Corporation of California, a nonprofit, public benefit corporation organized and existing under and by virtue of the laws of the State.

"Corporation Representative" means the Chairman or the Secretary/Treasurer or the designee of either such official, or any other person authorized by resolution of the Corporation delivered to the Trustee to act on behalf of the Corporation under or with respect to the Site and Facility Lease, the Lease Agreement, the Assignment Agreement and the Trust Agreement.

"Defeasance Obligations" means: (a) cash, (b) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (d) obligations fully and

unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (e) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

*"Delivery Costs Fund"* means the fund by that name established and held by the Trustee pursuant to Article III of the Trust Agreement.

*"Delivery Costs"* means all items of expense directly or indirectly payable by or reimbursable to the District or the Corporation relating to the execution and delivery of the Site and Facility Lease, the Lease Agreement, the Trust Agreement and the Assignment Agreement or the execution, sale and delivery of the Certificates, including but not limited to filing and recording costs, settlement costs, printing costs, reproduction and binding costs, costs for statistical data, initial fees and charges of the Trustee (including the fees and expenses of its counsel), financing discounts, legal fees and charges, insurance fees and charges (including title insurance), financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates, the premiums for the Municipal Bond Insurance Policy and the Reserve Fund Municipal Bond Insurance Policy and charges and fees in connection with the foregoing.

*"District"* means Western Placer Unified School District, a school district organized and existing under and by virtue of the constitution and laws of the State.

*"District Representative"* means the President, the Vice President, the Superintendent, the Assistant Superintendent, Business & Support Services, the Clerk of the Board, or the designee of any such official, or any other person authorized by resolution to act on behalf of the District under or with respect to the Trust Agreement and/or the Lease Agreement and/or the Site and Facility Lease and identified as such to the Trustee in writing.

*"Escrow Agreement"* means that certain Escrow Deposit and Trust Agreement, dated the Closing Date, by and between the District and the Escrow Bank, as originally entered into or as it may be amended or supplemented pursuant to the provisions thereof, created to provide for the payment of the 2006 Certificates.

*"Escrow Bank"* means U.S. Bank National Association, as escrow bank under the Escrow Agreement, or any successor thereto appointed as escrow bank thereunder in accordance with the provisions thereof.

*"Escrow Fund"* means the fund by that name created and maintained by the Escrow Bank pursuant to the Escrow Agreement.

*"Event of Default"* means an event of default under the Lease Agreement, as defined in Section 9.1 thereof.

*"Facility"* means those certain existing facilities more particularly described in Exhibit B to the Site and Facility Lease and in Exhibit B to the Lease Agreement.

*"Municipal Bond Insurance Policy"* means the Municipal Bond insurance policy issued by AGM guaranteeing the payment, when due, of the principal and interest with respect to the Certificates.



*"Fiscal Year"* means the twelve-month period beginning on July 1 of any year and ending on June 30 of the next succeeding year, or any other twelve-month period selected by the District as its fiscal year.

*"Independent Counsel"* means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Corporation, the Trustee or the District.

*"Information Services"* means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, NJ 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16th Floor, New York, NY 10006; Moody's "Municipal and Government," 5250 77 Center Drive, Suite 150, Charlotte, NC 28217, Attention: Municipal News Reports; and S&P's "Called Bond Record," 25 Broadway, 3rd Floor, New York, NY 10004; or to such other addresses and/or such other national information services providing information or disseminating notices of redemption of obligations similar to the Certificates.

*"Insurance and Condemnation Fund"* means the fund by that name established and held by the Trustee pursuant to Section 7.01 of the Trust Agreement.

*"Interest Payment Date"* means the first (1st) day of each May and November, commencing May 1, 2012, so long as any Certificates are Outstanding.

*"Lease Agreement"* means that certain agreement for the lease of the Property by the Corporation to the District, dated as of November 1, 2011, together with any duly authorized and executed amendments thereto.

*"Lease Payment Date"* means the fifteenth (15th) day of April and October in each year during the Term of the Lease Agreement, commencing April 15, 2012.

*"Lease Payment Fund"* means the fund by that name established and held by the Trustee pursuant to Section 5.02 of the Trust Agreement.

*"Lease Payments"* means a portion of the total payments required to be paid by the District pursuant to Section 4.4 of the Lease Agreement, including any prepayment thereof pursuant to Article X of the Lease Agreement, which payments consist of an interest component and a principal component, as set forth in Exhibit C to the Lease Agreement.

*"Moody's"* means Moody's Investors Service, New York, New York, or its successors.

*"Net Proceeds,"* when used with respect to insurance or condemnation proceeds, means any insurance proceeds or condemnation award paid with respect to the Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

*"Original Purchaser"* means the first purchaser of the Certificates upon their delivery by the Trustee on the Closing Date.

*"Outstanding,"* when used as of any particular time with respect to Certificates, means (subject to the provisions of Section 10.03 of the Trust Agreement) all Certificates theretofore executed and delivered by the Trustee under the Trust Agreement except -

(a) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Certificates for the payment or redemption of which funds or Defeasance Obligations in the necessary amount shall have theretofore been deposited with the Trustee or an escrow holder (whether upon or prior to the maturity or redemption date of such Certificates), provided that, if such Certificates are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Section 4.03 of the Trust Agreement or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(c) Certificates in lieu of or in exchange for which other Certificates shall have been executed and delivered by the Trustee pursuant to Section 2.09 of the Trust Agreement.

"Owner" or "Certificate Owner" or "Owner of a Certificate," or any similar term, when used with respect to a Certificate means the person in whose name such Certificate shall be registered on the Registration Books.

"Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Encumbrances" means, as of any particular time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the District may, pursuant to provisions of Article V of the Lease Agreement, permit to remain unpaid; (b) the Assignment Agreement; (c) the Site and Facility Lease; (d) the Lease Agreement; (e) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (f) easements, rights-of-way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date and which the District certifies in writing will not materially impair the use of the Property; and (g) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of the Lease Agreement and to which the Corporation and the District agree in writing consent in writing do not reduce the value of the Property.

"Permitted Investments" means any of the following:

- (a) United States Treasury Obligations;
- (b) Federal Housing Administration debentures;
- (c) The following listed obligations government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- (i) Federal Home Loan Mortgage Corporation (FHLMC) senior debt obligations and participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts),

- (ii) Farm Credit System (formerly Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives) consolidated system-wide bonds and notes,

- (iii) Federal Home Loan Banks (FHL Banks) consolidated debt obligations,

- (iv) Federal National Mortgage Association (FNMA) senior debt obligations and mortgage-backed securities (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts),

- (v) Financing Corporation (FICO) debt obligations, and

- (vi) Resolution Funding Corporation (REFCORP) debt obligations;
- (d) Unsecured certificates of deposit, time deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank the short-term obligations of which are rated "A-1" or better by S&P;
- (e) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks which have capital and surplus of at least \$5 million;
- (f) Commercial paper (having original maturities of not more than 30 days) rated "A-1+" by S&P and "Prime-1" by Moody's;
- (g) Money market funds rated in the highest rating category by S&P and Moody's;
- (h) "State Obligations," which means:
- (i) Direct general obligations of any state of the United States of America or any subdivision of agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A3" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated,
- (ii) Direct general short-term obligations of any state agency or subdivision or agency thereof described in (i) above and rated "A-1+" by S&P and "MIG-1" by Moody's, and
- (iii) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state or state agency described in (i) above and rated "AA" or better by S&P and "Aa" or better by Moody's;
- (i) Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:
- (i) the municipal obligations are (A) not subject to redemption prior to maturity or (B) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions,
- (ii) the municipal obligations are secured by cash or U.S. Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations,
- (iii) the principal of and interest on the U.S. Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification"),
- (iv) the cash or U.S. Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations
- (v) no substitution of a U.S. Treasury Obligation shall be permitted except with another U.S. Treasury Obligation and upon delivery of a new Verification, and

(vi) the cash or U.S. Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent;

(j) Repurchase agreements with

(i) any domestic bank, or domestic branch of a foreign bank, the long term debt of which is rated at least "AA" by S&P and Moody's, or

(ii) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "AA" by S&P and Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation, or

(iii) any other entity rated "AA" or better by S&P and Moody's and acceptable to AGM, provided that:

(A) The market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S & P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach),

(B) The Trustee or a third party acting solely as agent therefor or for the District (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books),

(C) The repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession),

(D) All other requirements of S&P in respect of repurchase agreements shall be met, and

(E) The repurchase agreement shall provide that if during its term the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A-" by S&P or "A3" by Moody's, as appropriate, the provider must, at the direction of the District or the Trustee (who shall give such direction if so directed by AGM), within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the District or Trustee.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (A) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by S&P and Moody's, respectively.

(k) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt is rated at least AA (stable) by S&P and Aa (stable) by Moody's, or, in the case of a monoline Municipal Bond insurance company, claims paying

ability of the guarantor is rated at least "AAA (stable)" by S&P and "Aaa (stable)" by Moody's; provided that, by the terms of the investment agreement:

(i) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service (or, if the investment agreement is for the construction fund, construction draws) with respect to the Certificates;

(ii) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days' prior notice; the District and the Trustee hereby agree to give or cause to be given notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(iii) the investment agreement shall state that is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks *pari passu* with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(iv) the District or the Trustee receives the opinion of domestic counsel (which opinion shall be addressed to the District and AGM) that such investment agreement is legal, valid, binding and enforceable upon the provider in accordance with its terms and of foreign counsel (if applicable) in form and substance acceptable, and addressed to, AGM;

(v) the investment agreement shall provide that if during its term:

(A) the provider's rating by either S&P or Moody's falls below "AA-" or "Aa3", respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (i) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the District, the Trustee or a third party acting solely as agent therefor (the "Holder of the Collateral") collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to S & P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (ii) repay the principal of and accrued but unpaid interest on the investment, and

(B) the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3", respectively, the provider must, at the direction of the District or the Trustee (who shall give such direction if so directed by AGM), within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to the District or Trustee; and

(vi) the investment agreement shall state and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession); and

(vii) the investment agreement must provide that if during its term:

(A) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the District or the Trustee (who shall give such direction if so directed by AGM), be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Trustee, as appropriate, and

(B) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the District or Trustee, as appropriate.

(l) The Local Agency Investment Fund of the State, created pursuant to section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

(m) other forms of investments (including repurchase agreements) approved in writing by AGM.

*"Principal Corporate Trust Office"* means the corporate trust office of the Trustee located at One California Street, Suite 1000, San Francisco, California; *provided however*, that for purposes of redemption, payment, cancellation, surrender, exchange or transfer of Certificates such term means the corporate trust office of the Trustee in St. Paul, Minnesota or any other such location so designated by the Trustee.

*"Proceeds,"* when used with reference to the Certificates, means the face amount of the Certificates, plus accrued interest and original issue premium, if any, less original issue discount, if any.

*"Property"* means, collectively, the Site and the Facility.

*"Rating Category"* means, with respect to any Permitted Investment, one of the generic categories of rating by Moody's applicable to such Permitted Investment, without regard to any refinement or graduation of such rating category by a plus or minus sign or a numeral.

*"Registration Books"* means the records maintained by the Trustee pursuant to Section 2.12 of the Trust Agreement for registration of the ownership and transfer of ownership of the Certificates.

*"Regular Record Date"* means the close of business on the fifteenth (15th) day of the month preceding each Interest Payment Date, whether or not such fifteenth (15th) day is a Business Day.

*"Rental Period"* means each twelve-month period during the Term of the Lease Agreement commencing on November 2 in any year and ending on November 1 in the next succeeding year; *provided, however*, that the first Rental Period shall commence on the Closing Date and shall end on May 1, 2012.

*"Reserve Fund"* means the fund by that name established and held by the Trustee pursuant to Section 6.01 of the Trust Agreement.

*"Reserve Fund Municipal Bond Insurance Policy"* means the Municipal Bond insurance policy issued by AGM for deposit in the Reserve Fund in an amount equal to the Reserve Requirement.

*"Reserve Requirement"* means an amount equal to the least of maximum annual Lease Payments, 125% of average annual Lease Payments, and 10% of the principal amount of the Certificates, which amount shall be \$\_\_\_\_\_ on the Closing Date. The amount of the Reserve Requirement shall not be reduced unless the Certificates are partially refunded, in which such amount shall be reduced to an amount equal to the maximum annual Lease Payments relating to the Certificates not so refunded, as specified in a certificate of a District Representative delivered to the Trustee.

*"S&P"* means Standard & Poor's Credit Market Services, a division of The McGraw-Hill Companies, Inc., New York, New York, or its successors.

*"Securities Depositories"* means The Depository Trust Company, 55 Water Street, 50<sup>th</sup> Floor, New York, N.Y. 10041-0099 Attention: Call Notification Department; or to such other addresses and/or such other registered securities depositories holding substantial amounts of obligations of types similar to the Certificates.

*"Site"* means that certain real property more particularly described in Exhibit A to the Site and Facility Lease and in Exhibit A to the Lease Agreement.

*"Site and Facility Lease"* means the Site and Facility Lease, dated as of November 1, 2011, by and between the District, as lessor, and the Corporation, as lessee, together with any duly authorized and executed amendments thereto.

*"State"* means the State of California.

*"Term of the Lease Agreement"* means the time during which the Lease Agreement is in effect, as provided in Section 4.2 of the Lease Agreement.

*"Trust Agreement"* means the Trust Agreement, dated as of November 1, 2011, by and among the District, the Corporation and the Trustee, together with any duly authorized amendments thereto.

*"Trustee"* means U.S. Bank National Association, or any successor thereto, acting as Trustee pursuant to the Trust Agreement.

*"2006 Certificates"* means the \$8,000,000 Western Placer School District Variable Rate Certificates of Participation (2001 Land Acquisition Project), Series 2006A, representing undivided proportional interests of the owners thereof in base rental payments to be made by the District as the rental for certain property pursuant to a lease agreement with the California Public School District Financing Authority, currently outstanding in the principal amount of \$8,000,000.

*"2006 Trustee"* means U.S. Bank National Association, as trustee for the 2006 Certificates.

**EXHIBIT B**  
**FORM OF THE CERTIFICATES**

**Certificate of Participation**  
**(2011 Refinancing Project)**  
**Evidencing a Direct, Undivided Fractional Interest of the**  
**Owners Hereof in Lease Payments to be Made by the**  
**WESTERN PLACER UNIFIED SCHOOL DISTRICT**  
**(Placer County, California)**  
**As the Rental for Certain Property Pursuant to a Lease Agreement**  
**with the Public Property Financing Corporation of California**

RATE OF INTEREST	MATURITY DATE	DATED DATE	CUSIP
_____%	November 1, ____	November __, 2011	959215 ____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

THIS IS TO CERTIFY THAT the registered owner identified above, or registered assigns (the "Owner"), as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of a direct, undivided, fractional interest in a portion of the lease payments (the "Lease Payments") to be paid by the Western Placer Unified School District, a school district duly organized and existing under the laws of the State of California (the "District"), pursuant to that certain Lease Agreement, dated as of November 1, 2011, by and between the Public Property Financing Corporation of California, a nonprofit, public benefit corporation organized and existing under the laws of the State of California (the "Corporation") and the District, (the "Lease Agreement"), which Lease Payments, prepayments and certain other rights and interests under the Lease Agreement have been assigned to U.S. Bank National Association, as trustee (the "Trustee"), having a corporate trust office in San Francisco, California; *provided however*, that for purposes of redemption, payment, cancellation, surrender, exchange or transfer of this Certificate such term means the corporate trust office of the Trustee in St. Paul, Minnesota, or any other such location so designated by the Trustee (the "Principal Corporate Trust Office").

The Owner is entitled to receive, subject to the terms of the Lease Agreement, on the Maturity Date identified above, the Principal Amount identified above, representing a direct, undivided fractional portion of the Lease Payments designated as principal coming due on such date, and to receive on May 1 and November 1 of each year, commencing May 1, 2012 (each, an "Interest Payment Date"), until payment in full of said Principal Amount, the Owner's direct, undivided fractional share of the Lease Payments designated as interest coming due during the six months immediately preceding each of the Interest Payment Dates; provided that interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (i) this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (ii) this Certificate is executed after the close of business on the fifteenth (15th) day of the month immediately preceding an Interest Payment Date, and prior to such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (iii) this Certificate is executed on or before April 15, 2012, in which event interest shall be payable from the Dated Date stated above; *provided, however*, that if, as of the date of execution of any Certificate, interest is in



default with respect to any Outstanding Certificates, interest represented by such Certificate shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to the Outstanding Certificates. Payment of defaulted interest shall be paid by check of the Trustee mailed to the registered owners of the Certificates as of a special record date to be fixed by the Trustee in its sole discretion, notice of which shall be given to the registered owners of the Certificates not less than ten (10) days prior to such special record date. Said direct, undivided fractional share of the portion of the Lease Payments designated as interest is the result of the multiplication of the aforesaid portion of the Lease Payments designated as principal by the Rate of Interest per annum identified above. Interest represented hereby is payable in lawful money of the United States of America by check mailed by the Trustee on each Interest Payment Date by first class mail to the Owner at his address as it appears on the registration books of the Trustee, as of the close of business on the fifteenth (15th) day of the month immediately preceding each Interest Payment Date or, upon written request filed with the Trustee prior to the fifteenth (15th) day of the month immediately preceding the Interest Payment Date by a registered owner of at least \$1,000,000 in aggregate principal amount of Certificates, by wire transfer in immediately available funds to an account in the United States designated by each registered owner in such written request. Principal represented hereby is payable in lawful money of the United States of America by check of the Trustee upon presentation and surrender hereof at the Principal Corporate Trust Office.

This Certificate has been executed and delivered by the Trustee pursuant to the terms of a Trust Agreement by and among the Trustee, the Corporation and the District, dated as of November 1, 2011 (the "Trust Agreement"). The District is authorized to enter into the Lease Agreement and the Trust Agreement under the laws of the State of California. Reference is hereby made to the Lease Agreement and the Trust Agreement (copies of which are on file at the Principal Corporate Trust Office) for a description of the terms on which the Certificates are delivered, the rights thereunder of the registered owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the District under the Lease Agreement, all of the provisions of which the Owner of this Certificate, by acceptance hereof, assents and agrees.

The District is obligated under the Lease Agreement to pay Lease Payments from any source of legally available moneys and the District has covenanted in the Lease Agreement to make the necessary annual appropriations therefor. The obligation of the District to pay the Lease Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligation of the District to pay Lease Payments does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the Municipal Bond Insurer (as defined in the Trust Agreement) and the registered owners of at least sixty percent (60%) in aggregate principal amount of the Certificates then outstanding and may be amended without such consent under certain circumstances; provided that no such amendment shall impair the right of any registered owner to receive, in any case, such registered owner's fractional share of any Lease Payment or prepayment thereof in accordance with such registered owner's Certificate, without the consent of such registered owner.

This Certificate is transferable and exchangeable by the Owner, in person or by his attorney duly authorized in writing, at the Principal Corporate Trust Office, but only in the manner, subject to the limitations and upon payment of any charges provided in the Trust Agreement and upon surrender and cancellation of this Certificate. Upon such transfer, a new Certificate or Certificates of an authorized denomination or denominations for the same

aggregate principal amount will be delivered to the transferee in exchange for this Certificate. The District, the Corporation and the Trustee may treat the Owner as the absolute owner hereof for all purposes, whether or not the payments represented by this Certificate shall be overdue and the District, the Corporation and the Trustee shall not be affected by any notice to the contrary.

The Certificates maturing on or before November 1, \_\_\_\_, are not subject to optional redemption prior to maturity. The Certificates maturing on and after November 1, \_\_\_\_, are subject to optional redemption in whole or in part on any date in such order of maturity as shall be designated by the District (or, if the District shall fail to so designate the order of redemption, in pro rata among maturities) and by lot within a maturity, on or after November 1, \_\_\_\_, at a redemption price equal to the principal amount thereof, together with the and accrued interest to the date fixed for redemption from the proceeds of the optional prepayment of Lease Payments made by the District pursuant to the Lease Agreement, without premium.

The Certificates maturing on November 1, \_\_\_\_, are subject to mandatory redemption in part on November 1 in each year on and after November 1, \_\_\_\_, to and including November 1, \_\_\_\_, from the principal components of scheduled Lease Payments required to be paid by the District pursuant to the Lease Agreement with respect to each such redemption date (subject to abatement, as set forth in the Lease Agreement), at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

<u>Year</u> <u>(November 1)</u>	<u>Principal Amount of</u> <u>Certificates to be Redeemed</u>
------------------------------------	--

†Maturity.

The Certificates are subject to extraordinary mandatory redemption in whole at any time, or in part on any Interest Payment Date, in such order of maturity as shall be selected by the District and by lot within a maturity, from the net proceeds of an insurance or condemnation award to the extent credited towards the prepayment of the Lease Payments by the District pursuant to the Lease Agreement, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium.

Notice of redemption is to be given by the Trustee by mailing a redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to the registered owner of the Certificate or Certificates to be redeemed at the address shown on the Certificate registration books maintained by the Trustee. Notice of redemption having been given as aforesaid, the Certificates or portions of Certificates so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) interest with respect to such Certificates or portions of Certificates shall cease to accrue and be payable.

The Trustee has no obligation or liability to the registered owners of the Certificates to make payments of principal or interest with respect to the Certificates. The Trustee's sole obligations are to administer, for the benefit of the registered owners of the Certificates, the

various funds and accounts established under the Trust Agreement. The Trustee makes no representation concerning the recitals contained in the Trust Agreement or in this Certificate.

The District has certified, recited and declared that all conditions, things and acts required by the constitution and statutes of the State of California, the Lease Agreement and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of this Certificate, do exist, have happened and have been performed in due time, form and manner as required by law.

Unless this Certificate is presented by an authorized representative of The Depository Trust Company, a New York Corporation ("DTC"), to the District or the Trustee for registration of transfer, exchange, or payment, and any Certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, this Certificate has been executed by U.S. Bank National Association, as trustee, acting pursuant to the Trust Agreement.

Date of Execution:

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
Authorized Signatory

## FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Certificate and do(es) hereby irrevocably constitute and appoint

\_\_\_\_\_  
attorney, to transfer the same on the registration books of the Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution (banks, stock brokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program) pursuant to Securities and Exchange Commission Rule 17 Ad-15.

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

## STATEMENT OF INSURANCE

Assured Guaranty Municipal Corp. ("AGM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal and interest with respect to this Certificate to U.S. Bank National Association, San Francisco, California, or its successor, as paying agent for the Certificates (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Certificate acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

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## INSURANCE AGREEMENT

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INSURANCE AGREEMENT, dated as of November 15, 2011 (the "Agreement"), by and between the WESTERN PLACER UNIFIED SCHOOL DISTRICT (Placer County, California) (the "District"), and ASSURED GUARANTY MUNICIPAL CORP. ("AGM").

In consideration of the issuance by AGM of its Municipal Bond Debt Service Reserve Insurance Policy No. \_\_\_\_\_-R (the "Reserve Policy") with respect to the District's Certificates of Participation (2011 Refinancing Project) (the "Certificates") executed and delivered pursuant to that certain Trust Agreement, dated as of November 1, 2011, by and among the District, the Public Property Financing Corporation of California and U.S. Bank National Association, as trustee (the "Trust Agreement"), and the District's payment to AGM of the insurance premium for the Reserve Policy, AGM and the District hereby covenant and agree as follows:

1. Upon any payment by AGM under the Reserve Policy, AGM shall furnish to the District written instructions as to the manner in which payment of amounts owed to AGM as a result of such payment under the Reserve Policy shall be made.

2. The District shall pay AGM the principal amount of any draws under the Reserve Policy and pay all related reasonable expenses incurred by AGM and shall pay interest thereon from the date of payment by AGM at the Late Payment Rate. "Late Payment Rate" means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Certificates and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate, the Prime Rate shall be the prime or base lending rate of such national bank as AGM shall designate. If the interest provisions of this Section 2 shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by AGM, with the same force and effect as if the District had specifically designated such extra sums to be so applied and AGM had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

3. Repayment of draws and payment of expenses and the interest accrued thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12th of the

aggregate of Policy Costs related to such draw. Amounts in respect of Policy Costs paid to AGM shall be credited first to interest due, then to the expenses due and then to principal due.

4. As and to the extent that payments are made to AGM on account of principal due, the coverage under the Reserve Policy will be increased by a like amount, subject to the terms of the Reserve Policy.

5. All cash and investments in the Reserve Fund shall be transferred to the Lease Payment Fund (as defined in the Trust Agreement) for payment of principal and interest with respect to the Certificates before any drawing may be made on the Reserve Policy or on any alternative credit instrument. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all alternative credit instruments (including the Reserve Policy) on which there is available coverage shall be made on a pro rata basis (calculated by reference to coverage then available under each such alternative credit instrument) after applying available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to alternative credit instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund.

6. If the District shall fail to pay any Policy Costs in accordance with the requirements of the Trust Agreement and this Agreement, AGM shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Trust Agreement, other than (i) acceleration of the maturity of the Certificates or (ii) remedies which would adversely affect owners of the Certificates.

7. Neither the Lease Agreement (as defined in the trust Agreement) or the Trust Agreement shall be discharged until all Policy Costs owing to AGM shall have been paid in full. The District's obligation to pay such amounts shall expressly survive payment in full of the Certificates.

8. In order to secure the District's payment obligations with respect to the Policy Costs, there is hereby granted and perfected in favor of AGM a security interest (subordinate only to that of the owners of the Certificates) in all revenues and collateral pledged as security for the Certificates.

9. The Trustee shall ascertain the necessity for a claim upon the Reserve Policy and provide notice to AGM in accordance with the terms of the Reserve Policy at least five business days prior to each date upon which interest or principal is due with respect to the Certificates. Where deposits are required to be made by the District with the Trustee to the Lease Payment Fund more often than semi-annually, the Trustee shall give notice to AGM of any failure of the District to make timely payment in full of such deposits within two business days of the date due.

10. The District will pay or reimburse AGM, to the extent permitted by law, and solely from amounts pledged or available to pay the Certificates, any and all charges, fees, costs, losses, liabilities and expenses which AGM may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of this Agreement or any document executed in connection with the Certificates (the "Related Documents"), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the District) relating to this Agreement or any other Related Document, any party to this Agreement or any other Related Document or the transaction contemplated by the Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under this

Agreement or any other Related Document, if any, or the pursuit of any remedies under any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to this Agreement, the Reserve Policy or any other Related Document whether or not executed or completed, or (v) any action taken by AGM to cure a default or termination or similar event (or to mitigate the effect thereof) under any Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of AGM spent in connection with the actions described in clauses (ii)-(v) above. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of this Agreement or any other Related Document. Amounts payable by the District hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by AGM until the date AGM is paid in full.

11. The obligation of the District to pay all amounts due under this Agreement shall be an absolute and unconditional obligation of the District and will be paid or performed strictly in accordance with this Agreement, irrespective of (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Certificates or any Related Document, or (ii) any amendment or other modification of, or waiver with respect to the Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Certificates, this Agreement or any Related Documents; (iv) whether or not such Certificates are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from this Agreement, the Reserve Policy or all or any of the Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the District may have at any time against the Trustee or any other person or entity other than AGM, whether in connection with this Agreement, the transactions contemplated herein or in the Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by AGM under the Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the Reserve Policy.

12. Notices to AGM shall be sent to the following address (or such other address as AGM may designate in writing): Assured Guaranty Municipal Corp., 31 West 52nd Street, New York, New York 10019 Attention: Risk Management Department – Public Finance– Surveillance, Re: Policy No. 211511-N.

13. If any one or more of the agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such agreements, provisions or terms shall be deemed severable from the remaining agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.

14. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Trust Agreement.

15. This Agreement may be executed in counterparts, each of which alone and all of which together shall be deemed one original Agreement.

16. This Agreement and the rights and obligations of the parties of the Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York.



IN WITNESS WHEREOF, the parties hereto have set their hands as of the date written above.

ASSURED GUARANTY MUNICIPAL  
CORP.

By \_\_\_\_\_  
Authorized Officer

WESTERN PLACER UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_  
Scott Leaman  
Superintendent

Attest:

\_\_\_\_\_  
Kris Wyatt  
Clerk of the Board

October 25, 2011

Ms. Marianne Diaz  
VP & Account Manager  
U.S. Bank National Association  
Corporate Trust Services  
One California Street, Suite 2100  
San Francisco, CA 94111

Re Request for Conditional Notice of Redemption Relating to:

\$8,000,000 Western Placer School District Variable Rate Certificates of Participation (2001 Land Acquisition Project), Series 2006A Representing Undivided Proportional Interests of the Owners Thereof in Base Rental Payments to be Made by the Western Placer School District as the Rental for Certain Property Pursuant to a Sublease with the California Public School District Financing Authority

Dear Ms. Diaz:

The Western Placer Unified School District (the "District") will cause the execution and delivery of Certificates of Participation (2011 Refinancing Project) (the "Certificates") evidencing the direct undivided fractional interests of the owners thereof in lease payments (the "Lease Payments") to be made by the District to the Public Property Financing Corporation of California (the "Corporation") pursuant to a Lease Agreement, to be dated as of November 1, 2011 (the "Lease Agreement"), by and between the District and the Corporation. The Certificates will be executed and delivered by U.S. Bank National Association, as trustee (the "Trustee") pursuant to a Trust Agreement, to be dated as of November 1, 2011 (the "Trust Agreement") among the District, the Corporation and the Trustee. The Corporation will assign its right to receive Lease Payments to the Trustee pursuant to an Assignment Agreement, to be dated as of November 1, 2011, by and between the Corporation and the Trustee. The Certificates are being delivered to (i) refinance the acquisition, construction, installation, modernization and equipping of improvements to various District facilities and to provide for the refunding of the outstanding Western Placer School District Variable Rate Certificates of Participation (2001 Land Acquisition Project), Series 2006A (the "2006 Certificates"); (ii) fund a reserve fund; and (iii) pay the expenses of executing and delivering the Certificates.

The Certificates were sold to Southwest Securities, Inc. on October 25, 2011, and are expected to close on November 15, 2011. You are hereby instructed to provide, no later than November 4, 2011 (but no earlier than November 2, 2011), conditional notice of redemption of the 2006 Certificates to occur on November 21, 2011, substantially in the form attached hereto as Exhibit A. Please note that the redemption of the 2006 Certificates is conditional upon the receipt of the proceeds of the Certificates.

In connection with your acting on the instructions of the District to provide a rescindable notice to redeem the 2006 Certificates, the District agrees to reimburse the Trustee for all out-of-pocket costs and expenses incurred by the Trustee related to or arising from any rescission of the notice or redemption and further agrees to indemnify and hold harmless the Trustee, its officers, directors, employees and agents from and against any claims, losses, damages, costs, liabilities, expenses or attorney's fees resulting from the fact that the notice of redemption of the

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2006 Certificates states that the redemption date is conditional upon receipt of the proceeds of the Certificates, or the rescinding of the notice of redemption of the 2006 Certificates by the Trustee upon instruction from the District.

Please evidence your acknowledgment of this request and your agreement to provide the notice of redemption of the 2006 Certificates by signing a copy of this letter and returning it to the undersigned.

WESTERN PLACER UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_  
Scott Leaman  
Superintendent

ACKNOWLEDGED AND AGREED:

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee with respect to the 2006  
Certificates

By \_\_\_\_\_  
Authorized Officer

APPROVED:

BANK OF AMERICA, N.A.,  
as Letter of Credit Bank with respect to the  
2006 Certificates

By \_\_\_\_\_  
Authorized Officer

8.2.141

## EXHIBIT A

### CONDITIONAL NOTICE OF FULL/FINAL REDEMPTION OF

\$8,000,000  
Western Placer School District  
Variable Rate Certificates of Participation  
(2001 Land Acquisition Project), Series 2006A  
Representing Undivided Proportional Interests of the Owners Thereof in  
Base Rental Payments to be Made by the  
Western Placer School District  
As the Rental for Certain Property Pursuant to a Sublease with the  
California Public School District Financing Authority

<u>Maturity Date</u>	<u>Amount Called</u>	<u>Premium</u>	<u>Redemption Price</u>	<u>Interest Rate</u>	<u>CUSIP Number</u>
11/1/2030	\$8,000,000	\$0.00	\$8,000,000	Variable	959215 AN4

**CONDITIONAL NOTICE** is hereby given that the Western Placer Unified School District (the "District") has conditionally called for redemption on November 21, 2011 (the "Redemption Date"), the outstanding \$8,000,000 Western Placer School District Variable Rate Certificates of Participation (2001 Land Acquisition Project), Series 2006A Representing Undivided Proportional Interests of the Owners Thereof in Base Rental Payments to be Made by the Western Placer School District as the Rental for Certain Property Pursuant to a Sublease with the California Public School District Financing Authority (the "Certificates"), as described above, in the aggregate principal amount of \$8,000,000, at a price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Redemption Price"). The Certificates are being conditionally called for redemption on the Redemption Date subject to the provisions of the succeeding paragraph of this notice, and pursuant to the provisions of the governing documents of the Certificates.

The Conditional Notice of Redemption, and the payment of the principal of and interest on the Certificates on the Redemption Date, is subject to the receipt of funds in an amount sufficient to pay in full the specified redemption price of all of the Certificates on or before the Redemption Date, resulting from a negotiated sale of refunding Certificates, expected to be funded on or about November 15, 2011.

In the event such funds are not received by the Redemption Date, this notice shall be null and void and of no force and effect. The Certificates delivered for redemption shall be returned to the respective owners thereof, and said Certificates shall remain outstanding as though this notice of conditional redemption had not been given. Notice of a failure to receive funds, and cancellation of this redemption, shall be given by the Trustee by first class mail, postage prepaid, to the registered holders of the Certificates.

Payment of principal will be made upon presentation on and after November 21, 2011, at the following addresses:

If by Mail: (Registered Bonds)  
U.S. Bank National Association  
Corporate Trust Services  
P.O. Box 64111  
St. Paul, MN 55154-0111

If by Hand or Overnight Mail:  
U.S. Bank National Association  
Corporate Trust Services  
60 Livingston Avenue  
1<sup>st</sup> Floor Bond Drop Window  
St. Paul, MN 55107

Owners of Certificates presenting their certificates in person for the same day payment must surrender their certificate by 1:00 p.m. on the prepayment date and a check will be available for pickup after 2:00 p.m. Checks not picked up by 4:30 p.m. will be mailed to the Bondholder by first class mail.

Interest with respect to the principal amount designated to be redeemed shall cease to accrue on and after the Redemption Date.

8.2.142

If payment of the Redemption Price is to be made to the registered owner of the Bond you are not required to endorse the Bond to collect the Redemption Price.

Under the Economic Growth and Tax Relief Reconciliation Act of 1996 (the "Act") 30% will be withheld if tax identification number is not properly certified. The Form W-9 may be obtained from the Internal Revenue Service.

Neither the City nor the Trustee shall be held responsible for the selection or use of the CUSIP number, nor is any representation made as to its correctness as shown in the Redemption Notice. It is included solely for convenience of the Holders.

Dated: November \_\_, 2011

U.S. Bank National Association, as  
Trustee

8.2.143

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**ESCROW DEPOSIT AND TRUST AGREEMENT**

**by and between the**

**WESTERN PLACER UNIFIED SCHOOL DISTRICT**

**and**

**U.S. BANK NATIONAL ASSOCIATION, as Escrow Bank**

**Dated November 15, 2011**

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Relating to the Refunding of the  
\$8,000,000  
Western Placer School District  
Variable Rate Certificates of Participation  
(2001 Land Acquisition Project), Series 2006A  
Representing Undivided Proportional Interests of the Owners  
Thereof in Base Rental Payments to be Made by the  
Western Placer School District  
as the Rental for Certain Property Pursuant to a Sublease  
with the California Public School District Financing Authority

## ESCROW DEPOSIT AND TRUST AGREEMENT

This ESCROW DEPOSIT AND TRUST AGREEMENT is made and entered into this 15th day of November, 2011, by and between the WESTERN PLACER UNIFIED SCHOOL DISTRICT, a unified school district organized and existing under the laws of the State of California (the "District"), and U.S. BANK NATIONAL ASSOCIATION, as trustee (the "2006 Trustee") under the 2006 Trust Agreement, as hereinafter defined, as escrow bank hereunder (the "Escrow Bank");

### WITNESSETH:

WHEREAS, the District has heretofore entered into a lease agreement, dated as of October 1, 2006, by and between the California Public School District Financing Authority (the "Authority") and the District (the "2006 Lease"), pursuant to which the Authority agreed to lease certain real property and improvements (the "2006 Property") to the District, and the District agreed to make certain lease payments (the "2006 Lease Payments") to the Authority;

WHEREAS, the 2006 Lease provides that in the event that the District deposits, or causes the deposit on its behalf of, moneys or certain Federal Securities (as defined in the 2006 Lease, and which may include United States Treasury notes, bonds, bills or certificates of indebtedness or obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest, including United States Treasury (book entry) certificates, notes and bonds, state and local government series), in an amount, together with investment earnings, sufficient to make all or a portion of the 2006 Lease Payments when and as due, then all of the obligations of the District under the 2006 Lease and all of the security provided by the District for such obligations, excepting only the obligation of the District to make the 2006 Lease Payments from said deposit, shall cease and terminate, and unencumbered title to the 2006 Property shall be vested in the District without further action by the District or the Authority;

WHEREAS, pursuant to an assignment agreement, dated as of October 1, 2006 (the "2006 Assignment Agreement"), by and between the Authority and the 2006 Trustee, the Authority assigned to the 2006 Trustee its rights to receive 2006 Lease Payments from the District under the 2006 Lease and the right to exercise such rights and remedies conferred on the Authority under the 2006 Lease to enforce payment of the 2006 Lease Payments;

WHEREAS, pursuant to a trust agreement, dated as of July 1, 2003, as amended and supplemented, by and among the District, the Authority and the 2006 Trustee (the "2006 Trust Agreement"), the 2006 Trustee agreed, among other matters, to execute and deliver certificates of participation (the "2006 Certificates") representing undivided fractional interests of the owners thereof to receive 2006 Lease Payments made by the District and to apply such 2006 Lease Payments to the payment of principal and interest with respect to the 2006 Certificates, and to administer certain funds and accounts, created pursuant to the 2006 Trust Agreement;

WHEREAS, the District has determined that, as a result of favorable financial market conditions and for other reasons, it is in the best interests of the District at this time to refinance the District's obligation to make the 2006 Lease Payments under the 2006 Lease and, as a result thereof, to provide for the defeasance of the 2006 Certificates, and to that end, the District proposes to lease certain real property and improvements (the "Property") from the Public Property Financing Corporation of California (the "Corporation") pursuant to that certain Lease Agreement, dated as of November 1, 2011 (the "Lease Agreement");

8.2.145

WHEREAS, the District proposes to make the deposit of moneys referenced in Section 15.0 of the 2006 Lease and to appoint the Escrow Bank for the purpose of applying said deposit to provide for the payment and prepayment of the 2006 Lease Payments in accordance with the instructions provided by this Escrow Deposit and Trust Agreement and of applying said 2006 Lease Payments to the payment and redemption of the 2006 Certificates in accordance with the 2006 Trust Agreement and the Escrow Bank desires to accept said appointment;

WHEREAS, to obtain moneys to make such deposit, the Corporation proposes to assign and transfer certain of its rights under the Lease Agreement to U.S. Bank National Association, as trustee (the "Trustee"), pursuant to that certain Assignment Agreement, dated as of November 1, 2011, by and between the Corporation and the Trustee, and to enter into that certain Trust Agreement, dated as of November 1, 2011 (the "Trust Agreement"), by and among the Corporation, the District and the Trustee, whereby the Trustee agrees to execute and deliver certificates of participation in the principal amount of \$\_\_\_\_\_ (the "Certificates"), each evidencing a direct, undivided fractional interest in the lease payments made by the District under the Lease Agreement;

WHEREAS, the District wishes to make such a deposit with the Escrow Bank and to enter into this Escrow Deposit and Trust Agreement for the purpose of providing the terms and conditions for the deposit and application of amounts so deposited; and

WHEREAS, the Escrow Bank has full powers to act with respect to the irrevocable escrow and trust created herein and to perform the duties and obligations to be undertaken pursuant to this Escrow Deposit and Trust Agreement.

NOW, THEREFORE, in consideration of the above premises and of the mutual promises and covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

Section 1. Appointment of Escrow Bank. The District hereby appoints the Escrow Bank as escrow bank for all purposes of this Escrow Deposit and Trust Agreement and in accordance with the terms and provisions of this Escrow Deposit and Trust Agreement, and the Escrow Bank hereby accepts such appointment.

Section 2. Establishment of Escrow Fund. There is hereby created by the District with, and to be held by, the Escrow Bank, as security for the payment of the 2006 Lease Payments as hereinafter set forth, an irrevocable escrow to be maintained in trust by the Escrow Bank on behalf of the District and for the benefit of the owners of the 2006 Certificates, said escrow to be designated the "Escrow Fund." All moneys deposited in the Escrow Fund shall be held as a special fund for the payment of the principal and interest with respect to the 2006 Certificates in accordance with the provisions of the 2006 Trust Agreement. If at any time the Escrow Bank shall receive actual knowledge that the moneys in the Escrow Fund will not be sufficient to make any payment required by Section 5 hereof, the Escrow Bank shall notify the District of such fact and the District shall immediately cure such deficiency. The Escrow Bank shall have no liability for such deficiency.

Section 3. Deposit into Escrow Fund; Investment of Amounts.

(a) Concurrently with delivery of the Certificates, the District shall cause to be transferred to the Escrow Bank for deposit into the Escrow Fund the amount of \$\_\_\_\_\_ in immediately available funds:

(i) \$\_\_\_\_\_ of which shall be derived from the proceeds of sale of the Certificates; and



(ii) \$\_\_\_\_\_ of which shall be derived from amounts on deposit in the funds and accounts established for the 2006 Certificates (the "2006 Funds").

(b) The Escrow Bank shall hold all moneys deposited into the Escrow Fund pursuant to the preceding paragraph in cash, uninvested, to be used solely for the uses and purposes set forth herein.

(c) The Escrow Bank shall not be liable or responsible for any loss resulting from its full compliance with the provisions of this Escrow Deposit and Trust Agreement.

Section 4. Instructions as to Application of Deposit. The moneys deposited in the Escrow Fund pursuant to Section 4 shall be applied by the Escrow Bank for the sole purpose of paying the interest due with respect to the 2006 Certificates on November 21, 2011, and redeeming all outstanding 2006 Certificates in full on November 21, 2011, at the price of 100% of the principal amount thereof, plus accrued interest, as more particularly set forth in Exhibit A attached hereto and hereby made a part hereof. Following the final payment of the 2006 Certificates, together accrued interest to the payment date, the Escrow Bank shall transfer any remaining amounts relating to the 2006 Certificates to the Trustee for deposit in the Lease Payment Fund created and maintained by the Trustee pursuant to the Trust Agreement and applied as a credit against payments of principal and interest with respect to the Certificates.

Section 5. Transfer of 2006 Trust Agreement Funds. Concurrently with the delivery of the Certificates, the District shall cause the 2006 Trustee to transfer the sum of \$\_\_\_\_\_ held in the 2006 Funds to the Escrow Bank for deposit in the Escrow Fund.

The District hereby directs the Escrow Bank, as 2006 Trustee, that amounts remaining in any other fund or account held by the 2006 Trustee and created with respect to the 2006 Certificates, including interest earnings received by the 2006 Trustee with respect to any other fund or account, shall, after payment of all fees and expenses of the 2006 Trustee, be transferred to the Trustee for deposit in the lease payment fund held with respect to the Certificates.

Section 6. Application of Certain Terms of the 2006 Trust Agreement. All of the terms of the 2006 Trust Agreement relating to the making of payments of principal and interest with respect to the 2006 Certificates are incorporated in this Escrow Deposit and Trust Agreement as if set forth in full herein. The provisions of the 2006 Trust Agreement relating to the limitations from liability and protections afforded the 2006 Trustee and the resignation and removal of the 2006 Trustee are also incorporated in this Escrow Deposit and Trust Agreement as if set forth in full herein and shall be the procedure to be followed with respect to any resignation or removal of the Escrow Bank hereunder.

Section 7. Compensation to Escrow Bank. The District shall pay the Escrow Bank full compensation for its duties under this Escrow Deposit and Trust Agreement, including out-of-pocket costs such as publication costs, prepayment expenses, legal fees and other costs and expenses relating hereto. Under no circumstances shall amounts deposited in the Escrow Fund be deemed to be available for said purposes.

Section 8. Liabilities and Obligations of Escrow Bank. The Escrow Bank shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Escrow Deposit and Trust Agreement unless the District shall have deposited sufficient funds with the Escrow Bank. The Escrow Bank may rely and shall be protected in acting upon the written instructions of the District or its agents relating to any matter or action as Escrow Bank under this Escrow Deposit and Trust Agreement.

The Escrow Bank and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Deposit and Trust Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or any securities deposited therein, the purchase of the securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of the securities or any uninvested moneys held hereunder to accomplish the defeasance of the 2006 Certificates, or any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Escrow Deposit and Trust Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Bank made in good faith in the conduct of its duties. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statement of the District, and the Escrow Bank assumes no responsibility for the correctness thereof. The Escrow Bank make no representations as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the payment of the 2006 Certificates pursuant to the 2006 Trust Agreement or to the validity of this Escrow Deposit and Trust Agreement as to the District and, except as otherwise provided herein, the Escrow Bank shall incur no liability in respect thereof. The Escrow Bank shall not be liable in connection with the performance of its duties under this Escrow Deposit and Trust Agreement except for its own negligence or willful misconduct, and the duties and obligations of the Escrow Bank shall be determined by the express provisions of this Escrow Deposit and Trust Agreement. The Escrow Bank may consult with counsel, who may or may not be counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Bank shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Deposit and Trust Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the District.

The District hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated), to the extent permitted by law, to indemnify, protect, save and hold harmless the Escrow Bank and its respective successors, assigns, agents and servants from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the Escrow Bank (whether or not also indemnified against by any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Escrow Deposit and Trust Agreement, the establishment of the Escrow Fund, the retention of the moneys therein and any payment, transfer or other application of moneys or securities by the Escrow Bank in accordance with the provisions of this Escrow Deposit and Trust Agreement, or as may arise by reason of any act, omission or error of the Escrow Bank made in good faith in the conduct of its duties; provided, however, that the District shall not be required to indemnify the Escrow Bank against its own negligence or willful misconduct. The indemnities contained in this Section 11 shall survive the termination of this Escrow Deposit and Trust Agreement or the resignation or removal of the Escrow Bank.

Section 9. Amendment. This Escrow Deposit and Trust Agreement may be modified or amended at any time by a supplemental agreement which shall become effective when the written consents of the owners of one hundred percent (100%) in aggregate principal amount of the 2006 Certificates then outstanding shall have been filed with the Escrow Bank. This Escrow Deposit and Trust Agreement may be modified or amended at any time by a supplemental agreement, without the consent of any such owners, but only (1) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein or therein reserved to the District, (2) to cure, correct or supplement any ambiguous or defective provision contained

herein, (3) in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which, in the opinion of counsel, shall not materially adversely affect the interests of the owners of the 2006 Certificates or the Certificates, and that such amendment will not cause interest represented by the 2006 Certificates or represented by the Certificates to become subject to federal income taxation.

Section 10. Severability. If any section, paragraph, sentence, clause or provision of this Escrow Deposit and Trust Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, sentence clause or provision shall not affect any of the remaining provisions of this Escrow Deposit and Trust Agreement.

Section 11. Notice of Escrow Bank, District and Corporation. Any notice to or demand upon the Escrow Bank may be served and presented, and such demand may be made, at the Principal Corporate Trust Office of the Escrow Bank as specified by the Escrow Bank as trustee in accordance with the provisions of the 2006 Trust Agreement. Any notice to or demand upon the District and the Corporation, respectively, shall be deemed to have been sufficiently given or served for all purposes by being mailed by first class mail, and deposited, postage prepaid, in a post office letter box, addressed to such party as provided in the Lease Agreement (or such other address as may have been filed in writing by the District or the Corporation with the Escrow Bank).

Section 12. Merger or Consolidation of Escrow Bank. Any company into which the Escrow Bank 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 to which the Escrow Bank may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible to act as trustee under the 2006 Trust Agreement, shall be the successor hereunder to the Escrow Bank without the execution or filing of any paper or any further act.

Section 13. Section Headings. All section headings contained in this Escrow Deposit and Trust Agreement are for convenience of reference only and are not intended to define or limit the scope of any provision of this Escrow Deposit and Trust Agreement.

Section 14. Applicable Law. This Escrow Deposit and Trust Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 18. Execution in Counterparts. This Escrow Deposit and Trust Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the District and the Escrow Bank have each caused this Escrow Deposit and Trust Agreement to be executed by their duly authorized officers all as of the date first above written.

WESTERN PLACER UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_  
Scott Leaman  
Superintendent

Attest:

\_\_\_\_\_  
Kris Wyatt  
Clerk of the Board

U.S. BANK NATIONAL ASSOCIATION, as  
2006 Trustee

By \_\_\_\_\_  
Marianne Diaz  
Vice President

## EXHIBIT A

### PAYMENT SCHEDULE OF 2006 CERTIFICATES

<u>Payment Date</u>	<u>Maturing Principal</u>	<u>Called Principal</u>	<u>Interest (1)</u>	<u>Redemption Premium</u>	<u>Total Payment</u>
11/21/11	—	\$8,000,000	\$	—	\$

(1) Interest is computed at the rate of 12% from November 1, 2011, through November 21, 2011.

AFTER RECORDATION RETURN TO:

Quint & Thimmig LLP  
575 Market Street, Suite 3600  
San Francisco, CA 94105-2874  
Attention: Brian D. Quint, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

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**TERMINATION AGREEMENT**

**Dated as of November 1, 2011**

**by and among the**

**WESTERN PLACER UNIFIED SCHOOL DISTRICT**

**the**

**CALIFORNIA PUBLIC SCHOOL DISTRICT FINANCING AUTHORITY**

**and**

**U.S. BANK NATIONAL ASSOCIATION, as Trustee**

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Relating to the  
\$8,000,000  
Western Placer School District  
Variable Rate Certificates of Participation  
(2001 Land Acquisition Project), Series 2006A  
Representing Undivided Proportional Interests of the Owners  
Thereof in Base Rental Payments to be Made by the  
Western Placer School District  
as the Rental for Certain Property Pursuant to a Sublease  
with the California Public School District Financing Authority

## TERMINATION AGREEMENT

This TERMINATION AGREEMENT is dated as of November 1, 2011, and is by and among the WESTERN PLACER UNIFIED SCHOOL DISTRICT, (the "District"), the CALIFORNIA PUBLIC SCHOOL DISTRICT FINANCING AUTHORITY (the "Authority"), and U.S. BANK NATIONAL ASSOCIATION, as trustee (the "2006 Trustee").

### WITNESSETH:

WHEREAS, the District and the Authority have heretofore entered into a Lease Agreement, dated as of October 1, 2006 (the "2006 Lease Agreement"), and the Sublease Agreement, dated as of October 1, 2006 (the "2006 Sublease Agreement"), pursuant to which the Authority and the District entered into a transaction for the lease financing of certain facilities, including the site thereof (the "2006 Project"), and the District agreed to make certain lease payments (the "2006 Lease Payments") to the Authority;

WHEREAS, the 2006 Sublease Agreement provides that in the event that the District deposits, or causes the deposit on its behalf of moneys for the prepayment of the 2006 Lease Payments, then all of the obligations of the District under the 2006 Sublease Agreement and all of the security provided by the District for such obligations, excepting only the obligation of the District to make the 2006 Lease Payments from said deposit, shall cease and terminate, and unencumbered title to the 2006 Project shall be vested in the District without further action by the District or the Authority; and

WHEREAS, pursuant to an Assignment Agreement, dated as of October 1, 2006 (the "2006 Assignment Agreement"), by and between the Authority and the 2006 Trustee, the Authority assigned to the 2006 Trustee, among other things, its rights to receive 2006 Lease Payments from the District under the 2006 Sublease Agreement and lease payments to be made by certain other districts and the right to exercise such rights and remedies conferred on the Authority under the 2006 Sublease Agreement to enforce payment of the 2006 Lease Payments; and

WHEREAS, pursuant to a Trust Agreement, dated as of July 1, 2003, as amended and supplemented, by and among the District, the Authority and the 2006 Trustee, the 2006 Trustee agreed, among other matters, to execute and deliver certificates of participation (the "2006 Certificates") representing undivided fractional interests of the owners thereof to receive 2006 Lease Payments made by the District; and

WHEREAS, the District has determined that, as a result of favorable financial market conditions and for other reasons, it is in the best interests of the District at this time to refinance the District's obligation to make the 2006 Lease Payments under the 2006 Sublease Agreement and, as a result thereof, to provide for the payment of the Certificates through their stated maturities, and to that end, the District proposes to lease certain real property and improvements (the "Property") to the Public Property Financing Corporation of California (the "Corporation"), and to lease-back the Property from the Corporation pursuant to that certain Sublease Agreement, dated as of November 1, 2011 (the "Sublease Agreement"), a memorandum of which has been recorded concurrently herewith;

WHEREAS, to obtain moneys to make such deposit, the Corporation proposes to assign and transfer certain of its rights under the Sublease Agreement to U.S. Bank National Association, as trustee (the "Trustee"), pursuant to that certain Assignment Agreement, dated as of November 1, 2011, by and between the Corporation and the Trustee, which has been recorded concurrently herewith, and to enter into that certain Trust Agreement, dated as of

8.2.152

November 1, 2011 (the "Trust Agreement"), by and among the Corporation, the District and the Trustee, whereby the Trustee agrees to execute and deliver certificates of participation in the principal amount of \$53,045,000 (the "Certificates"), each evidencing a direct, undivided fractional interest in the lease payments made by the District under the Sublease; and

WHEREAS, upon delivery of the Certificates and deposit of a portion of the proceeds for prepayment of the 2006 Lease Payments, the 2006 Sublease Agreement and the agreements related thereto need not be maintained (except as otherwise provided below), and the parties hereto now desire to provide for the termination of such documents as provided herein.

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree:

Section 1. Termination.

(a) By virtue of the deposit of a portion of the proceeds of the Certificates for prepayment of the 2006 Lease Payments, all obligations of the District under the 2006 Sublease Agreement shall cease and terminate, excepting only the obligation of the District to make, or cause to be made, all payments from such deposit and title to the 2006 Project shall vest in the District on the date of said deposit automatically and without further action by the District or the Corporation. Said deposit and interest earnings thereon shall be deemed to be and shall constitute a special fund for the prepayment of the 2006 Lease Payments.

(b) In accordance with the foregoing, the following agreements are hereby terminated and are of no further force or effect:

1. 2006 Lease Agreement, recorded October 4, 2006, as Document No. 2006-106696, Official Records of Placer County; and

2. 2006 Sublease Agreement, recorded October 4, 2006, as Document No. 2006-106697, Official Records of Placer County;

3. 2006 Assignment Agreement, recorded October 4, 2006, as Document No. 2006-106698, Official Records of Placer County.

(c) that from and after the date hereof, none of the parties shall have any further rights or obligations thereunder (except with respect to those rights and obligations expressly stated to survive termination of the foregoing agreements).

Section 2. Execution in Counterparts. This Termination Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.



IN WITNESS WHEREOF, the parties hereto have duly executed this Termination Agreement.

CALIFORNIA PUBLIC SCHOOL DISTRICT  
FINANCING AUTHORITY

By \_\_\_\_\_  
Scott Leaman  
President

WESTERN PLACER UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_  
Scott Leaman  
Superintendent

U.S. BANK NATIONAL ASSOCIATION, as  
2006 Trustee

By \_\_\_\_\_  
Marianne Diaz  
Vice President

NOTARY ACKNOWLEDGMENTS TO BE INSERTED

8.2.155

## EXHIBIT A

### DESCRIPTION OF THE SITE

The land described herein is situated in the State of California, County of Placer, and is described as follows:

A PORTION OF BLOCKS 24 AND 25 AND A PORTION OF "N" STREET AS SHOWN AND SO DESIGNATED ON THE PLAT OF WESTERN ADDITION NO. 2, FILED IN BOOK C OF MAPS AT PAGE 59, PLACER COUNTY RECORDS, TOGETHER WITH A PORTION OF BLOCK 15 AND A PORTION OF "M" STREET AS SHOWN ON THE PLAT OF WESTERN ADDITION, FILED IN BOOK A OF MAPS AT PAGE 23, PLACER COUNTY RECORDS, LOCATED IN SECTION 15, TOWNSHIP 12 NORTH, RANGE 6 EAST, M.D.M., CITY OF LINCOLN, PLACER COUNTY, CALIFORNIA.

BEGINNING AT THE SOUTHWEST CORNER OF THE ABOVE DESCRIBED BLOCK 25, THENCE FROM THE POINT OF BEGINNING THE FOLLOWING EIGHT CONSECUTIVE (8) COURSES AND DISTANCES: 1) NORTH  $00^{\circ}33'34''$  WEST, ALONG THE WESTERLY PROPERTY LINE FOR A DISTANCE OF 380.73 FEET; 2) LEAVING SAID WESTERLY LINE, NORTH  $89^{\circ}41'17''$  EAST FOR A DISTANCE 607.89 FEET; 3) SOUTH, FOR A DISTANCE OF 55.32 FEET; 4) EAST, FOR A DISTANCE OF 330.40 FEET; 5) SOUTH, FOR A DISTANCE OF 178.86 FEET; 6) WEST, FOR A DISTANCE OF 66.12 FEET; 7) SOUTH, FOR A DISTANCE OF 140.76 FEET TO THE SOUTHERLY PROPERTY LINE; 8) SOUTH  $89^{\circ}24'05''$  WEST, ALONG THE SOUTH PROPERTY LINE FOR A DISTANCE OF 868.49 FEET TO THE POINT OF BEGINNING.

APN: 008-231-001

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## CONTINUING DISCLOSURE CERTIFICATE

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This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the WESTERN PLACER UNIFIED SCHOOL DISTRICT (the "District") in connection with the execution and delivery of \$\_\_\_\_\_ Western Placer Unified School District (Placer County, California) Certificates of Participation (2011 Refinancing Project) (the "Certificates"). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of November 1, 2011, by and among U.S. Bank National Association, as trustee (the "Trustee"), the District and the Public Property Financing Corporation of California (the "Trust Agreement"). The District covenants and agrees as follows:

**Section 1. Definitions.** In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings when used in this Disclosure Certificate:

*"Annual Report"* shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

*"Beneficial Owner"* shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

*"Dissemination Agent"* shall mean Capitol Public Finance Group, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation. In the absence of such a designation, the District shall act as the Dissemination Agent.

*"EMMA"* or *"Electronic Municipal Market Access"* means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

*"Listed Events"* shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

*"MSRB"* means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

*"Participating Underwriter"* shall mean any original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

*"Rule"* shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the owners and Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report.* The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (which currently ends on June 30), commencing with the report for the 2010-11 Fiscal Year, which is due not later than z, 2012, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than nine months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b)) of this Section 3 for providing the Annual Report to EMMA, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the District.

(d) *Report of Non-Compliance.* If the District is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the District shall send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the District is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Certificate, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) *Financial Statements.* Audited financial statements of the District for the preceding fiscal year, prepared in accordance generally accepted accounting principles. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* To the extent not included in the audited final statements of the District, the Annual Report shall also include financial and operating data with respect to the District for preceding fiscal year, as follows:

- (i) general fund revenue sources by type (over \$1,000,000);
- (ii) combined annual contribution (District's share and employees' share) to the Public Employees Retirement System;
- (iii) adopted general fund budget;
- (iv) tax rates;
- (v) assessed valuations; and
- (vi) average daily attendance.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on EMMA. The District shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

#### Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The District shall, or shall cause the Dissemination Agent (if not the District) to, give notice of the occurrence of any of the following events with respect to the Certificates:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Defeasances.
- (6) Rating changes.
- (7) Tender offers.
- (8) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

Note: For the purposes of the event identified in subparagraph (8), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) *Material Reportable Events.* The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates, if material:

- (1) Non-payment related defaults.
- (2) Modifications to rights of security holders.
- (3) Bond calls.
- (4) The release, substitution, or sale of property securing repayment of the securities.
- (5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
- (6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* The District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of any Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Certificates under the Trust Agreement.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the District, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the District. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Certificate owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the District shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the District.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid reasonable compensation by the District for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the District from time to

time and all reasonable expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the District, owners or Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any direction from the District or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the District. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Agent.* In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the District to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the District under Section 3. The Dissemination Agent shall have no liability of any kind whatsoever to the Corporation, or any other person or entity, arising from or related to the failure of the Dissemination Agent to provide such request to the Corporation.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the District that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances.* If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Certificates, or the type of business conducted.

(b) *Compliance as of Issue Date.* The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Certificate owners in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Certificate owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Certificate owners or Beneficial Owners.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the District shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.



Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Certificate owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and no implied covenants or obligations shall be read into this Disclosure Certificate against the Dissemination Agent, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have the same rights, privileges and immunities hereunder as are afforded to the Trustee under the Trust Agreement. The obligations of the District under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Date: November 15, 2011

WESTERN PLACER UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_  
Scott Leaman  
Superintendent

ACKNOWLEDGED:

CAPITOL PUBLIC FINANCE GROUP,  
LLC, as Dissemination Agent

By \_\_\_\_\_  
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Western Placer Unified School District

Name of Issue: \$\_\_\_\_\_ Certificates of Participation (2011 Refinancing Project)  
Evidencing Direct, Undivided Fractional Interests of the Owners Thereof  
in Lease Payments to be made by the Western Placer Unified School  
District (Placer County, California), as the Rental for Certain Property  
Pursuant to a Lease Agreement with the Public Property Financing  
Corporation of California

Date of Issuance: November 15, 2011

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with  
respect to the Issue as required by Section 11.08 of the Trust Agreement, dated as of November  
1, 2011, by and among U.S. Bank National Association, as trustee, the Issuer and the Public  
Property Financing Corporation of California. The Issuer anticipates that the Annual Report  
will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

CAPITOL PUBLIC FINANCE GROUP,  
LLC, as Dissemination Agent

By \_\_\_\_\_  
Title \_\_\_\_\_

cc: Trustee

# PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 14, 2011

## NEW ISSUE—FULL BOOK ENTRY

**RATINGS:**  
S&P: "AA+" (AGM-insured)  
S&P: "A" (Underlying)  
(See "RATINGS" herein)

In the opinion of Quint & Thimmig LLP, San Francisco, California, Special Counsel, subject to compliance by the County with certain covenants, interest with respect to the Certificates is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In addition, in the opinion of Special Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS" herein.



\$ \_\_\_\_\_ \*

### CERTIFICATES OF PARTICIPATION (2011 Refinancing Project) Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the WESTERN PLACER UNIFIED SCHOOL DISTRICT (Placer County, California) As the Rental for Certain Property Pursuant to a Lease Agreement with the Public Property Financing Corporation of California

**Dated: Date of Delivery**

**Due: November 1, as set forth below**

The \$ \_\_\_\_\_ \* Certificates of Participation (2011 Refinancing Project) (the "Certificates"), are being sold to provide funds, together with other available moneys, to (a) refinance the acquisition, construction, installation, modernization and equipping of improvements to various District facilities and, therefore, to provide for the refunding of the District's outstanding Western Placer School District Variable Rate Refunding Certificates of Participation (2001 Land Acquisition Project), Series 2006A, (b) purchase a reserve fund surety bond in lieu of cash funding a reserve fund for the Certificates, and (c) pay delivery costs incurred in connection with the execution, delivery and sale of the Certificates. The Certificates will evidence direct, undivided fractional interests of the owners thereof in Lease Payments (as defined herein) to be made by the District to the Public Property Financing Corporation of California (the "Corporation") for the use and occupancy of the Property (as defined herein) under and pursuant to a Lease Agreement, dated as of November 1, 2011, between the District and the Corporation (the "Lease Agreement"). The Corporation will assign its right to receive Lease Payments from the District under the Lease Agreement and its right to enforce payment of the Lease Payments when due or otherwise protect its interest in the event of a default by the District thereunder to U.S. Bank National Association, San Francisco, California, as trustee (the "Trustee"), for the benefit of the registered owners of the Certificates.

The Certificates will be executed and delivered in book-entry form only, and will be initially registered in the name of Code & Co. as nominee of The Depository Trust Company, New York, New York (referred to herein as "DTC"). Purchasers of the Certificates (the "Beneficial Owners") will not receive physical certificates representing their interest in the Certificates. Interest with respect to the Certificates accrues from their date of delivery, and is payable semiannually by check mailed on each May 1 and November 1, commencing May 1, 2012. The Certificates may be executed and delivered in denominations of \$5,000 or any integral multiple thereof. Payments of principal and interest with respect to the Certificates will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Certificates. See "THE CERTIFICATES—Book-Entry-Only System."

The Certificates are subject to optional, mandatory, and extraordinary and optional redemption, as described herein. See "THE CERTIFICATES—Redemption."

The District will covenant in the Lease Agreement to make all Lease Payments due under the Lease Agreement, subject to abatement during any period in which by reason of damage or destruction of the Property, or by reason of eminent domain proceedings with respect to the Property, there is substantial interference with the use and occupancy by the District of the Property or any portion thereof. The District will covenant in the Lease Agreement to take such action as may be necessary to include all Lease Payments in its annual budgets and to make the necessary annual appropriations for all such Lease Payments.

The scheduled payment of principal and interest with respect to the Certificates when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Certificates by ASSURED GUARANTY MUNICIPAL CORP.



NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT CONSTITUTES A DEBT OR INDEBTEDNESS OF THE DISTRICT OR THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATIONS OR RESTRICTION OR AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

### MATURITY SCHEDULE\*

\$ \_\_\_\_\_ Serial Certificates

CUSIP Prefix: 959215†

Maturity (November 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†	Maturity (November 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†
--------------------------	---------------------	------------------	-------	------------------	--------------------------	---------------------	------------------	-------	------------------

\$ \_\_\_\_\_ % Term Certificates maturing November 1, \_\_\_\_; Price: \_\_\_\_% to Yield \_\_\_\_%—CUSIP: 959215 \_\_\_\_†

The cover page contains certain information for general reference only. It is not a summary of all the provisions of the Certificates. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "RISK FACTORS" herein for a discussion of special risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Certificates.

The following firm, serving as financial advisor to the District, has structured this issue:



The Certificates will be offered when, as and if delivered and received by the Underwriter subject to approval by Quint & Thimmig LLP, San Francisco, California, as Special Counsel. Certain matters will be passed upon for the District by Quint & Thimmig LLP, San Francisco, California, as Disclosure Counsel. It is anticipated that the Certificates will be available for delivery to DTC in New York, New York, on or about November 15, 2011.

## Southwest Securities, Inc.

Dated: October \_\_, 2011

† Copyright 2011, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the registered owners of the Certificates. The District is not responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Certificates or as included herein. The CUSIP number for a specific maturity is subject to being changed after the delivery of the Certificates as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Certificates.

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This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy or a recommendation to purchase or sell any securities or any other financial product or service.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Certificates at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Certificates to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

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

The Underwriter has submitted the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the Certificates by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Certificates. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

While the District maintains an internet website for various purposes, none of the information on such website is incorporated by reference herein or intended to assist investors in making any investment decision or to provide any continuing information with respect to the Certificates.

When used in this Official Statement and in any continuing disclosure by the District, in any press release and in any oral statement made with the approval of an authorized officer of the District, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District since the date hereof.

The information set forth herein has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation of such by the District or the Corporation. The information and expressions of opinion stated herein are subject to change without notice. The delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the affairs of the District or the Corporation since the date hereof. All summaries of the Certificates, the Lease Agreement, the Trust Agreement, the Assignment Agreement, the Site and Facility Lease, or other documents, are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Superintendent of the District for further information. See "INTRODUCTION—Other Information."

This Official Statement is submitted in connection with the sale of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX G—SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

THE CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE CERTIFICATES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The District maintains a website. Unless specifically indicated otherwise, the information presented on such website is not incorporated by reference as part of this Official Statement and should not be relied upon in making investment decisions with respect to the Certificates.

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**WESTERN PLACER UNIFIED SCHOOL DISTRICT**

600 Sixth Street, Suite 400  
Lincoln, California 95648  
(916) 645-6350  
<http://www.wpusd.k12.ca.us/>

**GOVERNING BOARD**

Paul Carras, *President*  
Paul Long, *Vice President*  
Kris Wyatt, *Clerk*  
Damian Armitage, *Member*  
Brian Haley, *Member*

**DISTRICT ADMINISTRATION**

Scott Leaman, *Superintendent*  
Joyce Lopes, *Assistant Superintendent, Business & Support Services*  
Robert Noyes, *Assistant Superintendent, Personnel Services*  
Mary Boyle, *Assistant Superintendent, Educational Services*  
Cathy Allen, *Assistant Superintendent, Facilities and Maintenance Services*

**PROFESSIONAL SERVICES**

**SPECIAL COUNSEL AND DISCLOSURE COUNSEL**

Quint & Thimmig LLP  
San Francisco, California

**FINANCIAL ADVISOR**

Capitol Public Finance Group, LLC  
Sacramento, California

**TRUSTEE**

U.S. Bank National Association  
San Francisco, California

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## OFFICIAL STATEMENT

\$ \_\_\_\_\_ \*

### CERTIFICATES OF PARTICIPATION (2011 Refinancing Project)

Evidencing the Direct, Undivided Fractional Interests  
of the Owners Thereof in Lease Payments to be Made by the  
WESTERN PLACER UNIFIED SCHOOL DISTRICT  
As the Rental for Certain Property Pursuant to a Lease Agreement with the  
Public Property Financing Corporation of California

### INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and a guide to, and is qualified by, the more complete information contained in this Official Statement, including the cover page and appendices, and the documents summarized or described herein. A full review should be made of the entire Official Statement and the documents summarized or described herein. The offering of Certificates to potential investors is made only by means of the entire Official Statement.

This Official Statement, which includes the cover page and appendices, provides certain information with respect to the sale of \$ \_\_\_\_\_\* aggregate principal amount of Certificates of Participation (2011 Refinancing Project) (the "Certificates"), evidencing the direct, undivided fractional interests of the registered owners thereof (the "Owners") in Lease Payments (as defined below) to be made by the Western Placer Unified School District (the "District") as the rental for certain improvements and the sites thereof, as described more fully herein (the "Property"), to be leased by the District pursuant to a Lease Agreement, dated as of November 1, 2011 (the "Lease Agreement"), by and between the Public Property Financing Corporation of California (the "Corporation"), a nonprofit, public benefit corporation duly organized and existing under the laws of the State of California (the "State") and the District. The District will lease the Property to the Corporation pursuant to a Site and Facility Lease, dated as of November 1, 2011 (the "Site and Facility Lease"), between the District and the Corporation, for leaseback pursuant to the Lease Agreement.

The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of November 1, 2011 (the "Trust Agreement"), by and among the Corporation, the District and U.S. Bank National Association, San Francisco, California, as trustee (the "Trustee"). Pursuant to an Assignment Agreement, dated as of November 1, 2011 (the "Assignment Agreement"), the Corporation will assign to the Trustee, for the benefit of the Owners, substantially all of the Corporation's rights under the Lease Agreement, including its right to receive and collect Lease Payments and prepayments from the District under the Lease Agreement and the Corporation's rights as may be necessary to enforce payment of Lease Payments.

Capitalized terms appearing herein and not otherwise defined have the respective meanings assigned to those terms in APPENDIX A—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—DEFINITIONS."

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\* Preliminary, subject to change.

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### **Purpose of the Certificates**

The Certificates are being executed and delivered to provide funds, together with other available moneys, to (a) refinance the acquisition, construction, installation, modernization and equipping of improvements to various District facilities and to provide for the refunding of the outstanding Western Placer School District Variable Rate Refunding Certificates of Participation (School Facilities Project), Series 2006A (the "2006 Certificates"); (b) purchase a reserve fund surety bond in lieu of cash funding a reserve fund for the Certificates, and (c) pay delivery costs incurred in connection with the execution, delivery and sale of the Certificates.

### **Security and Sources of Payment for the Certificates**

The District is required to pay to the Trustee specified Lease Payments for the use and occupancy of the Property which amounts are equal to the principal and interest represented by the Certificates. See "SOURCES OF PAYMENT FOR THE CERTIFICATES—Lease Payments." The District has covenanted under the Lease Agreement to take such action as may be necessary to include all Lease Payments in its annual budgets and make the necessary annual appropriations therefor, subject to abatement. Lease Payments are subject to abatement during any period during which, by reason of material damage, destruction or condemnation of the Property or any portion thereof, there is substantial interference with the District's use of the Property. APPENDIX A—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT."

THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE DISTRICT FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS UNDER THE LEASE AGREEMENT CONSTITUTE A DEBT OF THE DISTRICT, THE CORPORATION OR THE STATE OR ANY POLITICAL SUBDIVISIONS THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION OR AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

For a more complete description of the sources of payment for the Certificates, see "SOURCE OF PAYMENT FOR THE CERTIFICATES."

### **Municipal bond Insurance**

Payment of the principal and interest with respect to the Certificates when due will be guaranteed under a municipal bond insurance policy (the "Municipal bond Insurance Policy") to be issued by Assured Guaranty Municipal Corp. ("AGM") simultaneously with the delivery of the Certificates. See "MUNICIPAL BOND INSURANCE" herein. In addition, AGM has made a commitment to issue a municipal bond insurance policy for the Reserve Fund with respect to the Certificates (the "Reserve Fund Insurance Policy") in an amount equal to the Reserve Requirement. See "SOURCES OF PAYMENT FOR THE CERTIFICATES—Reserve Fund" herein.

### **Registration**

The Certificates will be delivered in fully registered form only, without coupons, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Certificates (the

"Beneficial Owners") in the denominations set forth on the cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Certificates. See "THE CERTIFICATES—Book-Entry-Only System." In the event that the book-entry-only system described below is no longer used with respect to the Certificates, the Certificates will be registered in accordance with the Trust Agreement described herein. See "THE CERTIFICATES—Registration, Transfer and Exchange of Certificates."

### **Denominations**

The Certificates will be in the form of fully registered certificates in the denominations or maturity values of \$5,000 or any integral multiple thereof.

### **Payment**

Each Certificate will be dated as of its date of delivery, and payments of interest with respect thereto will be made semiannually on each May 1 and November 1 (each, an "Interest Payment Date"), commencing May 1, 2012.

Interest with respect to the Certificates will be payable from the Interest Payment Date next preceding the date of execution of such Certificate, (a) unless it is executed following the close of business of the 15th day of the month preceding each Interest Payment Date, whether or not such 15th day is a business day (a "Record Date") and on or before the next succeeding Interest Payment Date, in which event interest represented thereby will be payable from such Interest Payment Date, or (b) unless it is executed on or before the first Record Date, in which event interest represented thereby will be payable from their date of delivery; *provided, however*, that if, as of the date of any Certificate, interest represented by such Certificate is in default, interest represented thereby will be payable from the Interest Payment Date to which interest has previously been paid or made available for payment with respect to such Certificate.

The principal represented by the Certificates will be payable on August 1 as specified on the cover of this Official Statement.

### **Redemption**

The Certificates are subject to special, extraordinary optional and special redemption. See "THE CERTIFICATES—Redemption."

### **Risk Factors**

An investment in the Certificates involves risk. See "RISK FACTORS" for a discussion of important investment considerations and other risk factors associated with evaluating the investment quality of the Certificates. Any one or more of the risks discussed, and others, could lead to a decrease in the market value of the Certificates or the ability of the District to make Lease Payments. Potential purchasers of the Certificates are advised to review the entire Official Statement carefully and to conduct such due diligence and other review as they deem necessary and appropriate under the circumstances.

### **Tax Matters**

In the opinion of Quint & Thimmig LLP, San Francisco, California, Special Counsel, subject to compliance by the County with certain covenants, interest with respect to the

Certificates is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In addition, in the opinion of Special Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS."

#### **Authority for Delivery**

The Certificates are being delivered pursuant to the Trust Agreement, which was approved by the District pursuant to a resolution adopted by the Governing Board of the District on September 20, 2011, and by the Corporation pursuant to a resolution adopted by the Board of Directors of the Corporation on \_\_\_\_\_, 2011.

#### **Continuing Disclosure**

The District will covenant in a continuing disclosure certificate (the "Continuing Disclosure Certificate") to provide, or cause to be provided, certain annual financial information and operating data of the type set forth herein including, but not limited to, its audited financial statements and, in a timely manner, notice of certain enumerated events. See "LEGAL MATTERS—Continuing Disclosure" and APPENDIX D—"FORM OF CONTINUING DISCLOSURE CERTIFICATE" for a description of the specific nature of the annual report and notices of material events and a summary description of the terms of the Continuing Disclosure Certificate pursuant to which such reports and notices are to be made.

The District has never failed to comply, in any material respect, with prior undertakings to provide continuing disclosure.

#### **Other Information**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. The District has not entered into any contractual commitment to provide information on a continuing basis to investors or any other party, except to the extent such information is required to be provided pursuant to the District's contracts with nationally recognized statistical ratings organizations, and the District makes, and has made, no representation or warranty that it will do so.

Brief descriptions of the Certificates, the security for the Certificates and the District are included in this Official Statement together with summaries of certain provisions of the Certificates, the Lease Agreement, the Trust Agreement, the Assignment Agreement, the Site and Facility Lease, and certain other documents. Such descriptions do not purport to be comprehensive or definitive. All references to the Lease Agreement, the Trust Agreement, the Assignment Agreement, the Site and Facility Lease, and other documents are qualified in their entirety by reference to such documents, and references to the Certificates are qualified in their entirety by reference to the form thereof included in the Trust Agreement, copies of which are available for inspection at the office of the Superintendent, Western Placer Unified School District, 600 Sixth Street, Suite 400, Lincoln, California 95648, telephone (916) 645-6350.

## ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds in connection with the Certificates are as follows:

### SOURCES OF FUNDS

Principal Amount of Certificates  
Less: Net Original Issue Discount  
Less: Underwriter's Discount  
Total Proceeds  
Plus: Released 2006 Certificate Moneys  
Total Sources of Funds

### USES OF FUNDS

Deposit to Escrow Fund (1)  
Deposit to Delivery Costs Fund (2)  
Total Uses of Funds

- (1) Represents amounts required to provide for the refunding of the 2006 Certificates. See "REFUNDING PLAN."  
(2) Delivery costs are expenses of the District associated with selling the Certificates to be deposited in the Delivery Costs Fund and include costs of printing, fees of Bond Counsel, Disclosure Counsel, the Financial Advisor, the Escrow Bank and the Trustee, premiums for the Municipal Bond Insurance Policy and the Reserve Fund Insurance Policy and other miscellaneous costs of the transaction.

## SCHEDULE OF CERTIFICATE PAYMENTS

The following table shows the annual debt service due with respect to the Certificates.

<u>Year Ending</u> <u>November 1</u>	<u>Principal</u>	<u>Sinking Fund</u> <u>Installment</u>	<u>Interest</u>	<u>Total</u>
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## REFUNDING PLAN

A portion of the proceeds of the Certificates, together with moneys released from the trust agreement relating to the 2006 Certificates, in an amount sufficient to provide for the redemption of the 2006 Certificates at the redemption price of 100% of the principal amount thereof to be redeemed, plus accrued interest, will applied to the full redemption of the 2006 Certificates on November 15, 2011.

## THE PROPERTY

Pursuant to the Site and Facility Lease, the District will lease the Property to the Corporation. Pursuant to the Lease Agreement, the Corporation will, in turn, lease the Property back to the District. See APPENDIX A—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—SITE AND FACILITY LEASE" and "—LEASE AGREEMENT."

The Facility consists of the District's **First Street School**, located on the 4.4579-acre (194,185 square foot) Site at 1400 First Street, in Lincoln, California. The Facility is a kindergarten through fifth grade school adjacent to Glen Edwards Middle School, in the north central part of the City. The Facility, opened in 2000, consists of 36,960 square feet of permanent portable buildings all put in place at the same time. Major elements of the school are the administrative offices, staff room, library/support services, multi-purpose building, two restroom buildings and 27 classrooms.

## THE CERTIFICATES

### General Provisions

The Certificates will be dated as of their date of delivery and will be payable as to interest from such date, semiannually on each May 1 and November 1, commencing May 1, 2012 (each an "Interest Payment Date"). Interest with respect to the Certificates will be calculated on the basis of a 360-day year comprised of twelve 30-day months. The Certificates will be delivered in denominations of \$5,000 or any integral multiple thereof. The Certificates will initially be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Certificates. Payments of principal, premium, if any, and interest with respect to the Certificates will be paid by the Trustee to DTC which is obligated in turn to remit such principal, premium, if any, and interest with respect to the Certificates to its DTC Participants for subsequent disbursement to the Beneficial Owners of the Certificates. See APPENDIX E—"DTC AND THE BOOK-ENTRY SYSTEM."

Interest with respect to the Certificates is required to be payable from the Interest Payment Date next preceding the date of execution thereof, unless: (i) it is executed as of an Interest Payment Date, in which event interest with respect thereto is required to be payable from such Interest Payment Date; or (ii) it is executed after a Regular Record Date (i.e., close of business on the fifteenth day of the month preceding each Interest Payment Date) and before the following Interest Payment Date, in which event interest with respect thereto is required to be payable from such Interest Payment Date; or (iii) it is executed on or before April 15, 2012, in which event interest with respect thereto is required to be payable from the date of delivery of the Certificates; *provided, however*, that if, as of the date of execution of any Certificate, interest is in default with respect to any Outstanding Certificates, interest represented by such Certificate is required to be payable from the Interest Payment Date to

which interest has previously been paid or made available for payment with respect to the Outstanding Certificates. Payment of defaulted interest is required to be paid by check mailed to the Owners as of a special record date to be fixed by the Trustee in its sole discretion, notice of which shall be given to the Owners not less than 10 days prior to such special record date.

### **Trustee**

U.S. Bank National Association, San Francisco, California, will act as the Trustee. As long as DTC's book-entry method is used for the Certificates, the Trustee will send any notice of redemption or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Certificates called for redemption or of any other action premised on such notice.

The Trustee, the District, the Corporation and the Underwriter of the Certificates have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Certificates.

So long as the outstanding Certificates are registered in the name of Cede & Co. or its registered assigns, the Trustee and the District shall cooperate with Cede & Co., as sole registered owner, or its registered assigns in effecting payment of the principal and interest with respect to the Certificates by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

### **Payment**

Interest represented by each Certificate will be paid on each Interest Payment Date by check of the Trustee mailed on such Interest Payment Date by first class mail, postage prepaid, to the person appearing on the Registration Books as the Owner thereof as of the close of business on the preceding Record Date, at such Owner's address as it appears on the Registration Books; *provided, however*, that at the written request of the Owner of the Certificates in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, interest represented by such Certificates shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such written request.

The principal and redemption price represented by any Certificate at maturity or upon prior redemption shall be payable in lawful money of the United States of America upon presentation and surrender of such Certificate at the Office of the Trustee.

### **Redemption**

*Extraordinary Redemption.* The Certificates are subject to extraordinary redemption, in whole or in part, on any Interest Payment Date, in an order of maturity determined by the District, from the Net Proceeds of insurance or eminent domain proceedings credited towards the redemption of the Lease Payments pursuant to the Lease Agreement, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest represented thereby to the date fixed for redemption, without premium.

*Optional Redemption.* The Certificates maturing on or before November 1, \_\_\_\_, are not subject to optional redemption prior to maturity. The Certificates maturing on and after November 1, \_\_\_\_, are subject to optional redemption in whole or in part on any date in such order of maturity as shall be designated by the District (or, if the District shall fail to so designate the order of redemption, in *pro rata* among maturities) and by lot within a maturity, on or after November 1, \_\_\_\_, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium, from the proceeds of the optional prepayment of Lease Payments made by the District pursuant to the Lease Agreement.

*Mandatory Redemption.* The Certificates maturing on November 1, \_\_\_\_, are subject to mandatory redemption in part on August 1 in each year on and after November 1, \_\_\_\_, to and including November 1, \_\_\_\_, from the principal components of scheduled Lease Payments required to be paid by the District pursuant to the Lease Agreement with respect to each such redemption date (subject to abatement, as set forth in the Lease Agreement), at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest to the date fixed for redemption, without premium, as follows:

<u>Year</u> <u>(November 1)</u>	<u>Principal Amount of</u> <u>Certificates to be Redeemed</u>
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†Maturity.

#### **Selection of Certificates for Redemption**

Whenever provision is made in the Trust Agreement for the redemption of Certificates and less than all outstanding Certificates are to be redeemed the Trustee will select Certificates for redemption from outstanding Certificates not previously called for redemption in such order of maturity as will be designated by the District (and, in lieu of such designation, pro rata among maturities and by lot within a maturity). For the purposes of such selection, Certificates shall be deemed to be composed of \$5,000 portions, and any such portion may be separately redeemed. The Trustee shall promptly notify the District and the Corporation in writing of the Certificates or portions thereof so selected for redemption.

#### **Notice of Redemption**

The Trustee shall give notice of the redemption of the Certificates on behalf and at the expense of the District. Such notice shall state the redemption date and redemption price and, if less than all of the then outstanding Certificates are to be called for redemption, shall designate the numbers of the Certificates to be redeemed by giving the individual number of each Certificate or by stating that all Certificates between two stated numbers, both inclusive, have been called for redemption, and shall require that such Certificates be surrendered on the redemption date at the Office of the Trustee for redemption at said redemption price, giving notice also that further interest represented by the Certificates will not accrue after the redemption date. Such notice shall further state that on the redemption date there shall become due and payable, the principal and premium, if any, represented by each Certificate together with accrued interest represented thereby to said date, and that from and after such date interest represented thereby shall cease to accrue and be payable.

Notice of such redemption shall be mailed by first class mail with postage redeemed, to one or more of the Information Services (as defined in the Trust Agreement) and to the owners of the Certificates designated for redemption at their respective addresses appearing on the Registration Books, at least 30 days but not more than 60 days prior to the redemption date. In addition, notice of redemption shall be given by telecopy or certified, registered or overnight mail to each of the Securities Depositories (as defined in the Trust Agreement) at least 2 days prior to such mailing to the Certificate owners. Such notice shall, in addition to setting forth the above information, set forth, in the case of each Certificate called only in part, the portion of the principal represented thereby which is to be redeemed; *provided, however*, that neither failure to receive such notice so mailed nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for redemption.

If, on said date of redemption, moneys for the redemption of all the Certificates to be redeemed, together with interest to said date of redemption, shall be held by the Trustee so as to be available therefor on such date of redemption, then, from and after said date of redemption, interest represented by the Certificates shall cease to accrue and become payable. All moneys held by the Trustee for the redemption of Certificates shall be held in trust for the account of the Owners of the Certificates so to be redeemed, and shall be held by the Trustee in cash uninvested.

All Certificates paid at maturity or redeemed prior to maturity pursuant to the Trust Agreement shall be canceled upon surrender thereof and destroyed.

#### **Partial Redemption of the Certificates**

Upon surrender of any Certificate redeemed in part only, the Trustee shall execute, authenticate and deliver to the Owner thereof, at the expense of the District, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Certificate surrendered and of the same interest rate and the same maturity.

#### **Defeasance**

If and when any Outstanding Certificates shall be paid and discharged in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and redemption premiums (if any) represented by such Outstanding Certificates, as and when the same become due and payable; or

(b) by depositing with the Trustee or any other fiduciary, under an escrow deposit and trust agreement, security for the payment of Lease Payments relating to such Certificates as more particularly described in the Lease Agreement, said security to be held by the Trustee on behalf of the District to be applied by the Trustee or by such other fiduciary to pay or prepay such Lease Payments as the same become due, pursuant to the Lease Agreement;

and if such Certificates are to be redeemed prior to the maturity thereof notice of such redemption shall have been mailed pursuant to the Trust Agreement or provision satisfactory to the Trustee shall have been made for the mailing of such notice, then, notwithstanding that such Certificates shall not have been surrendered for payment, all rights hereunder of the Owners of such Certificates and all obligations of the Corporation, the Trustee and the District



with respect to such Certificates shall cease and terminate, except only the obligations of the Trustee under the Trust Agreement, and the obligation of the Trustee to pay or cause to be paid, from Lease Payments paid by or on behalf of the district from funds deposited pursuant to paragraph (b) above, to the Owners of such Certificates not so surrendered and paid all sums represented thereby when due and in the event of deposits pursuant to paragraph (b), such Certificates shall continue to represent direct. Undivided fractional interests of the Owners, thereof in the Lease Payments.

Any funds held by the Trustee, at the time of discharge of the obligations represented by all Outstanding Certificates as a result of one of the events described in paragraphs (a) or (b) above, which are not required for the payment to be made to Owners, shall, upon payment in full of all fees and expenses of the Trustee (including attorneys' fees) then due, be paid over to the District.

### **Registration, Transfer and Exchange of Certificates**

In the event that the book-entry system as described above is no longer used with respect to the Certificates, the following provisions will govern the registration, transfer, and exchange of the Certificates.

The Trustee shall keep or cause to be kept sufficient records for the registration and registration of transfer of the Certificates, which shall at all reasonable times be open to inspection by the District and the Corporation during regular business hours and upon prior notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Certificates as provided in the Trust Agreement.

The registration of any Certificates may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Certificate for cancellation at the Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Certificate or Certificates shall be surrendered for registration of transfer, the Trustee shall execute and deliver a new Certificate or Certificates representing the same maturity, interest rate and aggregate principal amount, if any authorized denominations.

Certificates may be exchanged at the Office of the Trustee, for a like aggregate principal amount of Certificates representing other authorized denominations of the same interest rate and maturity. The District shall pay all costs of the Trustee incurred in connection with any such exchange, except that the Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee may refuse to transfer or exchange either (i) any Certificate during the period established by the Trustee for the selection of Certificates for redemption, or (ii) the portion of any Certificate which the Trustee has selected for redemption pursuant to the provisions of the Trust Agreement.

### **Mutilated, Lost, Destroyed, or Stolen Certificates**

In the event that the book-entry system as described above is no longer used with respect to the Certificates, the following provisions will apply to mutilated, lost, destroyed or stolen Certificates.

If any Certificate shall become mutilated, the Trustee, at the expense of the Owner of such Certificate, shall execute and deliver a new Certificate of like principal amount, interest rate and maturity in replacement for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled by it and destroyed by the Trustee, who shall upon request deliver a certificate of destruction to the District. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft must be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and the District and, if an indemnity satisfactory to the Trustee and the District shall be given, the Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like principal amount, interest rate and maturity and numbered as the Trustee shall determine in lieu of and in replacement for the Certificate so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each replacement Certificate delivered and of the expenses which may be incurred by the Trustee in carrying out the duties under the Trust Agreement. Any Certificate issued in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally entitled to the benefits of the Trust Agreement with all other Certificates secured by this Trust Agreement. The Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of the Trust Agreement, in lieu of delivering a replacement for a Certificate which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Certificate upon receipt of indemnity satisfactory to the Trustee and the District.

## **SOURCES OF PAYMENT FOR THE CERTIFICATES**

### **General**

Each Certificate represents a direct, fractional, undivided interest in the Lease Payments to be made by the District under the Lease Agreement. The Corporation, pursuant to the Assignment Agreement, will assign substantially all of its rights under the Lease Agreement, including its right to receive Lease Payments from the District as well as its right to enforce the Lease Agreement, to the Trustee for the benefit of the Owners. The Lease Payments are equal to the annual principal and interest represented by the Certificates. The Lease Payments will be paid from the District's general fund and other legally available moneys.

The obligation of the District to make Lease Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. Neither the Certificates nor the obligation of the District to make Lease Payments under the Lease Agreement constitute a debt of the District or the State or any political subdivisions thereof within the meaning of any Constitutional or statutory debt limitation or restriction or an obligation for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation.

### **Lease Payments**

Subject to the provisions of the Lease Agreement regarding abatement in the event of loss of use of any item or portion of the Property and regarding redemption of Lease Payments, the District agrees to pay to the Corporation the Lease Payments (denominated into components of principal and interest) for the Property to be due and payable in immediately

available funds on the Interest Payment Dates immediately following the Lease Payment Dates (such Lease Payment Date being the 15th calendar day of the month immediately preceding such Interest Payment Dates), and to be deposited by the District with the Trustee on each of the Lease Payment Dates. Any amount held in the Lease Payment Fund on any Lease Payment Date (other than amounts resulting from the redemption of the Lease Payments in part but not in whole pursuant to the Lease Agreement and other than amounts required for payment of past due principal or interest represented by any Certificates not presented for payment) shall be credited towards the Lease Payment then required to be paid hereunder; and no Lease Payment need be deposited with the Trustee on any Lease Payment Date then required to be deposited with the Trustee. The Lease Payments payable in any fiscal year shall be for the use of the Property during such fiscal year.

Lease Payments shall be abated during any period in which, by reason of material damage, destruction or condemnation, there is substantial interference with the use and right of possession by the District with respect to any item or portion of the Property. See "RISK FACTORS—Abatement."

### **Covenant to Budget**

The District has covenanted in the Lease Agreement to take such action as may be necessary to include all Lease Payments and Additional Payments coming due in each of its annual budgets during the term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments and Additional payments. Annually, the District will furnish to the Trustee a certificate stating that the Lease Payments have been included in the final budget of the District for the current fiscal year, such certificate to be filed within 30 days after the adoption of such budget and in any event no later than September 1 in the calendar year in which the District adopts such budget. Such covenants on the part of the District shall be deemed to be and shall be construed to be duties imposed by law in the performance of the official duty of such officials to enable the District to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the District.

### **Reserve Fund**

Pursuant to the Trust Agreement, a Reserve Fund is required to be funded in the amount of the "Reserve Requirement." Moneys in the Reserve Fund shall be held in trust as a reserve for the payment when due of the Lease Payments on behalf of the District. "Reserve Requirement" means, as of the Closing Date, an amount equal to the lesser of (a) 10% of the principal amount of the Certificates, or (b) the maximum amount of Lease Payments coming due in the current or any future fiscal year, or (c) 125% of average annual Lease Payments. The Reserve Requirement as of the date of delivery of the Certificates is \$\_\_\_\_\_, being \_\_\_\_\_.

AGM will issue the Reserve Fund Insurance Policy, effective as of the date of delivery of the Certificates in an amount equal to the Reserve Requirement.

### **Insurance**

The Lease Agreement requires the District to continue to maintain or cause to be maintained the following insurance against risk of physical damage to the Property and other risks for the protection of the Certificate Owners, the Corporation, and the Trustee:

(i) *Public Liability and Property Damage Insurance.* The District shall maintain or cause to be maintained throughout the term of the Lease Agreement, but only if and to the extent available from reputable insurers at reasonable cost in the reasonable opinion of the District, a standard comprehensive general insurance policy or policies in protection of the Corporation, District, and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damages occasioned by reason of the operation of the Property. Such policy or policies shall provide coverage in the minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event (subject to a deductible of not to exceed \$250,000), and in a minimum amount of \$150,000 (subject to a deductible of not to exceed \$50,000) for damage to property resulting from each accident or event. Such insurance may, however, be in the form of a single limit policy in the amount of \$3,000,000 covering all such risks, subject to a deductible of not to exceed \$250,000. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of self-insurance by the District, subject to the Lease Agreement, or in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. The Net Proceeds of such liability insurance shall be applied by the District toward extinguishment or satisfaction of the liability with respect to which paid.

(ii) *Fire and Extended Coverage Insurance.* The District shall procure and maintain, or cause to be procured and maintained, throughout the term of the Lease Agreement, insurance against loss or damage to the Property by fire and lightning, with extended coverage and vandalism and malicious mischief insurance. Such insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be in an aggregate amount at least equal to the lesser of: (a) 100% of the replacement value of the facilities; or (b) 100% of the aggregate principal amount of the Outstanding Certificates. All policies of such insurance shall be subject to deductible clauses of not to exceed \$100,000 for any one loss. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of self-insurance by the District, subject to the provisions of the Lease Agreement, or in the form of participation by the District in a joint powers authority or other program providing pooled insurance.

(iii) *Rental Interruption Insurance.* The District shall procure and maintain, or cause to be procured and maintained, throughout the term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Property as a result of any of the hazards covered by casualty insurance, in an amount at least equal to two times the Reserve Requirement. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. The Net Proceeds of such insurance, if any, shall be paid to the Trustee and deposited in the Lease Payment Fund, and shall be credited towards the payment of the Lease Payments as the same become due and payable.

(iv) *Title Insurance.* The District shall, at its expense, (a) cause the Site and Facility Lease, the Lease Agreement or a memorandum thereof in form and substance

approved by Special Counsel, and the Assignment Agreement to be recorded in the office of the Placer County Recorder with respect to the Property, and (b) obtain a CLTA title insurance policy insuring the District's leasehold estate thereunder in the Property, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Certificates. All Net Proceeds received under any such title insurance policy shall be deposited with the Trustee in the Lease Payment Fund and shall be credited towards the redemption of the remaining Lease Payments pursuant to the Lease Agreement.

In the event that any insurance required pursuant to the Lease Agreement shall be provided in the form of self-insurance, the District shall file with the Trustee annually, within 90 days following the close of each fiscal year, a statement of the risk manager of the District or an independent insurance adviser engaged by the District identifying the extent of such self-insurance and stating the determination that the District maintains sufficient reserves with respect thereto. In the event that any such insurance shall be provided in the form of self-insurance by the District, the District shall not be obligated to make any payment with respect to any insured event except from such reserves.

#### **Action on Default**

Whenever any event of default referred to in the Lease Agreement has happened and is continuing, the Corporation may exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; *provided, however*, that notwithstanding anything in the Lease Agreement or in the Trust Agreement to the contrary, there will be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. The Corporation will have the right upon a default by the District to terminate the Lease Agreement, re-enter such component of the Property, eject the District from such component of the Property or to re-let such component of the Property for the account of the District, and the Corporation waives any such rights that it might have, including any right pursuant to Section 1951.2 or 1952.3 of the California Civil Code. See "THE PROPERTY." The Corporation's rights under the Lease Agreement upon such default by the District shall be (so long as the Corporation does not terminate the Lease Agreement or the District's right to possession of such component of the Property) to enforce all of its rights and remedies under the Lease Agreement, including the right to recover Lease Payments as they become due under the Lease Agreement pursuant to Section 1951.4 of the California Civil Code, by pursuing any legal remedy available.

For further information concerning certain risks associated with the exercise of remedies under the Lease Agreement, see "RISK FACTORS—Limited Recourse on Default" and APPENDIX A—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT."

#### **Abatement**

The obligation of the District to pay Lease Payments will be abated during any period in which by reason of damage, destruction or taking by eminent domain or condemnation with respect to any item or portion of the Property there is substantial interference with the District's use and possession of such item or portion of the Property.

If the Property shall be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease Agreement shall cease with respect thereto as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if the Property shall be taken

temporarily, under the power of eminent domain, (a) the Lease Agreement shall continue in full force and effect with respect thereto and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (b) there shall be a partial abatement of Lease Payments allocated thereto, in an amount to be agreed upon by the District and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Property. Notwithstanding the foregoing, there shall be no abatement of Lease Payments to the extent that amounts in the Reserve Fund are available to pay Lease Payments which would otherwise be abated under the Lease Agreement, it being declared pursuant to the Lease Agreement that such proceeds and amounts constitute a special fund for the payment of the Lease Payments.

The amount of Lease Payments shall be abated during any period in which by reason of damage or destruction (other than by eminent domain as described above) there is substantial interference with the use and occupancy by the District of the Property or any portion thereof. The parties agree that the amount of Lease Payments under such circumstances shall not be less than the amount of the Lease Payments required to pay principal and interest with respect to the Certificates, as scheduled, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Property not damaged or destroyed (giving due consideration to the estimated fair market value of the Property, other obligations of the parties under the Lease Agreement, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the District and the general public), based on the opinion of an MAI appraiser with expertise in valuing such properties or other appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value.

Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Lease Agreement shall continue in full force and effect and the District waives any right to terminate the Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments to the extent that the proceeds of hazard insurance, rental interruption insurance or amounts in the Reserve Fund are available to pay Lease Payments which would otherwise be abated under the Lease Agreement, it being declared pursuant to the Lease Agreement that such proceeds and amounts constitute a special fund for the payment of the Lease Payments.

#### **Additional Payments**

In addition to the Lease Payments, the District shall pay when due all costs and expenses incurred by the Corporation to comply with the provisions of the Trust Agreement, including without limitation all Delivery Costs (to the extent not paid from amounts on deposit in the Delivery Costs Fund), annual compensation due to the Trustee, all of its reasonable costs payable as a result of the performance of and compliance with its duties under the Trust Agreement and all other amounts due to the Trustee pursuant to the Trust Agreement, and all costs and expenses of attorneys, auditors, engineers and accountants. Such costs and expenses shall be payable as additional amounts of rental pursuant to the Lease Agreement in consideration of the right of the District to the use and occupancy of the Property.

## MUNICIPAL BOND INSURANCE

AGM has supplied the following information for inclusion in this Official Statement. Neither the District nor the Underwriter makes any representation as to the accuracy or completeness of this information or as to the absence of material adverse changes in this information subsequent to the date hereof. Reference is made to APPENDIX G—SPECIMEN MUNICIPAL BOND INSURANCE POLICY for a specimen of the Municipal Bond Insurance Policy to be issued by AGM.

### The Municipal Bond Insurance Policy

Concurrently with the issuance of the Certificates, AGM will issue the Municipal Bond Insurance Policy. The Municipal Bond Insurance Policy guarantees the scheduled payment of principal of and interest with respect to the Certificates when due as set forth in the form of the Municipal Bond Insurance Policy included as APPENDIX G—SPECIMEN MUNICIPAL BOND INSURANCE POLICY.

The Municipal Bond Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

### Assured Guaranty Municipal Corp.

AGM is a New York domiciled municipal bond insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, structured finance and mortgage markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM's financial strength is rated "AA+" (negative outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's"). An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM does not guarantee the market price of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

### Current Financial Strength Ratings

On August 25, 2011, S&P published *Bond Insurance Rating Methodology and Assumptions*, a criteria article that follows S&P's *Request for Comment: Bond Insurance Criteria*, published January 24, 2011. The criteria described in the article update and supersede S&P's previous criteria for rating bond insurers. S&P noted that the impact of new bond insurance rating criteria could result in financial strength ratings on investment-grade bond insurers (such as AGM) being lowered by one or more rating categories. The article states that the criteria are effective immediately and that S&P expects any rating changes as a result of the new

methodology and assumptions would occur after its review of third quarter 2011 financial statements, but no later than November 30, 2011. However, as noted above, a rating agency may place a company's financial strength rating on credit watch for a downgrade at any time. For the complete text of S&P's comments, both publications are available at [www.standardandpoors.com](http://www.standardandpoors.com).

AGM and its affiliates are currently reviewing S&P's revised bond insurance rating criteria. The final criteria contain a number of changes from the proposals submitted in January 2011 for comment from market participants, including a new Largest Obligors Test that was not included in the January 2011 Request for Comment. This test appears to have the effect of significantly reducing AGM and its affiliates' allowed single risk limits and limiting their financial strength rating level.

On August 8, 2011, S&P published a Research Update in which it affirmed the "AA+" financial strength rating of AGM. At the same time, S&P revised the rating outlook on AGM to negative from stable. Reference is made to the Research Update, a copy of which is available at [www.standardandpoors.com](http://www.standardandpoors.com), for the complete text of S&P's comments.

On December 18, 2009, Moody's issued a press release stating that it had affirmed the "Aa3" insurance financial strength rating of AGM, with a negative outlook. Reference is made to the press release, a copy of which is available at [www.moody.com](http://www.moody.com), for the complete text of Moody's comments.

There can be no assurance as to any further ratings action that S&P or Moody's may take with respect to AGM.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which was filed by AGL with the Securities and Exchange Commission (the "SEC") on March 1, 2011, AGL's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, which was filed by AGL with the SEC on May 10, 2011, and AGL's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011, which was filed by AGL with the SEC on August 9, 2011.

#### *Capitalization of AGM*

At June 30, 2011, AGM's consolidated policyholders' surplus and contingency reserves were approximately \$3,050,613,849 and its total net unearned premium reserve was approximately \$2,254,726,646, in each case, in accordance with statutory accounting principles.

#### *Incorporation of Certain Documents by Reference*

Portions of the following documents filed by AGL with the SEC that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2010 (which was filed by AGL with the SEC on March 1, 2011).
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 (which was filed by AGL with the SEC on May 10, 2011).
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011 (which was filed by AGL with the SEC on August 9, 2011).



All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption "BOND INSURANCE - Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE."

#### PLACER COUNTY INVESTMENT POOL

This section provides a general description of the Placer County's (the "County") investment policy, current portfolio holdings, and valuation procedures. The information has been adapted from material prepared by the County for inclusion in this Official Statement. The District makes no representation as to the accuracy or completeness of such information. Further information may be obtained from the office of the Treasurer-Tax Collector of the County, 2976 Richardson Drive, 2nd Floor, Auburn, California 95603.

Funds held by the County in the Investment Pool (the "County Pool") are invested in accordance with the County's Statement of Investment Policy prepared by the County Treasurer-Tax Collector (the "Treasurer") as authorized by section 53601 of the Government Code of California. The Investment Policy is submitted to the County Board of Supervisors annually. The Treasurer is in the process of preparing amendments to the County's Investment Policy for approval by County Board of Supervisors to reflect changes to State law. The Treasurer does not anticipate any major substantive changes to the Investment Policy in connection with the approval of these amendments.

The County Pool represents moneys entrusted to the Treasurer by the County and schools and special districts within the County. State law requires that all moneys of the County, school districts, and certain special districts be held by the Treasurer.

Moneys deposited in the County Pool by the participants represent an individual interest in all assets and investments in the County Pool based upon the amount deposited. All income is distributed to participants based on the average daily balance.

The Treasurer's Investment Policy allows for the purchase of a variety of securities and provides for limitations as to exposure, maturity and rating which vary with each security type. The composition of the portfolio will change over time as old investments mature, or are sold, and as new investments are made.

Funds on deposit with the Treasurer are managed to insure preservation of capital through high quality investments, maintenance of liquidity and then yield. Further, no single investment of operating funds can exceed five years.

The following is a summary of the Treasurer's Investment Pool as of August 31, 2011:

Type of Investment	Market Value	Book Value	% of Portfolio <sup>(2)</sup>
U.S. Treasury Securities	\$103,358,100.00	\$101,071,134.46	12.61
Federal Agency Coupons	280,953,381.65	278,938,246.36	34.79
Medium Term Notes	248,611,710.00	247,447,110.28	30.86
Negotiable Certificates of Deposit	40,212,700.00	40,067,677.55	5.00
Commercial Paper	69,999,133.33	69,999,133.33	8.73
PFA - HELICOPTER	1,097,300.77	1,097,300.77	0.14
Local Agency GO Bond	125,000.00	125,000.00	0.02
Local Agency Bonds	62,230,670.00	62,230,670.00	7.76
mPower Placer	801,617.14	801,617.14	0.10
Total Investments	\$807,389,612.89	\$807,389,612.89	100.00
<u>Cash</u>			
Passbook/Checking (not included in yield calculations)	100,456,963.88	100,456,963.88	
Total Cash and Investments	\$907,846,576.77	\$907,846,576.77	

Source: County of Placer Treasurer-Tax Collector's Office.

<sup>(1)</sup> Market Value priced at Book Value.

<sup>(2)</sup> Excluding cash.

The portfolio is in compliance with the County's Investment Policy. See APPENDIX F—COUNTY INVESTMENT POLICY." The investments in the County Pool are scheduled to mature at the times and in the amounts necessary to meet the County's expenditures and other scheduled withdrawals.

## THE DISTRICT

### General Information

The District, established as a school district in 1966, encompasses approximately 175 square miles and is located in the western portion of the County. The District currently operates seven elementary schools, two middle schools, one high school, one continuation high school, and one charter home school program. The current student-teacher ratio in the District is 25:1 in grade K, 20:1 in grades 1-3, 31:1 in grades 4-5, 25:1 in grades 6-8 and 28:1 in grades 9-12.

### Governing Board

The District is governed by a five member Governing Board (the "Board"), whose members are elected to four-year terms. The terms are staggered on two-year intervals to provide continuity of governance. Vacancies during terms are filled by an individual appointed

by a majority of the remaining Board members or, if there is no majority, by a special election. Members appointed by a majority of the Board serve until the next scheduled election at which time the voters elect a person to serve the remaining years of the term.

<u>Name</u>	<u>Position</u>	<u>Expiration of Term</u>
Paul Carras	President	November ____
Paul Long	Vice President	November ____
Kris Wyatt	Clerk	November ____
Damian Armitrage	Member	November ____
Brian Haley	Member	November ____

The administrative staff of the District includes Scott Leaman, Superintendent; Joyce Lopes, Assistant Superintendent of Business Services; Bob Noyes, Assistant Superintendent of Personnel Services; Mary Boyle, Assistant Superintendent of Educational Services; and Cathy Allen, Assistant Superintendent of Facilities and Maintenance Services.

#### **Average Daily Attendance and Base Revenue Limit**

Between fiscal years 1998-99 and 2009-10, the District's average daily attendance ("ADA") increased by approximately \_\_\_\_%. The ADA and Base Revenue Limit for these years, as well as projections for fiscal years 2010-11 and 2011-12, are as follows:

#### **AVERAGE DAILY ATTENDANCE FISCAL YEAR 1998-99 THROUGH 2010-11 Western Placer Unified School District**

<u>Fiscal Year</u>	<u>Average Daily Attendance</u>	<u>Base Revenue Limit</u>
1998-99	2,940	\$3,885.62
1999-00	2,985	4,018.41
2000-01	3,169	4,458.69
2001-02	3,506	4,623.69
2002-03	3,592	4,725.69
2003-04	3,830	4,814.69
2006-05	4,209	4,949.27
2005-06	4,738	5,158.27
2006-07	5,334	5,525.19
2007-08	5,880	5,783.07
2008-09	6,155	6,112.07
2009-10	6,234	
2010-11	6,234	6,373.00
	<i>Projected</i>	<i>Projected</i>
2011-12	6,268	6,169.00

Source: Western Placer Unified School District

#### **Employee Relations**

In the fall of 1974, the State Legislature enacted a public school employee collective bargaining law known as the Rodda Act, which became effective in stages in 1976. The law provides that employees are to be divided into appropriate bargaining units, which are to be represented by an exclusive bargaining agent.

The California Teacher's Association serves as the exclusive bargaining agent for the teachers of the District ("Certified Employees"). The existing employment contract between the District and its Certificated Employees expires on June 30, 2012. During the 2010-11 school

year, the District employed \_\_\_\_\_ full-time Certified Employees with a total annual payroll of \$\_\_\_\_\_.

**CERTIFIED EMPLOYEES**  
**Western Placer Unified School District**

<u>School Year</u>	<u>Number of Employees</u>
2001-02	222
2002-03	233
2003-04	244
2006-05	244
2005-06	273
2006-07	312
2007-08	341
2008-09	346
2009-10	
2010-11	

Source: Western Placer Unified School District

The California School Employees Association is the exclusive bargaining agent for non-teaching employees ("Classified Employees"). The existing contract expires on June 30, 2012. During the 2010-11 school year, the District employed \_\_\_\_\_ Classified Employees with a total annual payroll of \$\_\_\_\_\_.

**CLASSIFIED EMPLOYEES**  
**Western Placer Unified School District**

<u>School Year</u>	<u>Number of Employees</u>
2001-02	165
2002-03	179
2003-04	181
2006-05	192
2005-06	217
2006-07	247
2007-08	267
2008-09	268
2009-10	
2010-11	

Source: Western Placer Unified School District

**District Retirement Systems**

The District participates in the State of California Teachers' Retirement System ("STRS"), which provides benefits to full-time Certificated Personnel.

STRS is a component unit of the State and acts as the administrator of cost-sharing, multiple-employer pension plans, a tax-deferred defined contribution plan, a Medicare Premium Payment Program, a Replacement Benefits Program, the Deferred Compensation Fund and the Retirement Program Development Fund. The State Education Code known as the Teachers' Retirement Law (Section 22000 *et. seq.*), as amended and enacted by the State Legislature established these plans and programs and STRS as the administrator. STRS provides pension benefits to California full-time and part-time public school teachers from preschool through grade fourteen and certain other employees of the public school system. Benefit provisions and all other requirements are established by State statute. Copies of STRS'

annual financial report may be obtained from their executive office: 100 Waterfront Place, West Sacramento, California 95605.

Each school district is required by statute to make monthly contributions to STRS in an amount equal to 8.25% of eligible employees' salaries. Employees are required to contribute 8.0% of eligible salary. The State is required to contribute as well.

The District also participates in the State of California Public Employees Retirement System ("PERS"), which provides benefits to full-time Classified Personnel and part-time employees who are employed more than 1,000 hours during the year.

The District was required to contribute \_\_\_\_% of gross salary expenditures to STRS during the fiscal year ended June 30, 2010. The District's PERS contribution during fiscal year ended June 30, 2010, averaged \_\_\_\_\_% of gross salary expenditures.

PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, California 95814.

Both STRS and PERS are defined benefit plans.

The District is unable to predict what the amount of State pension liabilities will be in the future, or the amount of the contributions which the District may be required to make (except as already announced). STRS and PERS liabilities are more fully described in APPENDIX B—"AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30 2010."

*STRS—Declines in Investment Return.* On July 21, 2009, STRS announced that preliminary estimates indicated that are that STRS saw a loss of 25% in fiscal year 2008-09, with its market value of assets totaling \$118.8 billion.

STRS stated that their board is working with its stakeholders to address a long-term benefits funding shortfall of \$22.5 billion as of June 30 2010, that while investment earnings are the single largest source of funds to pay benefits, the historic market declines indicate that investments alone cannot close the funding gap. STRS also stated that closing the gap would require legislative action in the future to increase contributions made by the school districts and the State.

*PERS—Declines in Investment Return.* Developments in the financial markets have resulted in a decline in investment return for fiscal year 2007-08. As indicated above, in calculating the UAAL in an actuarial valuation, the PERS actuary assumes an investment return equal to 7.75%. The actual investment return for fiscal year 2007-08, net of expenses, was negative 5.1%. Employer contribution rates are affected by the investment return in a given fiscal year in the third fiscal year that follows. Therefore, the negative 5.1% return for fiscal year 2007-08 will first be reflected in employer contribution rates applicable for fiscal year 2010-11. However, PERS had achieved double digit investment returns in each of the four fiscal years prior to fiscal year 2007-08 which exceeded the assumed rate of investment return. Through PERS 15-year smoothing of investment returns, these previous positive returns will cushion the impact that the losses will have on employer contribution rates in fiscal year 2010-11. As of June 30, 2007, with the asset smoothing method, PERS had set aside approximately

14% of the stabilization fund created by PERS in 2005. The negative 5.1% return for fiscal year 2007-08, approximately 12.9% less than the 7.75% expected rate of return, uses most of the 14% stabilization fund. The estimated impact of the negative 5.1% investment return is a decrease of up to 0.1% of payroll in expected fiscal year 2010-11 employer rates, assuming all other actuarial assumptions are realized in aggregate. The investment return for fiscal year 2008-09 will first impact employer contribution rates in fiscal year 2011-12.

On July 21, 2009, PERS released its preliminary fiscal year 2008-09 investment performance, noting a decline in the market value of its assets of 23.4% for the one year period ending June 30, 2009. It was the most severe single year decline experienced by PERS. But even with this decline, PERS reported that its long-term 20-year investment return remained at a positive 7.75%.

The District's estimated retirement contributions for the fiscal year ended 2010-11 are as follows:

**RETIREMENT CONTRIBUTIONS FOR FISCAL YEAR 2011-11**  
**Western Placer Unified School District**

	Number of Employees <u>Covered</u>	Total Employer <u>Contributions</u>	District's <u>Covered Payroll</u>	Employer Contributions as a % of Covered <u>Payroll</u>
STRS				
PERS				

Source: Western Placer Unified School District

The District's estimated retirement contributions for the fiscal year ended 201-11 are as follows:

**RETIREMENT CONTRIBUTIONS FOR FISCAL YEAR 201-11**  
**Western Placer Unified School District**

	Number of Employees <u>Covered</u>	Total Employer <u>Contributions</u>	District's <u>Covered Payroll</u>	Employer Contributions as a % of Covered <u>Payroll</u>
STRS				
PERS				

Source: Western Placer Unified School District

**Post-Employment Benefits**

In addition to the pension benefits described above, the District provides post-employment health care benefits to certificated employees, pursuant to agreements between the District and the Western Placer Teachers Association, and classified employees, pursuant to an agreement between the District and the Western Placer Classified Employees Association, on a pay-as-you-go basis. The amount and length of these benefits depends on a variety of factors, including age at retirement, length of service, and status as a certificated, classified or management employee.

The District pays the full cost of health care benefits to certificated and classified employees until they reach the age of 65 and who retired prior to June 30, 1990 and had

reached the age of 60 at the time of retirement. The full cost of benefits is limited to the amount the District was paying as of June 30, 1990. After the age of 65, the District pays 50% of the costs and the employee pays the remaining 50%. As of June 30, 2011, there were \_\_\_\_ retirees receiving benefits under these agreements and the District paid a total of \$\_\_\_\_\_ during fiscal year 2010-11 for benefits under this plan.

The District's certificated retirees who had at least 15 years of service reached a minimum age of 55 and retire after July 1, 2001 receive up to \$6,455 per year in health care benefits for a maximum of 10 years or until age 65, whichever comes first. As of June 30 2011, there were \_\_\_\_ retired employees receiving benefits under this agreement and the District paid a total of \$\_\_\_\_\_ during fiscal year 2010-11 for benefits under this plan.

The District pays up to \$2,775 per year in healthcare benefits for classified employees who had at least 15 years of service, reached age 55 and retired after July 1, 2003. These benefits cease after a maximum of five years or at age 65, whichever comes first. As of June 30 2011, there were \_\_\_\_ retired employees receiving benefits under this agreement and the District paid a total of \$\_\_\_\_\_ during fiscal year 2010-11 for benefits under this plan.

The unfunded liability of the District under these plans at June 30 2011, is estimated to be \$\_\_\_\_\_ based on the estimated lives of participants for lifetime participants and on estimated payments to age 65 or for a five year maximum, whichever comes first for other participants.

#### **Accrued Vacation and Other Obligations**

The accumulated and unpaid employee vacation for the District as of June 30 2011, was \$\_\_\_\_\_. Sick leave benefits are not recognized as a liability; however the District does allow sick leave to count for service credit in calculation of retirement benefits for certain STRS and PERS employees. See APPENDIX B-"AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30 2010."

#### **Insurance Programs**

The District maintains insurance with Schools Insurance Group, with such retentions and other terms providing coverage for property damage, fire and theft, general public liability and workers' compensation as the District believes are adequate, customary and comparable with such insurance maintained by similarly situated school districts. In addition, based upon prior claims experience, the District believes that the recorded liabilities for insured claims are adequate.

The following chart illustrates the multilevel coverage:

	<u>Liability Coverage</u> <u>Limit Per Occurrence</u>	<u>School District Deductible</u>
Schools Insurance Group	\$500,000	\$2,000
Genesis	\$500,001-5,000,000	
SELF	\$5,000,001-45,000,000	
	<u>Rate &amp; Personal Property Coverage</u> <u>Limit Per Occurrence</u>	<u>Deductible</u>
School Insurance Group	\$100,000	\$2,000
Travelers St. Paul	\$100,001-Replacement	

Worker's compensation insurance is obtained through Schools Insurance Group. The rental interruption insurance will be provided by Schools Insurance Group.

## DISTRICT FINANCIAL INFORMATION

### District Budget

The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. A district may be on either a dual or single budget cycle. The dual budget option requires a revised and readopted budget by September 8 that is subject to State-mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the county office of education, or as needed. The District is on a single budget cycle and adopts its budget on or before July 1.

For both dual and single budgets submitted on July 1, the county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, will determine if the budget allows the district to meet its current obligations and will determine if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the county superintendent will approve or disapprove the adopted budget for each school district. Budgets will be disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor or appoint a committee to examine and comment on the superintendent's recommendations. The committee must report its findings no later than August 20. Any recommendations made by the county superintendent must be made available by the district for public inspection. The law does not provide for conditional approvals; budgets must be either approved or disapproved. No later than September 22, the county superintendent must notify the Superintendent of Public Instruction of all school districts whose budget may be disapproved.

For all dual budget options and for single and dual budget option districts whose budgets have been disapproved, the district must revise and readopt its budget by September 8, reflecting changes in projected income and expense since July 1, including responding to the county superintendent's recommendations. The county superintendent must determine if the budget conforms with the standards and criteria applicable to final district budgets and not later than October 8, will approve or disapprove the revised budgets. If the budget is disapproved, the county superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1. Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.



Under the provisions of AB 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent two fiscal years. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

The following table reflects the District's general fund revenues, expenditures and fund balances from fiscal year 2008-09 through fiscal year 2011-12. Year-end general fund balances are comprised of reserved and unreserved funds, including a reserve for economic uncertainty.

**WESTERN PLACER UNIFIED SCHOOL DISTRICT**  
**General Fund Revenues, Expenditures and Fund Balance**

	2008-09 Audited	2009-10 Audited	2010-11 Estimated Actuals	2011-12 Budget
<b>REVENUES</b>				
Revenue Limit Sources:	\$ 38,620,772	\$ 34,329,129	\$ 33,078,858	\$ 32,543,770
Federal Revenue Sources	3,435,343	3,572,214	3,086,544	3,092,743
Other State Revenues	5,736,685	6,078,713	6,218,383	5,075,403
Other Local Revenues	4,412,146	3,338,199	3,159,742	3,167,220
Total Revenues	52,204,946	47,318,255	45,543,527	43,879,136
<b>EXPENDITURES</b>				
Salaries:				
Certificated Salaries	23,708,966	25,296,276	25,425,130	24,321,258
Classified Salaries	6,599,070	7,250,533	7,401,708	7,047,776
Employee Benefits	9,047,535	9,861,424	10,628,868	10,934,133
Books and Supplies	2,214,912	2,415,064	2,874,053	2,745,773
Services and Other Operating				
Expenditures	5,221,544	4,407,379	4,470,357	3,986,136
Capital Outlay	256,745	828,999	591,829	251,383
Other Outgo	1,780,962	1,634,666	1,421,895	1,422,268
Direct Support and Indirect Costs	0	0	(110,785)	(102,867)
Debt Service	64,750	60,466	0	0
Total Expenditures	48,894,484	51,754,807	52,703,057	50,605,860
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(4,889,478)	308,679	196,637	371,831
<b>CHANGE IN FUND BALANCE</b>	(1,579,016))	(4,127,873)	(6,962,893)	(6,354,893)
<b>BEGINNING FUND BALANCE</b>	20,325,328	18,746,312	14,618,439	7,655,545
<b>ENDING FUND BALANCE</b>	18,746,312	14,618,439	\$ 7,655,545	\$ 1,300,652

Source: Western Placer Unified School District.

8.2.194

## Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts.

The District's expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Delinquent taxes not received after the fiscal year end are not recorded as revenue until received. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The District's accounting is organized on the basis of fund groups, with each group consisting of a separate set of self-balancing accounts containing assets, liabilities, fund balances, revenues and expenditures. The major fund classification is the General Fund which accounts for all financial resources not requiring a special type of fund. The District's fiscal year begins on July 1 and ends on June 30.

## Financial Statements

The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. Audited financial statements for the District for the fiscal year ended June 30 2010, and prior fiscal years are on file with the District and available for public inspection at the office of the Superintendent of the District, 600 Sixth Street, Suite 400, Lincoln, California, 95648, telephone number (916) 645-6350. Copies of such financial statements will be mailed to prospective investors and their representatives upon request directed to the District at such address. The District's audited financial statements for the year ended June 30 2010, are included in Appendix B.

### COMPARATIVE FINANCIAL DATA—GENERAL FUND FISCAL YEAR ENDING JUNE 30, 2007, 2008, 2009, 2010 AND 2011 Western Placer Unified School District

#### BALANCE SHEET

	Fiscal Year Ended June 30,				
	2007	2008	2009	2010	2011
<b>ASSETS</b>					
Cash and investments:					
Accounts Receivable:					
Prepaid expenditures					
Due from other funds					
Total Assets					
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable					
TRANS Payable					
Deferred revenue					
Due to other funds					
Total liabilities					
Fund balances					
Total liabilities and fund balances					

Source: Western Placer Unified School District audited financial statements. 2011 data is unaudited.

**COMPARATIVE FINANCIAL DATA - GENERAL FUND  
FISCAL YEAR ENDING JUNE 30, 2007, 2008, 2009, 2010 AND 2011  
Western Placer Unified School District**

**INCOME AND EXPENSE STATEMENT**

	Fiscal Year Ended June 30,				
	2007	2008	2009	2010	2011
<b>REVENUES</b>					
Revenue Limit Sources:					
State Apportionments					
Local Sources					
Federal Sources					
Other State Sources					
Other Local Sources					
Total Revenues					
<b>EXPENDITURES</b>					
Certificated salaries					
Classified salaries					
Employee benefits					
Books and supplies					
Contract services and					
operating expenses					
Capital outlay					
Other outgo					
Allocation of Indirect Costs					
Debt service					
Total Expenditures					
Excess (deficiency) of					
revenues over (under)					
expenditures					
Other financing sources					
Operating transfers in					
Operating transfers out					
Total financing sources					
(uses)					
Net change in fund					
balances					
Fund Balance, July 1					
Fund Balance, June 30					

Source: Western Placer Unified School District audited financial statements. 2011 data is unaudited.

**Revenue Sources**

The District categorizes its general fund revenues into four sources: (1) revenue limit sources (consisting of a mix of State and local revenues), (2) federal revenues, (3) other State revenues and (4) other local revenues. Each of these revenue sources is described below.

*Revenue Limit Sources.* Since fiscal year 1973-74, California school districts have operated under general purpose revenue limits established by the State Legislature. In general, revenue limits are calculated for each school district by multiplying (1) the actual daily

attendance for such district by (2) a base revenue limit per unit of average daily attendance ("A.D.A."). The revenue limit calculations are adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type.

Funding of the District's revenue limit is provided by a mix of (1) local property taxes and (2) State apportionments of basic and equalization aid. Generally, the State apportionments will amount to the difference between the District's revenue limit and its local property tax revenues.

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The revenue limit sources comprised approximately \_\_\_\_% of general fund revenues in fiscal year 2010-11 and are estimated to equal approximately \_\_\_\_% of such revenues in fiscal year 2011-12.

*Federal Revenues.* The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Drug Free Schools, Education for Economic Security, and the free and reduced lunch program. The federal revenues, most of which are restricted, comprised approximately \_\_\_\_% of general fund revenues in fiscal year 2010-11 and are estimated to equal approximately \_\_\_\_% of such revenues in fiscal year 2011-12.

*Other State Revenues.* As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial other State revenues.

These other State revenues are primarily restricted revenues funding items such as the Special Education Master Plan, School Improvement Program, Economic Impact Aid, Class Size Reduction Program, home-to-school transportation and instructional materials. Other State revenues comprised approximately \_\_\_\_% of general fund revenues in fiscal year 2010-11 and are estimated to equal approximately \_\_\_\_% of such revenues in fiscal year 2011-12.

Other State revenues include the California State Lottery (the "Lottery"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Lottery revenues comprised approximately \_\_\_\_% of general fund revenues in fiscal year 2010-11 and are estimated to equal approximately \_\_\_\_% of such revenues in fiscal year 2011-12.

*Other Local Revenues.* In addition to property taxes, the District receives additional local revenues from items such as interest earnings, transportation fees, leases and rentals, special education support and other local sources. Other local revenues comprised approximately \_\_\_\_% of general fund revenues in fiscal year 2010-11 and are estimated to equal approximately \_\_\_\_% of such revenues in fiscal year 2011-12.

## **Ad Valorem Property Taxation**

Taxes are levied for each fiscal year on taxable real and personal property located in the County as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

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

Property taxes on the secured roll are due in installments, on November 1 and February 1 of each fiscal year, and if unpaid become delinquent on December 10 and April 20, respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month from the time of becoming tax delinquent to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

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

## **Assessed Valuations**

District taxes are collected by the County at the same time and on the same tax tolls as are County, city and special district taxes. Assessed valuations are the same for both District and County taxing purposes. The valuation of secured property by the County is established as of February 1, and is subsequently equalized in August of each year.

*Assessment Appeals and Reductions in Assessed Value.* In 1978, the voters of the State passed Proposition 8, a constitutional amendment to Article XIII A that allows a temporary reduction in assessed value when real property suffers a decline in value. A decline in value occurs when the current market value of real property is less than the current assessed (taxable) factored base year value as of the lien date, January 1.

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county assessment appeals board (a "Proposition 8" appeal). In addition to reductions in assessed value

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resulting from Proposition 8 appeals, Proposition 8 also allows assessors to reduce assessed value unilaterally to reflect reductions in market value.

Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), a county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. In a similar manner, a county assessor may reassert the pre-appeal level of assessed value depending on the county assessor's determination of current value.

In addition to reductions in assessed value resulting from Proposition 8 appeals, State law also allows assessors to reduce assessed value unilaterally based on a general decline in market value of an area. Although Proposition 8 reductions are temporary only for those properties that are not transferred or sold to a new owner and are expected to be eliminated under Proposition 13 if and when market conditions improve, no assurance is given that such reductions will be eliminated.

The County has been and is expected to be affected by a reduction in taxable property assessed values due to successful property owner appeals and/or unilateral reductions by the County Assessor.

The table below shows the assessed valuation in the District for fiscal years 2007-08 to 2011-12.

**HISTORIC ASSESSED VALUATIONS  
Western Placer Unified School District**

<u>Fiscal Year</u>	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Before Rdv. Increment</u>	<u>Total After Rdv. Increment</u>
2007-08	\$7,677,945,347	\$1,608,840	\$141,411,892	\$7,820,966,079	\$7,522,480,848
2008-09	7,597,074,740	1,447,670	156,594,687	7,755,117,097	7,450,543,083
2009-10	6,961,785,224	2,661,301	157,699,299	7,122,145,824	6,826,001,962
2010-11				6,611,363,686	
2011-12				6,347,953,015	

Source: California Municipal Statistics, Inc.

## Tax Rates

There are a total of 39 tax rate areas in the District. The table below summarizes the total *ad valorem* tax rates levied by all taxing entities in a typical Tax Rate Area ("TRA") within the District from fiscal year 2007-08 to fiscal 2011-12.

### DEFINITIONS AND SUMMARY OF AD VALOREM TAX RATES Western Placer Unified School District

Typical Total Tax Rates (TRA 3-002 / 2011-12 Assessed Valuation: \$ \_\_\_\_\_)

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
County-wide	1.000000%	1.000000%	1.000000%		
Western Placer Unified School District	0.013425	.014697	.017009		
Total	<u>1.013425</u>	<u>1.014697</u>	<u>1.017009</u>		

Typical Total Tax Rates (TRA 76-80 / 2011-12 Assessed Valuation: \$ \_\_\_\_\_)

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
County-wide	1.000000%	1.000000%	1.000000%		
Western Placer Unified School District	0.013425	0.014697	0.017009		
Total All Property Tax Rate	<u>1.013425</u>	<u>1.014697</u>	<u>1.017009</u>		
Nevada Irrigation District	0.003000	0.002500	0.002100		
Total Land Only Tax Rate	<u>0.003000</u>	<u>0.002500</u>	<u>0.002100</u>		

Source: California Municipal Statistics, Inc.

### Alternative Method of Tax Apportionment

The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. The Teeter Plan guarantees distribution of 100% of the general taxes levied to the taxing entities within the County, with the County retaining all penalties and interest penalties affixed upon delinquent properties and redemptions of subsequent collections. Under the Teeter Plan, the County apportions secured property taxes on a cash basis to local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency. At the conclusion of each fiscal year, the County distributes 100% of any taxes delinquent as of June 30th to the respective taxing entities. Teeter Plan was effective beginning the fiscal year commencing July 1, 1993.

The Teeter Plan is applicable to secured property tax levies. As adopted by the County, the Teeter Plan excludes Mello-Roos Community Facilities Districts, special assessment districts, and benefit assessment districts.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent fiscal year. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the

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District) for which the County acts as the tax-levying or tax-collecting agency, but penalties and interest would be credited to the political subdivisions.

### Tax Levies and Delinquencies

Beginning in 1978-79, Article XIII A and its implementing legislation shifted the function of property taxation primarily to the counties, except for levies to support prior-voted debt, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each County.

### Largest Property Owners

The following table shows the 20 largest owners of taxable property in the District as determined by secured assessed valuation in fiscal year 2011-12, representing only \_\_\_\_% of the total assessed valuation.

#### FISCAL YEAR 2011-12 LARGEST LOCAL SECURED TAXPAYERS Western Placer Unified School District

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2011-12 Assessed Valuation</u>	<u>% of Total (1)</u>
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				

Source: California Municipal Statistics, Inc.

(1) 2011-12 Local Secured Assessed Valuation: \$\_\_\_\_\_.

### Special Tax Bonds

In 2005, the District issued its Community Facilities District No. 1 Special Tax Bonds in the amount of 15,000,000 to provide funds for the purpose of paying for the acquisition and construction of certain school facilities. As of June 30 2010, the principal balance outstanding was \$14,500,000.

## **General Obligation Bonds**

In 1999, the District issued general obligation bonds in the amount of \$15,052,284, with interest rates ranging from 4.6% to 6.05%. Bond proceeds were spent to construct, repair and expand local schools. Repayment of the bonds will be made from property taxes levied.

## **Certificates of Participation**

In October 2006, the District caused the execution and delivery of \$8,000,000 2006 Series A certificates of participation with the payment to advance refund and defease outstanding certificates of participation. In November 2006, the District caused the execution and delivery of \$50,300,000 2006 Series B Certificates. The proceeds were used to finance the construction of school facilities. In June 2008, the District caused the execution and delivery of \$37,320,000 certificates of participation to refund and defease certain certificates of participation delivered in 2003, the proceeds of which were used to finance the construction of school facilities. In September 2008, the District caused the execution and delivery of \$36,725,000 certificates of participation to refund and defease certain certificates of participation delivered in 2004, the proceeds of which were used to finance the construction of school facilities. In November 2009, the District caused the execution and delivery of \$\_\_\_\_\_ certificates of participation to refund and defease certain certificates of participation delivered in \_\_\_\_\_, the proceeds of which were used to finance the construction of school facilities. The proceeds of the Certificates of this issue will be used to refund and fix the interest rates allocable to the 2006 Certificates.

## **Tax and Revenue Anticipation Notes**

While the District has historically issued tax and revenue anticipation notes to meet cash flow deficits, the District did not issue notes in 2011.

## **Capitalized Lease Obligations**

The District leases various buildings and equipment under agreements that have been capitalized and recorded as long term liabilities in the financial statements. The District will receive no sublease rental revenues nor pay any contingent rentals for this equipment.

## **Overlapping Debt**

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and effective \_\_\_\_\_, 2011. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the District; (2) the second column shows the respective percentage of the assessed valuation of the overlapping public agencies identified in column 1 which is represented by property located in the District; and (3) the third column is an apportionment of the dollar

amount of each public agency's outstanding debt (which amount is not shown in the table) to property in the District, as determined by multiplying the total outstanding debt of each agency by the percentage of the District's assessed valuation represented in column 2.

**STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT  
Western Placer Unified School District**

Source: California Municipal Statistics, Inc.

**THE ECONOMY OF THE DISTRICT**

*The District encompasses most of the territory of the City as well as adjacent unincorporated areas of the County. The following economic data for the City and the County are presented for information purposes only. The Certificates are not a debt or obligation of the City or the County.*

**General**

The City was founded by miners in 1859 and incorporated on August 7, 1890 as a general law city. The City is located in California's Sacramento Valley, near the foothills of the Sierra Nevada mountains, about 27 miles northeast of Sacramento and 112 miles east of San Francisco.

State Highway 65 is one of the region's primary transportation corridors, and it merges with Interstate 80 at an interchange system located near Roseville. From the interchange, the highway extends northerly through the cities of Roseville and Rocklin to the nearby City of Lincoln. Lincoln has been the focus of significant new development in recent years, and substantial residential and commercial development is proposed for the City and nearby project areas in the future.

## Population

The table below shows the recent population growth for the City and the County. The population of the City in 2011 was \_\_\_\_\_, approximately \_\_\_\_\_% of the population of the County.

### POPULATION OF LINCOLN AND PLACER COUNTY 2000-2011

Year	City of Lincoln	Placer County
2000	11,205	248,399
2001	13,623	258,804
2002	16,632	271,384
2003	19,736	284,191
2006	23,125	296,735
2005	27,018	307,987
2006	33,325	318,026
2007	37,124	326,107
2008	39,300	333,766
2009	40,060	339,577
2010		
2011		

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and the State, 2001-2011, with 2000 Benchmark. Sacramento, California, May 2009.

## Employment

In recent years, new employment opportunities have been created in Lincoln and the nearby cities of Roseville and Rocklin. As a result, the area has become more balanced relative to jobs and housing and less economically dependent on employment opportunities and services provided by adjacent Sacramento County. Hewlett-Packard has a large campus in nearby Roseville and Oracle has a large facility in Rocklin. The United Auburn Indian Community opened the Thunder Valley Casino, located between Roseville, Rocklin and Lincoln, in the summer of 2003. The casino and associated resort is expected to bring over 2,000 new jobs to the area Pacific Industries, Del Webb/Sun City, Solectron (which has 1,000 employees and repairs and refurbishes computer hardware for Hewlett Packard) and Horizon Instructional Services.

The following table summarizes wage and salary employment in the County from 2003 to 2007. Retail trade and services are the largest employment sectors in the County. A growing employment sector is manufacturing. The increase in manufacturing employment is due in part to the local growth of the electronics industry.

**ANNUAL AVERAGE WAGE AND SALARY EMPLOYMENT**  
**Placer County**  
**2003-2007**

Industry	Employment (1)				
	2003	2004	2005	2006	2007 (2)
Agriculture	500	600	600	400	400
Construction	16,600	16,800	16,800	16,100	15,000
Manufacturing	8,800	9,400	9,200	8,900	8,600
Transportation & Public Utilities	24,600	25,400	26,400	28,500	29,200
Wholesale Trade	2,900	3,100	3,300	3,900	4,000
Retail Trade	19,100	19,600	20,400	21,600	22,100
Financial Activities	9,200	10,000	11,000	11,500	11,500
Professional and Business Services	13,800	13,900	14,600	14,600	14,300
Government	20,900	21,400	20,000	20,300	20,500
Total	129,900	134,700	137,300	140,100	141,400

Source: California Employment Development Department, based on March 2008 benchmark.

- (1) Employment is reported by place of work; it does not include persons involved in labor-management disputes. Figures are rounded to the nearest hundred. Columns may not add to totals due to rounding.  
(2) Latest available full-year data

The following table summarizes civilian labor force, employment, and unemployment in the County from 2004 to 2008. The unemployment rate in the County in 2008 was 6.5%. In contrast, the average unemployment rate in California in 2008 was 7.2%.

**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**  
**Placer County**  
**Annual Averages, 2004-2008**

Year	Civilian Labor Force	Employed Labor Force (1)	Unemployed Labor Force (2)	Unemployment Rate (3)
2004	159,100	151,500	7,600	4.8%
2005	165,100	158,000	7,200	4.3
2006	170,600	163,400	7,100	4.2
2007	174,300	166,000	8,300	4.8
2008	176,200	164,700	11,500	6.5

Source: California Employment Development Department, based on March 2009 benchmark.

- (1) Includes persons involved in labor-management trade disputes.  
(2) Includes all persons without jobs who are actively seeking work.  
(3) The unemployment rate is computed from unrounded data, therefore, it may differ from rates computed from rounded figures in this table.

## Major Employers

The largest employers in the County are as follows:

### LARGEST EMPLOYERS County of Placer

Employer	Location	Business
Alpine Meadows	Alpine Meadows	Skiing Centers & Resorts
Auburn Area Answering Svc	Auburn	Paging & Answering Service
Cetch Mobile Svc	Roseville	Internet Svcs-Network Designers/Conslnt
Club Cruise Inc	Roseville	Travel Agencies & Bureaus
Coherent Electrons Sales & Svc	Auburn	Physicians & Surgeons Equip & Supls-Mfrs
Coherent Inc	Auburn	Lasers-Medical-Manufacturers
Food Stamps	Auburn	County Government-Social/Human Resources
Formica Corp	Rocklin	Plastics-High Pressure Laminates (Mfrs)
Hewlett-Packard	Roseville	Computer Services
Kaiser Permanente Laser Vision	Roseville	Laser Vision Correction
Nec Electronics USA Inc	Roseville	Semiconductor-Mfrs' Equip/Supls (Whls)
Oracle	Rocklin	Computer Software
Placer County Human Svc	Auburn	County Government-Social/Human Resources
Placer County Sheriff	Auburn	Sheriff
Placer County Superintendent	Auburn	Schools
Placer County Welfare To Work	Auburn	County Government-Social/Human Resources
Resort at Squaw Creek	Olympic Valley	Resorts
Roseville Toyota Scion	Roseville	Automobile Dealers-New Cars
Sheriff's Training	Auburn	Sheriff
Sierra Community College Dist	Rocklin	Schools-Universities & Colleges Academic
Sure West Communications	Roseville	Telephone Companies
Sutter Auburn Faith Hospital	Auburn	Hospitals
Sutter Roseville Medical Ctr	Roseville	Hospitals
Thunder Valley Casino	Lincoln	Casinos
United Natural Foods	Rocklin	Food Products-Retail

Source: InfoUSA 2009 report.

## Commercial Activity

Taxable sales in the City and County are shown below.

### TAXABLE SALES, 2003-2007 City of Lincoln (in thousands)

	Taxable Sales (\$000)				
	2003	2004	2005	2006	2007 (1)
Retail Stores	\$ 61,386	\$ 74,046	\$ 93,634	\$136,743	\$174,226
Total Outlets	106,532	131,654	173,875	199,742	230,842

### TAXABLE SALES, 2003-2007 Placer County (in thousands)

	Taxable Sales (\$000)				
	2003	2004	2005	2006	2007 (1)
Retail Stores					
Apparel Stores	\$ 151,425	\$ 182,781	\$ 194,547	\$ 193,880	\$ 193,281
General Merchandise	654,898	692,463	738,097	760,162	752,994
Specialty Stores (2)	585,236	630,218	696,905	70,366	-
Food Stores	256,357	256,228	276,490	912,116	283,587
Eating and Drinking	418,410	464,769	504,728	534,059	556,057
Household Group	168,596	205,139	228,056	260,136	270,218
Building Material Group	403,768	467,430	480,570	482,012	463,873
Automotive Group	1,691,680	1,888,201	2,157,160	2,225,508	1,622,982
Service Stations (3)	-	-	-	0	624,166
All Other Retail Stores	208,976	236,924	262,784	272,659	786,349
Retail Stores Totals	4,539,346	5,024,153	5,539,337	5,710,898	555,347
Business & Personal Services	214,001	212,581	213,040	226,394	206,539
All Other Outlets	1,220,471	1,358,832	1,480,191	1,593,933	1,671,419
Total All Outlets	\$5,973,818	\$6,595,566	\$7,232,568	\$7,803,884	\$7,431,405

Source: California Board of Equalization.

(1) Latest available full-year data.

(2) Starting in 2007, category included in "Other retail stores."

(3) Starting in 2007, category broken out from "Automotive Group."

## GENERAL SCHOOL DISTRICT FINANCIAL INFORMATION

### State Funding of Education and Recent State Budgets

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

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. None of the Districts, the Authority, the Financial Advisor or the Underwriter is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

*The Budget Process.* The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "Governor's Budget"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a two-thirds majority vote of each House of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

*Tax Shifts and Triple Flip.* Assembly Bill No. 1755 ("AB 1755"), introduced March 10, 2003 and substantially amended June 23, 2003, requires the shifting of property taxes between redevelopment agencies and schools. On July 29, 2003, the Assembly amended Senate Bill No. 1045 to incorporate all of the provisions of AB 1755, except that the Assembly reduced the amount of the required ERAF shift to \$135 million. Legislation commonly referred to as the "Triple Flip," was approved by the voters on March 2, 2004, as part of a bond initiative formally known as the "California Economic Recovery Act." This act authorized the issuance of \$15 billion in bonds to finance the 2002-03 and 2003-04 State budget deficits, which are payable from a fund established by the redirection of tax revenues through the "Triple Flip." Under the "Triple Flip", one-quarter of local governments' 1% share of the sales tax imposed on taxable transactions within their jurisdiction are redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation redirects property taxes in the ERAF to local government. Because the ERAF monies were previously earmarked for schools, the legislation provides for schools to receive other State general fund revenues. It is expected that the swap of sales taxes for property taxes would terminate once the deficit financing bonds were repaid, which is currently expected to occur in approximately 9 to 13 years.

*State IOUs and Deferrals of Education Funding.* As a result of declines in State revenues commencing in fiscal years 2008-09, commencing July 2, 2009, the State Controller began to issue registered warrants (or "IOUs") for certain lower priority State obligations in lieu of warrants (checks) which could be immediately cashed. The registered warrants, the issuance of which did not require the consent of recipients, bore interest. With enactment of an amended budget in late July 2009, the State was able to call all its outstanding registered warrants for redemption on September 4, 2009. The issuance of state registered warrants in 2009 was only the second time the State has issued state registered warrants to such types of state creditors since the 1930s. To better manage its cash flow in light of declining revenues, the State has



enacted several statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year, in order to more closely align the State's revenues with its expenditures. This technique has been used several times through the enactment of budget bills in fiscal years 2008-2009, 2009-2010 and 2010-11. Some of these statutory deferrals were made permanent, and others were implemented only for one fiscal year. Fiscal stress and cash pressures currently facing the State may continue or become more difficult, and continuing declines in State tax receipts or other results of the current economic recession may materially adversely affect the financial condition of the State. The Department of Finance has projected that multi-billion dollar budget gaps will occur annually for several years in the future.

#### *2011-12 State Budget.*

2011-12 Proposed State Budget. On January 10, 2011, Governor Jerry Brown announced a budget proposal to bridge the State's estimated \$28 billion budget deficit. The proposed budget delivered cuts across a wide spectrum of programs, calling for \$84.6 billion in general fund spending in fiscal 2012, down from about \$92.2 billion in 2010-11. At the same time, the Governor's budget plan proposed asking voters to approve a five-year extension of temporary income, sales and vehicle taxes before they expire at the end of June 2011 in a proposed special statewide election to be held in June, 2011. Governor Brown's proposed budget includes cuts to welfare programs, health care programs for the poor and higher education. In addition, the proposal included the elimination of California redevelopment agencies and re-directing property tax revenues from redevelopment to cities, counties and schools. Cuts to K-12 education were not included, unless the tax extensions are not approved at a special June election.

Following the introduction of the 2011-12 Budget, the Legislature passed and the Governor signed budget bills which include \$1.7 billion in reductions to services and coverage under Medi-Cal, \$1 billion in reductions to CalWORKs (a low income financial and employment assistance program), \$1.1 billion in cuts to higher education, \$1 billion in cuts to First 5 (an early childhood program), \$862 million in cuts to mental health programs, and \$192 million in cuts to Supplemental Security Income and State Supplementary Payments for low-income disabled and elderly residents. The Governor was unable to obtain the votes of the California Legislature needed to call a special statewide election in June for voters to consider the tax extensions included in the Governor's proposed 2011-12 Budget.

May Revision. On May 16, 2011, the Governor introduced the May Revision to the 2011-12 Budget to the Legislature. The May Revision assumes \$6.6 billion more in tax revenue through June 2012, reducing the possible deficit to \$9.6 billion and providing education funding at a level at least equal to 2010-11 funding, continues to propose the extension of sales and vehicle taxes for five years, but shortens the income tax extension to four years, maintains the plan to eliminate redevelopment agencies, tightens rules for job-creation tax credits in enterprise zones, eliminates 43 boards and commissions and sells numerous "nonessential" properties. June 15, 2011 is the constitutional deadline for the Legislature to pass a 2011-12 budget bill, although historically, passage frequently occurs after such deadline.

LAO Report. The LAO's May 19, 2011 report on the Governor's May Revision concludes that the Governor's budget estimates in the May Revision are based on reasonable assumptions. However, the LAO notes, school districts, counties and the State face uncertainty as to funding levels in the fiscal year because the Governor's revenue assumptions rely on the extension of temporary increases in personal income tax, sales and use tax and vehicle license fees to be approved by the voters. The LAO deems the Governor's proposals worthy of legislative consideration, noting that in past budgets the State was unable to make

significant inroads into its underlying operating shortfall due to a reliance on one-time and short-term solutions; whereas, this year, an estimated \$6.6 billion improvement in state tax collections, and \$13 billion in budgetary solutions already adopted by the Legislature, puts the State in the position to dramatically reduce its budget problem in coming years.

**2011-12 Budget Adopted.** On June 28, 2011, a majority of each house of the California State Legislature passed an \$86 billion general fund State Budget that closes the State's remaining \$9.6 billion deficit. The 2011-12 Budget relies on \$4 billion in additional revenue, which if not realized, will automatically force further cuts to universities, welfare, and schools. If projected revenues fall short of expectations by more than \$1 billion, an additional \$600 million in cuts to higher education, health and human services and public safety would be implemented beginning in January 2012. If projected revenues fall short by more than \$2 billion, an additional \$1.9 billion in education reductions would be implemented – shortening the school year by 7 days, eliminating the home-to-school transportation program and reducing community college apportionments. The 2011-12 Budget is also premised on \$2.8 billion in deferrals to K-12 schools and community colleges and \$1.7 billion in a controversial plan to extract funds from redevelopment agencies. The University of California and California State University will be cut by another \$150 million each, as will state courts. Another \$650 million in new revenues will come from enforcement of sales taxes collected by online merchants, rural fire fees, and a \$12 car registration fee. The 2011-12 Budget was signed by Governor Brown on June 30, 2011. The Governor was unable to obtain the votes of the California Legislature needed to call a special statewide election for voters to consider the tax extensions included in the Governor's proposed 2011-12 Budget, and it remains unclear when and if he will attempt again to call such a special election.

Information about State budgets is regularly available at various State-maintained websites. See: [www.dof.ca.gov](http://www.dof.ca.gov), under the heading "California Budget." Additionally, an impartial analysis of the budget is posted by the Office of the Legislative Analyst at [www.lao.ca.gov](http://www.lao.ca.gov). The information referred to is prepared by the respective State agency maintaining each website and not by the Board, and the Board takes no responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

**Uncertainty Regarding Future State Budgets.** The Districts cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and state economic conditions and other factors over which the Districts have no control. The Districts cannot predict what impact any future budget proposals will have on the financial condition of the Districts. To the extent that the State budget process results in reduced revenues to the Districts, the Districts will be required to make adjustments to its budgets.

#### **State Funding of Schools Without a State Budget**

On May 29, 2002, the Court of Appeal of the State for the Second Appellate District in *White v. Davis et al.* (combined with *Howard Jarvis Taxpayers Association et al. v. Westly* in appeal) held, among other things, that absent adoption of a budget bill or an emergency appropriation by the Legislature, the State Controller may disburse State funds authorized by (a) a continuing appropriation enacted by the Legislature, (b) a self-executing provision of the State Constitution, including payment of certain funds for public schools under Article XVI, section 8.5 of the State Constitution, and (c) mandate of federal law, such as prompt payment of minimum wage and overtime compensation mandated by the federal Fair Labor Standards Act and benefits under federal food stamp, foster care and adoption, child support and child welfare programs. The Court of Appeal specifically concluded that Article XVI, section 8.0 of

the State Constitution does not constitute a self-executing authorization to disburse revenue limit apportionment to school districts; legislative appropriation is required for revenue limit disbursement. On May 1, 2003, the California Supreme Court in its decision in *White v. Davis et al* granted review to two other matters and let these particular conclusions of the Court of Appeal stand without ruling on them.

During the 2003-04 State budget impasse, the State Controller announced that only "payments of prior year obligations, constitutional authorizations, federal mandates and continuous legislative appropriations would be made." The State Controller concluded that revenue limit apportionments to school districts, under provisions of the California Education Code implementing Article XVI, section 8 of the State Constitution, are authorized as continuous legislative appropriations, so disbursed these funds without a budget bill or emergency appropriation enacted. The State Controller did not disburse certain categorical and other funds to school districts until the 2003-04 Budget Act was enacted.

### **Basic Aid Districts**

In the event that a school district's property tax revenue exceeds its calculated revenue limit entitlement, that school district retains all of its property tax revenue, and State apportionments to that district are limited to the minimum "basic aid" amount of \$120 per A.D.A. set forth in the Constitution. Currently the State allocates basic aid funding within categorical entitlements that would have been received in any event. Such districts are commonly known as "Basic Aid Districts." While District is *not* a Basic Aid district, it does receive "Basic Aid Supplement Charter School Adjustment" moneys in excess of the revenue limit.

### **State Funding of School Construction**

The State makes funding for school facility construction and modernization available to K-12 districts throughout the State through the Office of Public School Construction ("OPSC") and the State Allocation Board ("SAB"), from proceeds of State general obligation bonds authorized and issued for this purpose. Such bonds were authorized in the amount of \$13.05 billion, \$11.40 billion of which were for K-12 school facilities and \$1.65 billion of which were for higher education facilities, on November 5, 2002 under Proposition 47, passed by 58.9% of the State-wide vote. An additional bond measure for education capital projects was approved on March 2, 2006 under Proposition 55, passed by 50.6% of the State-wide vote, in an authorization amount of \$12.3 billion, \$10.0 billion of which is for K-12 school facilities and \$2.3 billion of which is for higher education facilities. A State general obligation bond measure that includes \$7.329 billion for construction, modernization and related purposes for K-12 school districts was approved by a majority of voters in the November 7, 2006 State-wide election.

The SAB allocates bond funds for 50% of approved new construction costs, 60% of approved modernization costs (80% for modernization project applications made prior to February 1, 2002), or up to 100% of approved costs of any type if the school district is approved for "hardship" funding. The school district is responsible for the portion of costs not funded by the State, commonly funding their portion with their own general obligation bonds, certificates of participation or accumulated builder's fee revenue. School districts routinely apply for such funding whenever they have projects they believe meet OPSC and SAB criteria for funding.

## **State Retirement Programs**

School districts participate in the State of California Teachers Retirement System ("STRS"). STRS covers all full-time and most part-time employees with teaching certificates. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to California public schools. School districts also participate in the State of California Public Employees Retirement System ("PERS"). PERS covers all classified personnel, generally those employees without teaching must be at least 50 years old and have had five years of covered PERS service as a public employee.

Contribution rates to PERS varies with changes in actuarial assumptions and other factors, such as changes in benefits and investment performance, and are set by a State retirement board for PERS. The contribution rates are set by statute for STRS at a constant 8.25% of salary. STRS has a substantial Statewide unfunded liability. Under current law, the liability is the responsibility of the State and not of individual school districts. See "DISTRICT INFORMATION" for information regarding the District's contributions to these retirement systems.

## **County Office of Education**

In each county there is a county superintendent of schools (the "County Superintendent") and a county board of education. The Office of the County Superintendent, frequently known as the "County Office of Education" (the "County Office") in each county provides the staff and organization that carries out the activities and policies of the County Superintendent and county board of education for that county.

County Offices provide instructional and support services to school districts within their counties, and various State mandated services county-wide, particularly in special education and juvenile court education services. County Office business services departments act as a control point for a variety of information, including pupil data collection, attendance accounting, teacher credential registration, payroll accounting, retirement and tax information and school district budgets, and also report such information to the State Department of Education. All school district budgets must be approved by their County Office and each district must provide its County Office with scheduled interim reports throughout the fiscal year. County Offices also act as enforcement entities which intervene in district fiscal matters should a district fail to meet State budget and reporting criteria.

The District is under the jurisdiction of, and is served by, the County Office for Placer County.

## **School District Budget Process**

School districts are required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. School districts' annual general fund expenditures are characterized in large part by multi-year expenditure commitments such as union contracts. Year-to-year fluctuations in State and local funding of school district general funds could result in revenue decreases which, if large enough, may not easily be offset by an equal reduction in expenditures until at least the following fiscal year. School districts are required by State law to maintain general fund reserves which can be drawn upon in the event of a resulting excess of expenditures over revenues for a given fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

School districts must adopt a budget no later than June 30 of each year. The budget must be submitted to the County Superintendent within five days of adoption or by July 1, whichever occurs first. A district may be on either a dual or single budget cycle. The dual budget option requires a revised and readopted budget by September 1 that is subject to State mandated standards and criteria. The revised budget must reflect changes in projected income and expenses subsequent to July 1. The single budget is only readopted if it is disapproved by the County Superintendent, or as needed. Under either procedure, the school board must revise its adopted budget within 45 days after the Governor signs the State budget act to reflect any changes in budgeted revenues or expenditures made necessary by the adoption of the State's budget.

For both dual and single budgets submitted on July 1, the County Superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations and is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. On or before August 15, the County Superintendent will approve or disapprove the adopted budget for each school district. Pursuant to State law, the county superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved.

Subsequent to approval, the County Superintendent throughout the fiscal year is authorized to monitor each school district under his or her jurisdiction pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If a County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's governing board of the determination and the County Superintendent may do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) develop and impose, after also consulting with the district's board, revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the County Superintendent may not abrogate any provision of any collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

At minimum, school districts are required by statute to file with their County Superintendent and the State Department of Education a First Interim Financial Report by December 15th covering financial operations from July 1 through October 31st, and a Second Interim Financial Report by March 15th covering financial operations from November 1 through January 31st. Section 42131 of the Education Code requires that each interim report be certified by the school board as either (a) "positive," certifying that the district, "based upon current projections, will meet its financial obligations for the current fiscal year and subsequent two fiscal years," (b) "qualified," certifying that the district, "based upon current projections, may not meet its financial obligations for the current fiscal year or two subsequent fiscal years," or (c) "negative," certifying that the district, "based upon current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year." A certification by a school board may be revised by the County Superintendent. If either the First or Second Interim Report is not "positive," the County Superintendent may require the district to provide a Third Interim Financial Report by June 1st covering financial operations from February 1st through April 30th. If not required, a Third Interim Financial Report generally is not prepared (though may be at the election of the district). Each interim

report shows fiscal year to date financial operations and the current budget, with any budget amendments made in light of operations and conditions to that point. After the close of the fiscal year, an unaudited financial report for the fiscal year is prepared and filed without certification with the County Superintendent and the State Department of Education.

### **Temporary Inter-fund Borrowing**

The Education Code generally authorizes a school district to temporarily transfer cash from a specific purpose fund to any other district fund by district board action, including transfer of cash from proceeds of general obligation bonds; *provided that*, (a) the transferred cash is repaid to the original fund within the same fiscal year or (b), if transferred within the final 120 days of a fiscal year, then repaid to the original fund within the following fiscal year. However, depending on the circumstances of a particular such transfer, other State law, grant or contractual restrictions, or in the case of proceeds of tax-exempt obligations, federal tax law, may apply and may further restrict the use of such cash.

### **Accounting Practices**

The accounting policies of California school districts conform to generally accepted accounting principles, as modified in accordance with policies and procedures of the California School Accounting Manual. This manual, pursuant to Section 41010 of the Education Code, is to be followed by all California school districts. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred. See also "Notes to Financial Statements - Note 1" in Appendix B for further discussion of applicable accounting policies.

### **County Investment Pool**

In accordance with Education Code Section 41001, each California public school district maintains substantially all of its operating funds in the county treasury of the county in which it is located, and each county treasurer or finance director serves as *ex officio* treasurer for those school districts located within the county. Each county treasurer or finance director has the authority to invest school district funds held in the county treasury. Generally, the county treasurer or finance director pools county funds with school district funds and funds from certain other public agencies and invests the cash. These pooled funds are carried at cost. Interest earnings are accounted for on either a cash or accrual basis and apportioned to pool participants on a regular basis.

Each county treasurer is required to invest funds, including those pooled funds described above, in accordance with Government Code Sections 53601 *et seq.* and 53635 *et seq.* In addition, each county treasurer is required to establish an investment policy which may impose further limitations beyond those required by the Government Code. See "PLACER COUNTY INVESTMENT POOL."

### **RISK FACTORS**

*The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Certificates. The discussion below does not purport to be, nor should it be construed to be, complete nor a summary of all factors which may affect the financial condition of the District, the District's ability to make Lease Payments in the future, the effectiveness of any remedies that the Trustee may have or the circumstances under which Lease Payments may be*

*abated, and the order in which this information is presented does not necessarily reflect the relative importance of various risks.*

*No representation is made as to the future financial condition of the District. Payment of the Lease Payments is a general fund obligation of the District and the ability of the District to make Lease Payments may be adversely affected by its financial condition as of any particular time. Potential investors in the Certificates are advised to consider the following factors, among others, and to review this entire Official Statement to obtain information essential to the making of an informed investment decision. Any one or more of the risk factors discussed below, among others, could lead to a decrease in the market value and/or in the marketability of the Certificates or the ability of the District to make Lease Payments. There can be no assurance that other risk factors not discussed herein will not become material in the future.*

### **Lease Payments Not District Debt**

Lease Payments and other payments due under the Lease Agreement (including payment of costs of repair and maintenance of the Property, utility charges, taxes and other governmental charges and assessments levied against the Property) are not secured by any pledge of taxes or other revenues of the District. In the event that the District's general fund revenues are less than its total obligations, the District may choose to fund other costs or expenses before making Lease Payments.

The obligation of the District to make Lease Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. Neither the Certificates nor the obligation of the District to make Lease Payments under the Lease Agreement constitute a debt of the District, the Corporation or the State or any political subdivisions thereof within the meaning of any Constitutional or statutory debt limitation or restriction or an obligation for which the Corporation or the District is obligated to levy or pledge any form of taxation or for which the Corporation or the District has levied or pledged any form of taxation.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the District, the District is obligated under the Lease Agreement to pay Lease Payments from legally available funds and the District has covenanted in the Lease Agreement that, for so long as the Property is available for its use, it will make the necessary annual appropriations within its budget for all Lease Payments owed under the Lease Agreement. The District is currently liable on other obligations payable from general revenues. See "DISTRICT FINANCIAL INFORMATION."

### **Additional Obligations**

The District may enter into additional obligations which constitute charges against its general revenues. To the extent that additional obligations are incurred by the District, the funds available to make Lease Payments may be decreased.

### **Limited Recourse on Default**

In the event of a default under the Lease Agreement, there is no available remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement. The District will only be liable for Lease Payments on an annual basis, and the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against public agencies in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest, as described below.

If the District defaults on its obligation to make Lease Payments, the Trustee, as assignee of the Corporation, may retain the Lease Agreement and hold the District liable for all Lease Payments on an annual basis and will have the right to re-enter and re-let the Property. Such re-entry and re-letting shall not automatically effect a surrender of the Lease Agreement. In the event the Property is re-entered by reason of a default in Lease Payments or for any other reason, there can be no assurance that the Property can be re-let for a net amount equal to the then-due Lease Payments.

The enforcement of any remedies provided in the Lease Agreement and Trust Agreement could prove both expensive and time-consuming. In addition to the limitation on remedies contained in the Lease Agreement and the Trust Agreement, the rights and remedies provided in the Lease Agreement and the Trust Agreement may be limited by and are subject to provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principals that may affect the enforcement of creditors' rights and the limitation on remedies against public agencies in California.

The Trustee is not empowered to sell the Property for the benefit of the Certificate owners. See APPENDIX A—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT."

#### **Loss of Tax Exemption**

In the opinion of the Special Counsel, the Certificates constitute governmental obligations under the Code. The District has covenanted to comply with Code restrictions relating to use of Certificate proceeds, reserve fund funding requirements, investment yield limitations and rebate requirements, federal guarantee prohibitions and registration requirements so that interest with respect to the Certificates is excludable from gross income for federal income tax purposes. However, in the event the District fails to comply with any of these covenants, interest with respect to the Certificates may become includable in gross income for federal income tax purposes, retroactive to the date of issuance.

#### **Abatement**

*Use and Possession of the Property.* The obligation of the District under the Lease Agreement to pay Lease Payments is in consideration for the use and possession of the Property. The obligation of the District to make Lease Payments (other than to the extent that funds to make Lease Payments are then available in the Lease Payment Fund and the Reserve Fund) may be abated in whole or in part if the District does not have full use and possession of the Property. Lease Payments due under the Lease Agreement shall be abated during any period in which, by reason of material damage, destruction or condemnation, there is substantial interference with the use and right of possession by the District of the Property, or a material portion thereof. Such abatement shall continue for the period commencing with the date of such damage, destruction or condemnation and ending with the restoration of the affected portion of the Property to a condition which will permit the affected portion of the Property to be used substantially as intended. The District is obligated to maintain rental interruption insurance for coverage of a 24-month period. There will be no abatement of Lease Payments so long as proceeds of the District's rental interruption insurance are available and there are amounts in the Reserve Fund available to make Lease Payments when and as due. Abatement of Lease Payments is not a default under the Lease Agreement and does not permit the Trustee to take any action or avail itself of any remedy against the District. See APPENDIX A—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—LEASE AGREEMENT."



*Damage or Destruction; Eminent Domain.* If damage or destruction or eminent domain proceedings with respect to any item or portion of the Property result in abatement or adjustment of Lease Payments and the resulting Lease Payments, together with moneys in the Reserve Fund (and in the event of damage or destruction, together with rental interruption insurance proceeds or casualty insurance proceeds, if any), are insufficient to make all payments of principal and interest due with respect to the Certificates during the period that the Property is being replaced, repaid or reconstructed, then such payments of principal and interest, may not be made in full and no remedy is available to the Trustee or the owners of the Certificates under the Lease Agreement or Trust Agreement for nonpayment under such circumstances.

### **H1N1 Influenza**

In spring 2009, the World Health Organization and the U.S. Department of Health and Human Services (through the Secretary of the Department of Homeland Security), declared public health emergencies as the result of outbreaks of a serious strain of H1N1 influenza or flu. The outbreaks occurred initially in Mexico and shortly thereafter in the United States, and have since spread to countries around the world. This strain apparently is the first to be communicable from human-to-human, and thus poses a potential risk of an international influenza pandemic. Travel restrictions, as well as other public health measures, may be imposed to limit the spread of this flu. On October 25, 2009 President Obama signed a proclamation declaring the H1N1 influenza a national emergency, giving physicians and medical facilities greater leeway in responding to the flu pandemic. The District is unable to predict how serious this situation may become, and has not yet quantified the effect it may have on revenues of the District and if that effect could be material.

### **Absence of Earthquake and Flood Insurance**

The obligation of the District to make Lease Payments may be adversely affected if the Property is damaged or destroyed by natural hazard such as earthquake or flood. The District, however, is not obligated under the Lease Agreement to procure and maintain, or cause to be maintained, earthquake or flood insurance on the Property.

All building components of the Property were constructed under the standards of the "Field Act" (California State Building Code, Title 24). The Field Act requires substantially higher construction standards for public schools and hospitals than are required for other types of construction. The Field Act requires that building systems be capable of withstanding seismic forces from the "most credible" earthquake likely to occur in the vicinity of the building system being constructed.

### **Bankruptcy**

The District is a unit of State government and therefore is not subject to the involuntary procedures of the United States Bankruptcy Code (the "Bankruptcy Code"). However, pursuant to Chapter 9 of the Bankruptcy Code, the District may seek voluntary protection from its creditors for purposes of adjusting its debts.

In the event the District were to become a debtor under the Bankruptcy Code, the District would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding and an owner of a Certificate would be treated as a creditor in a municipal bankruptcy. Among the adverse effects of such a bankruptcy would be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until

relief is granted, would prevent collection of payments from the District or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the District; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the occurrence of unsecured or court-approved secured debt which may have a priority of payment superior to that of secured debt which may have a priority of payment superior to that of owners of Certificates; and (iv) the possibility of the adoption of a plan for the adjustment of the District's debt (a "Plan") without the consent of all of the owners of Certificates, which Plan may restructure, delay, compromise or reduce the amount of the claim of the owners if the Bankruptcy Court finds that the Plan is fair and equitable. In addition, the Bankruptcy Code would invalidate any provision of the Certificates which makes the bankruptcy or insolvency of the District an event of default. With the exception of the provisions contained in the Plan, a Bankruptcy Court could not impose restrictions on the District's power or its property without the consent of the District.

### **Redemption Provisions**

The Certificates are subject to extraordinary and optional redemption. See "THE CERTIFICATES—Redemption."

### **State Law Limitations on Appropriations**

Article XIII B of the California Constitution limits the amount that local governments can appropriate annually. The District's ability to make Lease Payments may be affected if the District should exceed its appropriations limit. The District does not anticipate exceeding said limit in the foreseeable future, as a result of procedures whereby the State may increase the District's appropriation limit by decreasing the State's limit by an equal amount. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

### **California Economy**

Like all California school districts, the District receives a significant portion of its funding from appropriations by the State. See "DISTRICT FINANCIAL INFORMATION—State Funding of Education and Revenue Limitations." As a result, decreases in the revenues received by the State could affect appropriations made by the State to the District and other school districts within California. A deterioration of California's economy could negatively affect the State's receipt of taxes and other revenues and, possibly, appropriations by the State to the District and other California school districts.

### **Property Values**

The fee estate will not be assigned to the Trustee but, rather, the rights of the Corporation under the Lease Agreement, which is for a limited term, will be assigned to the Trustee. See APPENDIX A—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—ASSIGNMENT AGREEMENT." Thus, the value of the real property constituting the Property and the buildings and improvements thereon are not necessarily an accurate measure of the value of the interest in the Lease Agreement assigned to the Trustee.

### **Geologic, Topographic and Climatic Conditions**

The value of the Property in the future can be adversely affected by a variety of additional factors, particularly those which may affect the continued use and occupancy of the Property. Such additional factors include, without limitation, geologic conditions such as earthquakes and volcanic eruptions, topographic conditions such as earth movements,

landslides and floods and climatic conditions such as droughts and tornadoes. It can be expected that one or more of such conditions may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost or because repair or replacement will not facilitate use or occupancy or because other considerations preclude such repair or replacement. Under any of these circumstances, the value of the Property so affected may well depreciate or disappear.

### **Hazardous Substances**

One of the most serious risks in terms of the potential reduction in the value of a property is a claim with regard to a hazardous substance. In general, the owners and operators of a parcel of real property may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Super-fund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should the Property be affected by a hazardous substance is to reduce the marketability and value thereof by the costs of remedying the condition.

## **CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS**

### **Article XIII A of the California Constitution**

On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the California Constitution ("Article XIII A"). Article XIII A limits the amount of any ad valorem taxes on real property to 1% of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on indebtedness approved by the voters prior to August 1, 1978 and (as a result of an amendment to Article XIII A approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after August 1, 1978 by two-thirds of the voters voting on such indebtedness. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year until new construction or a change of ownership occurs.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster, and in various other minor or technical ways.

### **Legislation Implementing Article XIII A**

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is

automatically levied by the County and distributed according to a formula among taxing agencies.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situation." Any such allocation made to a local agency continues as part of its allocation in future years.

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

#### **Article XIII B of the California Constitution**

An initiative to amend the California Constitution entitled "Limitation of Government Appropriations," was approved on November 6, 1979, thereby adding Article XIII B to the California Constitution ("Article XIII B"). Under Article XIII B, state and local governmental entities have an annual "appropriations limit" and are not permitted to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the appropriations limit. Article XIII B does not affect the appropriation of moneys which are excluded from the definition of "appropriations subject to limitation," including appropriations for debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the appropriations limit was originally to be based on certain fiscal year 1978-79 expenditures, and adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities' revenues in any consecutive two-year period exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. In the event the District receives any proceeds of taxes in excess of the allowable limit in any fiscal year, the District may implement a statutory procedure to concurrently increase the District's appropriations limit and decrease the State's allowable limit, thus nullifying the need for any return. Certain features of Article XIII B were modified by Proposition 111 in 1990. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS—Proposition 111."

#### **Unitary Property**

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions, ("unitary property"). Under the State Constitution, such property is assessed by the State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Until fiscal year 2000-01, SBE assessment of investor-owned gas and electric companies, incumbent local exchange companies, AT&T Corp., and AT&T Communications of California, Inc., will be subject to a court-approved agreement dated May 1, 1992 (the "Settlement Agreement"), among those companies, the SBE and all California counties. The Settlement Agreement arose from litigation against SBE in which the court held that the SBE's

valuation approaches had overvalued AT&T's unitary property, and ordered AT&T's statewide assessed value to be reduced from approximately \$1.75 billion to approximately \$1.1 billion. The Settlement Agreement provides that its valuation method is not intended to be precedent for calculating fair market value of unitary property in years following its expiration.

While the Settlement Agreement has been in effect, the California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed following the expiration of the Settlement Agreement, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. Because the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's school financing formula. See "DISTRICT FINANCIAL INFORMATION."

### **Proposition 62**

On November 4, 1986, California voters approved Proposition 62, an initiative statute limiting the imposition of new or higher taxes by local agencies. The statute (a) requires new or higher general taxes to be approved by two-thirds of the local agency's governing body and a majority of its voters, and requires new or higher special taxes to be approved by two-thirds of both such local agency's governing body and such local agency's voters; (b) requires the inclusion of specific information in all local ordinances or resolutions proposing new or higher general or special taxes; (c) penalizes local agencies that fail to comply with the foregoing.

Most of the provisions of Proposition 62 were affirmed by the 1995 California Supreme Court decision in *Santa Clara County Local Transportation Authority v. Guardino* ("Guardino") which invalidated a special sales tax for transportation purposes because fewer than two-thirds of the voters voting on the measure had approved the tax. Although by its terms, Proposition 62 applies to school districts, because the District does not receive any material amount of tax revenues from any tax levied in contradiction to Proposition 62, the District has not experienced nor does it expect to experience any substantive adverse financial impact as a result of the passage of this initiative or the *Guardino* decision. The requirements of Proposition 62 have generally been superseded by the enactment of Article XIII C of the California Constitution (Proposition 218) in 1996.

### **Proposition 98**

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act, have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on August 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of General Fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from State general fund in the previous fiscal year, adjusted for increases in enrollment and changes

in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period. The current level of guaranteed funding pursuant to Proposition 98 is 34.55% of the State general fund.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget.

#### **Proposition 111**

On June 5, 1990, the voters of California approved the "Traffic Congestion Relief and Spending Limitation Act of 1990" ("Proposition 111"), which modified the State Constitution to alter the Article XIII B spending limit and the education funding provisions of Proposition 98. Proposition 111 took effect on August 1, 1990.

The most significant provisions of Proposition 111 are summarized as follows:

*Annual Adjustments to Spending Limit.* The annual adjustments to the Article XIII B spending limit were liberalized to be more closely linked to the rate of economic growth.

Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

*Treatment of Excess Tax Revenues.* "Excess" tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit are not to be increased by this amount.

*Exclusions from Spending Limit.* Two new exceptions have been added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, there are

excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above their current nine cents per gallon level, sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990.

*Recalculation of Appropriations Limit.* The Article XIII B appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

*School Funding Guarantee.* There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) a certain percentage of State general fund revenues (the "first test") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

#### **Proposition 187**

On November 8, 1994, California voters approved a statutory initiative ("Proposition 187") generally directed at curbing taxpayer spending for various public programs, including public education, to the extent those programs benefit illegal aliens. Among other things, Proposition 187 would have required school officials to verify the legal status of each student and to deny education services to illegal aliens. Enforcement costs to local districts were potentially large. A number of lawsuits filed in state and federal court challenging the validity of Proposition 187 under the California and U.S. Constitutions were consolidated for trial in the U.S. District Court. In November 1995, the District Court ruled various propositions of the initiative unconstitutional, particularly those affecting public schools. In February 1998, the court overturned the remaining provisions of Proposition 187. An appeal was filed by the former California State Attorney General in the U.S. Court of Appeals in the 9th Circuit on February 25, 1998. On April 15, 1999, Governor Davis announced that he would seek a mediated settlement of the suit. On April 26, 1999, the 9th Circuit granted the Governor's request for mediation and suspended action on the State's appeal until June 18, 1999. The District cannot predict what will be the ultimate outcome of this litigation or what the ultimate fiscal impact may be on the District.

#### **Proposition 218**

An initiative measure entitled "Right to Vote on Taxes Act," also known as Proposition 218 (the "Initiative"), was approved by California voters at the November 5, 1996, statewide general election, and became effective on November 6, 1996. The Initiative added Articles XIII C and XIII D to the California Constitution, and all references to Articles XIII C and XIII D are references to the text as set forth in the Initiative.

Among other things, Article XIIC establishes that every tax imposed by a local government is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), and prohibits special purpose government agencies such as school districts from levying general taxes.

Article XIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. The State Constitution and the laws of the State impose a mandatory, statutory duty on the County to levy a property tax sufficient to pay debt service on general obligation bonds coming due in each year. The initiative power cannot be used to reduce or repeal the authority and obligation to levy such taxes which are pledged as security for payment of s general obligation bonds or to otherwise interfere with performance of the mandatory, statutory duty of the County with respect to such taxes which are pledged as security for payment of general obligation bonds. Currently, the District does not have any outstanding general obligation bonds; however, in the future the District may submit a general obligation bond measure to its electorate. Legislation adopted in 1997 provides that Article XIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure which would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

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

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

#### **Future Initiatives**

Article XIIA, Article XIIB and Propositions 62, 98, 111, 187 and 218 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time, other initiative measures could be adopted, further affecting District revenues or the ability of the District to expend revenues.

### **THE CORPORATION**

The Corporation is a public benefit corporation duly organized and existing under the laws of the State of California and is entitled to purchase personal and real property and to sell or lease such property, to contract for construction and improvements and to execute operating agreements regarding such property. The Corporation was formed for the purpose of providing financial assistance to school districts by acquiring, constructing, developing and refinancing certain facilities for the use and benefit of the public. The Corporation has no liability to the Owners of the Certificates.

### **TAX MATTERS**

Federal tax law contains a number of requirements and restrictions which apply to the Certificates, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities



financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest with respect to the Certificates to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest with respect to the Certificates to become includable in gross income for federal income tax purposes retroactively to the date of delivery of the Certificates.

Subject to the District's compliance with the above referenced covenants, under present law, in the opinion of Quint & Thimmig LLP, Special Counsel, interest with respect to the Certificates (i) is excludable from gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, and (iii) is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations.

Special Counsel expects to deliver an opinion at the time of delivery of the Certificates in substantially the form set forth in APPENDIX C—"FORM OF OPINION OF SPECIAL COUNSEL."

Special Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Internal Revenue Code of 1986, as amended (the "Code"), includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax exempt interest, including interest with respect to the Certificates.

Ownership of the Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax exempt obligations. Prospective purchasers of the Certificates should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the Certificates is the price at which a substantial amount of such maturity of the Certificates is first sold to the public. The Issue Price of a maturity of the Certificates may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

If the Issue Price of a maturity of the Certificates is less than the principal amount payable at maturity, the difference between the Issue Price of each such maturity, if any, of the Certificates (the "OID Certificates") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Certificate in the initial public offering at the Issue Price for such maturity and who holds such OID Certificate to its stated maturity,

subject to the condition that the District complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Certificate constitutes interest which is excludable from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Certificate at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Code, but is taken into account in computing an adjustment used in determining the alternative minimum tax for certain corporations under the Code, as described above; and (d) the accretion of original issue discount in each year may result in an alternative minimum tax liability for corporations or certain other collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID Certificates should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Certificates.

Owners of Certificates who dispose of Certificates prior to the stated maturity (whether by sale, redemption or otherwise), purchase Certificates in the initial public offering, but at a price different from the Issue Price or purchase Certificates subsequent to the initial public offering should consult their own tax advisors.

If a Certificate is purchased at any time for a price that is less than the Certificate's stated redemption price at maturity or, in the case of an OID Certificate, its Issue Price plus accreted original issue discount reduced by payments of interest included in the computation of original issue discount and previously paid (the "Revised Issue Price"), the purchaser will be treated as having purchased a Certificate with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Certificate is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Certificate for a price that is less than its Revised Issue Price even if the purchase price exceeds par. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Certificate. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Certificates.

An investor may purchase a Certificate at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Certificate in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax exempt bond. The amortized bond premium is treated as a reduction in the tax exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Certificate. Investors who purchase a Certificate at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Certificate's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Certificate.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Certificates issued prior to enactment. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal tax legislation. Special Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the Service, interest on such tax exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Certificates. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the Certificate owners may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Certificates until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Certificates, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Certificate owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Certificate owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Special Counsel, interest on the Certificates is exempt from California personal income taxes.

Ownership of the Certificates may result in other state and local tax consequences to certain taxpayers. Special Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Certificates. Prospective purchasers of the Certificates should consult their tax advisors regarding the applicability of any such state and local taxes.

#### LEGALITY FOR INVESTMENT IN CALIFORNIA

Under provisions of the California Financial Code, the Certificates are legal investments for commercial banks in California to the extent that the Certificates, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the California Government Code, are eligible for security for deposits of public moneys in California.

#### ABSENCE OF MATERIAL LITIGATION

At the time of delivery of and payment for the Certificates, the District will certify that there is no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court or regulatory agency, public board, or body pending or threatened against the District or the Corporation affecting their existence or the titles of their respective officers or seeking to restrain or to enjoin the issuance, sale, or delivery of the Certificates, or the application of the proceeds thereof in accordance with the Trust Agreement, or in any way contesting or affecting the validity or enforceability of the Certificates, any agreement entered into between the District and any purchaser of the Certificates, the Lease Agreement, the Trust Agreement, the Assignment Agreement, the Site and Facility Lease or any other applicable agreements or any action of the District or the Corporation contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the District or the Corporation or their authority with respect to the Certificates or any action of the District or the Corporation contemplated by any of said documents, nor, to the knowledge of the District or the Corporation, is there any basis therefor.

## APPROVAL OF LEGALITY

Legal matters incident to the execution and delivery of the Certificates are subject to the approving the opinion of Quint & Thimmig LLP, San Francisco, California, Special Counsel. See APPENDIX C—"FORM OF OPINION OF SPECIAL COUNSEL." Certain legal matters will be passed upon for the District by Quint & Thimmig LLP, San Francisco, California, as Disclosure Counsel, and for the Underwriter by Lofton & Jennings, San Francisco, California ("Underwriter's Counsel"). The compensation of Special Counsel, Disclosure Counsel and Underwriter's Counsel is contingent upon the sale and delivery of the Certificates.

## CONTINUING DISCLOSURE

Pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the District has entered into an agreement with Capitol Public Finance Group LLC, as Dissemination Agent (the "Dissemination Agent"), for the benefit of holders of the Certificates to provide certain financial information and operating data relating to the District, by not later than April 1 of each fiscal year commencing with the report for fiscal year 2008-09 (the "Annual Information"), and to provide notices of the occurrence of certain enumerated events, if deemed by the District to be material. The Annual Information and notices of material events will be filed by the District or the Dissemination Agent, with the Municipal Securities Rulemaking Board (the "MSRB"), via its Electronic Municipal Market Access system. The nature of the information to be provided in the Annual Information and the notices of material events is set forth in APPENDIX G—"FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The District has never failed, in any material respect, to comply with prior undertakings to provide continuing disclosure.

## RATINGS

S&P has assigned the rating of "\_\_\_\_" to the Certificates based on the issuance of the Municipal bond Insurance Policy by AGM. See "MUNICIPAL BOND INSURANCE" herein. In addition, S&P has assigned the underlying rating of "A" to the Certificates. Such ratings reflect only the view of such organization and any desired explanation of the significance of such ratings should be obtained from S&P at the following address: 55 Water Street, New York, NY 10041, (212) 208-8000. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Certificates.

## FINANCIAL ADVISOR

Capitol Public Finance Group, Sacramento, California, has served as financial advisor (the "Financial Advisor") to the District in connection with the execution and delivery of the Certificates. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. The fees of the Financial Advisor are contingent upon the sale and delivery of the Certificates. The Financial Advisor is

an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

### UNDERWRITING

The Certificates are being purchased by Southwest Securities, Inc. (the "Underwriter"). The Underwriter will agree to purchase the Certificates at a price of \$\_\_\_\_\_ (being the principal amount of the Certificates of \$\_\_\_\_\_, less Underwriter's discount of \$\_\_\_\_\_, and less a net original issue discount of \$\_\_\_\_\_). The Purchase Agreement relating to the Certificates provides that the Underwriter will purchase all of the Certificates if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said Purchase Agreement, approval of certain legal matters by counsel and certain other conditions. After a bona fide initial public offering at the price stated on the cover page hereof, the Underwriter may offer and sell the Certificates to certain dealers and others at prices lower than the initial public offering price. The offering price may be changed from time to time by the Underwriter.

### ADDITIONAL INFORMATION

All of the preceding summaries of the Certificates, the Trust Agreement, the Lease Agreement, the Assignment Agreement, the Site and Facility Lease, and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the District for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Certificates.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof.

The District will furnish a certificate dated the date of delivery of the Certificates, from an appropriate officer of the District, to the effect that to the best of such officer's knowledge and belief, and after reasonable investigation, (i) neither the Official Statement or any amendment or supplement thereto contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; (ii) since the date of the Official Statement, no event has occurred which should have been set forth in an amendment or supplement to the Official Statement which has not been set forth in such an amendment or supplement, and the Certificates, the Trust Agreement, the Lease Agreement, the Assignment Agreement, the Site and Facility Lease, and other applicable agreements conform as to form and tenor to the descriptions thereof contained in the Official Statement; and (iii) the District has complied with all the agreements and has satisfied all the conditions on its part to be performed or satisfied under the Trust Agreement at and prior to the date of the issuance of the Certificates.

The execution and delivery of the Official Statement by the District have been duly authorized by the Board on behalf of the District.

WESTERN PLACER UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_  
Superintendent

8.2.23/

**APPENDIX A**  
**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**

[TO COME]

**APPENDIX B**  
**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT**  
**FOR FISCAL YEAR ENDED JUNE 30 2010**



## APPENDIX C

### FORM OF OPINION OF SPECIAL COUNSEL

[Letterhead of Quint & Thimmig LLP]

[Closing Date]

Board of Trustees of the  
Western Placer Unified School District  
600 Sixth Street, Suite 400  
Lincoln, California 95648

OPINION:       \$\_\_\_\_\_ \* Certificates of Participation (2011 Refinancing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the Western Placer Unified School District (Placer County, California), as the Rental for Certain Property Pursuant to a Lease Agreement with the Public Property Financing Corporation of California

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#### Members of the Board of Trustees:

We have acted as special counsel in connection with the delivery by the Western Placer Unified School District (the "District"), of its \$\_\_\_\_\_ \* Lease Agreement, dated as of November 1, 2011, by and between the Public Property Financing Corporation of California (the "Corporation") and the District (the "Lease Agreement"), pursuant to the California Education Code. The Corporation has, pursuant to the Assignment Agreement, dated as of November 1, 2011 (the "Assignment Agreement"), by and between the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), assigned certain of its rights under the Lease Agreement, including its right to receive a portion of the lease payments made by the District thereunder (the "Lease Payments"), to the Trustee. Pursuant to the Trust Agreement, dated as of November 1, 2011, by and among the Trustee, the Corporation and the District (the "Trust Agreement"), the Trustee has executed and delivered certificates of participation (the "Certificates") evidencing direct, undivided fractional interests of the owners thereof in the Lease Payments. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the District contained in the Lease Agreement and in the certified proceedings and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The District is duly created and validly existing as a school district organized and existing under the laws of the State of California with the power to enter into the Lease Agreement and the Trust Agreement and to perform the agreements on its part contained therein.

2. The Lease Agreement has been duly authorized, executed and delivered by the District and is an obligation of the District valid, binding and enforceable against the District in accordance with its terms.

3. The Trust Agreement and the Assignment Agreement are valid, binding and enforceable in accordance with their terms.

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\* Preliminary, subject to change.

8.2.234

4. Subject to the terms and provisions of the Lease Agreement, the Lease Payments to be made by the District are payable from general funds of the District lawfully available therefor. By virtue of the Assignment Agreement, the owners of the Certificates are entitled to receive their fractional share of the Lease Payments in accordance with the terms and provisions of the Trust Agreement.

5. Subject to the District's compliance with certain covenants, interest with respect to the Certificates is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest with respect to the Certificates to be includable in gross income for federal income tax purposes retroactively to the date of delivery of the Certificates.

6. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California.

Ownership of the Certificates may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Certificates.

The rights of the owners of the Certificates and the enforceability of the Lease Agreement, the Assignment Agreement and the Trust Agreement may be subject to the Bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the District and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the WESTERN PLACER UNIFIED SCHOOL DISTRICT (the "District") in connection with the execution and delivery of \$\_\_\_\_\_ \* Western Placer Unified School District (Placer County, California) Certificates of Participation (2011 Refinancing Project) (the "Certificates"). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of November 1, 2011, by and among U.S. Bank National Association, as trustee (the "Trustee"), the District and the Public Property Financing Corporation of California (the "Trust Agreement"). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings when used in this Disclosure Certificate:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

"Dissemination Agent" shall mean Capitol Public Finance Group, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation. In the absence of such a designation, the District shall act as the Dissemination Agent.

"EMMA" or "Electronic Municipal Market Access" means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Participating Underwriter" shall mean any original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the owners and Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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\* Preliminary, subject to change.

### Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report.* The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (which currently ends on June 30), commencing with the report for the 2010-11 Fiscal Year, which is due not later than z, 2012, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than nine months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b)) of this Section 3 for providing the Annual Report to EMMA, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the District.

(d) *Report of Non-Compliance.* If the District is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the District shall send a notice to EMMA substantially in the form attached hereto as Exhibit A. If the District is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Certificate, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) *Financial Statements.* Audited financial statements of the District for the preceding fiscal year, prepared in accordance generally accepted accounting principles. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* To the extent not included in the audited final statements of the District, the Annual Report shall also include financial and operating data with respect to the District for preceding fiscal year, as follows:

- (i) general fund revenue sources by type (over \$1,000,000);
- (ii) combined annual contribution (District's share and employees' share) to the Public Employees Retirement System;
- (iii) adopted general fund budget;
- (iv) tax rates;
- (v) assessed valuations; and
- (vi) average daily attendance.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on EMMA. The District shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The District shall, or shall cause the Dissemination Agent (if not the District) to, give notice of the occurrence of any of the following events with respect to the Certificates:

- (1) Principal and interest payment delinquencies.
- (2) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (3) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (4) Substitution of credit or liquidity providers, or their failure to perform.
- (5) Defeasances.
- (6) Rating changes.
- (7) Tender offers.
- (8) Bankruptcy, insolvency, receivership or similar event of the obligated person.
- (9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

Note: For the purposes of the event identified in subparagraph (8), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) *Material Reportable Events.* The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates, if material:

- (1) Non-payment related defaults.
- (2) Modifications to rights of security holders.
- (3) Bond calls.
- (4) The release, substitution, or sale of property securing repayment of the securities.
- (5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

- (6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* The District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of any Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Certificates under the Trust Agreement.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the District, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the District. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Certificate owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the District shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the District.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid reasonable compensation by the District for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the District from time to time and all reasonable expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the District, owners or Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any direction from the District or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the District. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

(c) *Responsibilities of Dissemination Agent.* In addition of the filing obligations of the Dissemination Agent set forth in Sections 3(e) and 5, the Dissemination Agent shall be obligated, and hereby agrees, to provide a request to the District to compile the information required for its Annual Report at least 30 days prior to the date such information is to be provided to the Dissemination Agent pursuant to subsection (c) of Section 3. The failure to provide or receive any such request shall not affect the obligations of the District under Section 3. The Dissemination Agent shall have no liability of any kind whatsoever to the Corporation, or any other person or entity, arising from or related to the failure of the Dissemination Agent to provide such request to the Corporation.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the District that does not impose any greater duties or risk of liability on

the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances.* If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Certificates, or the type of business conducted.

(b) *Compliance as of Issue Date.* The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Certificate owners in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Certificate owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Certificate owners or Beneficial Owners.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the District shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any Certificate owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and no implied covenants or obligations shall be read into this Disclosure Certificate against the Dissemination Agent, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the reasonable costs and expenses (including attorneys fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have the same rights, privileges and immunities hereunder as are afforded to the Trustee under the Trust Agreement. The obligations of the District under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Date: [Closing Date]

WESTERN PLACER UNIFIED SCHOOL  
DISTRICT

By \_\_\_\_\_  
Superintendent

ACKNOWLEDGED:

CAPITOL PUBLIC FINANCE GROUP, LLC, as  
Dissemination Agent

By \_\_\_\_\_  
Authorized Officer



EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Western Placer Unified School District

Name of Issue: Certificates of Participation (2011 Refinancing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be made by the Western Placer Unified School District (Placer County, California), as the Rental for Certain Property Pursuant to a Lease Agreement with the Public Property Financing Corporation of California

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the Issue as required by Section 11.08 of the Trust Agreement, dated as of November 1, 2011, by and among U.S. Bank National Association, as trustee, the Issuer and the Public Property Financing Corporation of California. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

CAPITOL PUBLIC FINANCE GROUP, LLC, as  
Dissemination Agent

By \_\_\_\_\_  
Title \_\_\_\_\_

cc: Trustee

## APPENDIX E

### DTC AND THE BOOK-ENTRY SYSTEM

*The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Certificates, payment of principal, interest and other payments with respect to the Certificates to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Certificates and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.*

Neither the District (the "Issuer") nor the Trustee (the "Agent") takes any responsibility for the information contained in this Appendix E.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Certificates, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Certificates, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Certificates, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix E. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Certificates, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company of DTC, the National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

3. Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of

the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

4. To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

**APPENDIX F**  
**COUNTY INVESTMENT POLICY**

**APPENDIX G**  
**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

## FORM OF FINAL OPINION OF BOND COUNSEL

[Letterhead of Quint & Thimmig LLP]

November 15, 2011

Board of Trustees of the  
Western Placer Unified School District  
600 Sixth Street, Suite 400  
Lincoln, California 95648

OPINION: \$\_\_\_\_\_ Certificates of Participation (2011 Refinancing Project) Evidencing Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the Western Placer Unified School District (Placer County, California), as the Rental for Certain Property Pursuant to a Lease Agreement with the Public Property Financing Corporation of California

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### Members of the Board of Trustees:

We have acted as special counsel in connection with the delivery by the Western Placer Unified School District (the "District"), of its \$\_\_\_\_\_ Lease Agreement, dated as of November 1, 2011, by and between the Public Property Financing Corporation of California (the "Corporation") and the District (the "Lease Agreement"), pursuant to the California Education Code. The Corporation has, pursuant to the Assignment Agreement, dated as of November 1, 2011 (the "Assignment Agreement"), by and between the Corporation and U.S. Bank National Association, as trustee (the "Trustee"), assigned certain of its rights under the Lease Agreement, including its right to receive a portion of the lease payments made by the District thereunder (the "Lease Payments"), to the Trustee. Pursuant to the Trust Agreement, dated as of November 1, 2011, by and among the Trustee, the Corporation and the District (the "Trust Agreement"), the Trustee has executed and delivered certificates of participation (the "Certificates") evidencing direct, undivided fractional interests of the owners thereof in the Lease Payments. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the District contained in the Lease Agreement and in the certified proceedings and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The District is duly created and validly existing as a school district organized and existing under the laws of the State of California with the power to enter into the Lease Agreement and the Trust Agreement and to perform the agreements on its part contained therein.

2. The Lease Agreement has been duly authorized, executed and delivered by the District and is an obligation of the District valid, binding and enforceable against the District in accordance with its terms.

3. The Trust Agreement and the Assignment Agreement are valid, binding and enforceable in accordance with their terms.

4. Subject to the terms and provisions of the Lease Agreement, the Lease Payments to be made by the District are payable from general funds of the District lawfully available therefor. By virtue of the Assignment Agreement, the owners of the Certificates are entitled to receive their fractional share of the Lease Payments in accordance with the terms and provisions of the Trust Agreement.

5. Subject to the District's compliance with certain covenants, the portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates (i) is excludable from gross income of the owners thereof for federal income tax purposes, (ii) is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"), and (iii) is not taken into account in computing adjusted current earnings, which is used as an adjustment in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest with respect to the Certificates to be includable in gross income for federal income tax purposes retroactively to the date of delivery of the Certificates.

6. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California.

Ownership of the Certificates may result in other tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Certificates.

The rights of the owners of the Certificates and the enforceability of the Lease Agreement, the Assignment Agreement and the Trust Agreement may be subject to the Bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and also may be subject to the exercise of judicial discretion in accordance with general principles of equity.

In rendering this opinion, we have relied upon certifications of the District and others with respect to certain material facts. Our opinion represents our legal judgment based upon such review of the law and the facts that we deem relevant to render our opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

8.2.249



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**(2011 Refinancing Project)**

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