

PAYING AGENT AGREEMENT

**Relating to the Issuance of
\$55,570,914.90
Fresno Unified School District
General Obligation Bonds, Election of 2001, Series G**

This PAYING AGENT AGREEMENT (this "Agreement"), dated as of October 1, 2011, is between the FRESNO 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, a national banking association organized and existing under the laws of the United States of America, as paying agent (the "Paying Agent").

BACKGROUND:

1. A special bond election was duly and regularly held in the Fresno Unified School District (the "District") on March 6, 2001, under the procedures specified in Proposition 39 (Article XIII A Section 1 paragraph (b) of the California Constitution) for the purpose of submitting Measure K to the qualified electors of the District authorizing the issuance of general obligation bonds of the District in the maximum aggregate principal amount of \$199,000,000 (the "Measure K Authorization"), and more than 55% of the votes cast at said election were in favor of the issuance of such bonds.

2. The Board of Education of the District (the "Board") has previously adopted its Resolution No. 01-06 on March 28, 2001, authorizing the issuance of all of the bonds authorized under the Measure K Authorization in series from time to time pursuant to resolution of the Board.

3. The County of Fresno (the "County") has previously issued two series of bonds on behalf of the District under the Measure K Authorization in the aggregate principal amount of \$41,000,000, and the District has previously issued four series of bonds under the Measure K Authorization in the aggregate principal amount of \$102,429,022.26, leaving \$55,570,977.74 of authorized but unissued bonds.

4. The District is authorized to provide for the issuance and sale of any series of its general obligation bonds under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Bond Law").

5. The Board of Education of the District has adopted its resolution on August 24, 2011, authorizing the issuance and sale of a seventh and final series of bonds under the Measure K Authorization and the Bond Law in the aggregate principal amount of not to exceed \$55,570,977.74.

6. The District has requested the Paying Agent to enter into this Agreement for the purpose of providing the terms and provisions upon which such series of bonds will be issued.

AGREEMENT:

In consideration of the foregoing and the material covenants hereinafter contained, the District and the Paying Agent formally covenant, agree and bind themselves as follows:

ARTICLE I

DEFINITIONS; AUTHORITY

SECTION 1.01. *Definitions.* The terms defined in this Section 1.01, as used and capitalized herein, shall, for all purposes of this Agreement, have the meanings given them below, unless the context clearly requires some other meaning.

"Accreted Value" means, with respect to any Series G Bond, the total amount of principal thereof and interest payable thereon as of any Compounding Date determined solely by reference to the Table of Accreted Values set forth on such Series G Bond. The Accreted Value of any Series G Bond as of any date other than a Compounding Date will be the sum of (a) the Accreted Value as of the Compounding Date immediately preceding the date as of which the calculation is being made plus (b) interest on the Accreted Value determined under the preceding clause (a), computed to the date as of which the calculation is being made at the Accretion Rate set forth on such Series G Bond (computed on the basis of a 360-day year of twelve 30-day months). The Accreted Value of any Series G Bond as of the Maturity Date thereof shall be equal to the Maturity Value of such Series G Bond.

"Accretion Rate" means the rate which, when applied to the principal amount of any Series G Bond and compounded semiannually on each Compounding Date, produces the Maturity Value of such Series G Bond on the maturity date thereof.

"Board" means the Board of Education of the District.

"Bond Counsel" means (a) the firm of Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys nationally recognized for expertise in rendering opinions as to the legality and tax exempt status of securities issued by public entities.

"Bond Law" means Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code as in effect on the date of adoption hereof and as amended hereafter, as amended from time to time.

"Building Fund" means the fund established and held by the County Treasurer under Section 3.03.

"Business Day" means a day other than a Saturday, Sunday or legal holiday, on which banking institutions are not closed or authorized to be closed in New York New York, in the State of California or in any other state in which the Principal Office of the Paying Agent is located.

“Closing Date” means October 13, 2011, being the date upon which there is a physical delivery of the Series G Bonds in exchange for the amount representing the purchase price of the Series G Bonds by the Underwriters.

“Compounding Date” means, with respect to any Series G Bond, each February 1 and August 1, commencing February 1, 2012, to and including the date of maturity or redemption of such Series G Bond.

“County” means the County of Fresno, a political subdivision of the State of California, duly organized and existing under the Constitution and laws of the State of California.

“County Treasurer” means the Auditor-Controller/ Treasurer-Tax Collector of the County.

“Debt Service Fund” means the account established and held by the County Treasurer under Section 4.02.

“Denominational Amount” means, with respect to any Series G Bond, the original amount of such Series G Bond as of the Closing Date.

“District” means the Fresno Unified School District, a unified school district organized under the Constitution and laws of the State of California, and any successor thereto.

“District Representative” means the Superintendent, the Deputy Superintendent/Chief Financial Officer, Administrative Services, the Clerk of the Board, or any other duly appointed officer of the District authorized by resolution of the Board to act as a representative of the District hereunder.

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository under Section 2.04.

“Depository System Participant” means any participant in the Depository’s book-entry system.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Excess Investment Earnings” means the amount of excess investment earnings determined to be subject to rebate to the United States of America with respect to the investment of the gross proceeds of the Series G Bonds, determined under Section 148(f) of the Tax Code.

“Federal Securities” means United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

“Maturity Value” means, with respect to any Series G Bond, the Accreted Value of such Series G Bond to be paid at maturity.

“Measure K Authorization” means the measure submitted to, and approved by more than 55% of, the voters under which the issuance of the Series G Bonds has been authorized.

“Nominee” means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated under Section 2.04(a).

“Outstanding,” when used as of any particular time with reference to Series G Bonds, means all Series G Bonds except: (a) Series G Bonds theretofore canceled by the Paying Agent or surrendered to the Paying Agent for cancellation; (b) Series G Bonds paid or deemed to have been paid within the meaning of Section 9.02; and (c) Series G Bonds in lieu of or in substitution for which other Series G Bonds shall have been authorized, executed, issued and delivered by the District under this Agreement.

“Owner”, whenever used with respect to a Series G Bond, means the person in whose name the ownership of such Series G Bond is registered on the Registration Books.

“Paying Agent” means U.S. Bank National Association, as paying agent, registrar and authenticating agent for the Series G Bonds, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 6.01.

“Principal Office” means the office or offices of the Paying Agent for the payment of the Series G Bonds and the administration of its duties hereunder, as such office or offices shall be identified in a written notice filed with the District by the Paying Agent.

“Registration Books” means the records maintained by the Paying Agent for the registration of ownership and registration of transfer of the Series G Bonds under Section 2.09.

“Securities Depositories” means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in a Written Request of the District delivered by the District to the Paying Agent.

“Series G Bonds” means the \$55,570,914.90 aggregate Denominational Amount of Fresno Unified School District (Fresno County, California) General Obligation Bonds Election of 2001, Series G, at any time Outstanding under this Agreement.

“Supplemental Agreement” means any agreement which is supplemental to or amendatory of this Agreement, which has been duly authorized, executed and delivered by the District and the Paying Agent in accordance with Article VIII.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Series G Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Series G Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

“Term Bonds” means the Series G Bonds maturing on August 1, 2041.

"Underwriters" means, collectively, Stifel, Nicolaus & Company, Incorporated dba Stone & Youngberg a Division of Stifel Nicolaus, and Piper Jaffray & Co., as underwriters of the Series G Bonds.

"Written Request of the District" means an instrument in writing signed by a District Representative or by any other officer of the District duly authorized to act on behalf of the District pursuant to a written certificate of a District Representative.

SECTION 1.02. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

SECTION 1.03. *Authority for this Agreement; Findings.* This Agreement is entered into under the provisions of the Bond Law. The Board hereby certifies that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of the Series G Bonds do exist, have happened or have been performed in due and regular time and manner as required by the laws of the State of California, and that the amount of the Series G Bonds, together with all other indebtedness of the District, does not exceed any limit prescribed by any laws of the State of California.

ARTICLE II

TERMS OF SERIES G BONDS

SECTION 2.01. *Authorization.* The Board has previously authorized the issuance of the Series G Bonds under the provisions of a resolution adopted by the Board of Education of the District on August 24, 2011. The Series G Bonds shall be issued in the aggregate Denominational Amount of \$55,570,914.90 under the provisions of the Bond Law and this Agreement for the purpose of raising money to finance educational facilities for which the Series G Bonds have been authorized under the Measure K Authorization. This Agreement constitutes a continuing agreement between the District and the Owners of all of the Outstanding Series G Bonds to secure the full and final payment of Accreted Value of the Series G Bonds, subject to the covenants, agreements, provisions and conditions herein contained. The Series G Bonds are designated the "Fresno Unified School District (Fresno County, California) General Obligation Bonds Election of 2001, Series G".

The Series G Bonds shall be issued in the form of Series G Bonds as set forth in Section 2.02. For purposes of determining the principal amount of the Series G Bonds which are issued hereunder, the principal amount of the Series G Bonds shall be equal to the Denominational Amount thereof.

SECTION 2.02. *Terms of Series G Bonds.* Each Series G Bonds shall be dated as of the Closing Date. The Series G Bonds shall be issued as capital appreciation bonds in fully registered form without coupons in denominations of \$5,000 in Maturity Values or any integral multiple thereof. The Series G Bonds shall mature on August 1 in each of the years and in the Maturity Values as set forth in the following table, and interest thereon shall compound on each Compounding Date at the respective Accretion Rates set forth in the following table:

Maturity Date (August 1)	Denominational Amount	Accretion Rate	Yield to Maturity	Maturity Value
2021	\$ 48,703.50	11.814%	4.590%	\$ 150,000
2022	275,006.00	11.814	4.810	950,000
2023	507,176.50	5.390	5.390	950,000
2024	633,362.40	5.820	5.820	1,320,000
2025	764,697.50	6.090	6.090	1,750,000
2026	2,276,748.30	6.310	6.310	5,710,000
2027	2,902,214.25	6.460	6.460	7,925,000
2028	3,316,761.00	6.560	6.560	9,810,000
2029	3,222,329.25	6.650	6.650	10,325,000
2030	3,120,342.20	6.750	6.750	10,870,000
2031	4,141,373.70	6.830	6.830	15,655,000
2032	4,054,430.10	6.890	6.890	16,590,000
2033	3,881,378.25	6.940	6.940	17,175,000
2034	3,729,336.65	6.970	6.970	17,785,000
2041	22,697,055.30	7.000	7.000	176,370,000

The Accreted Value of the Series G Bonds are payable solely at maturity or earlier redemption thereof to the Owners thereof upon presentation and surrender thereof at the Principal Office of the Paying Agent. The Accreted Value of the Series G Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the Principal Office of the Paying Agent.

SECTION 2.03. *Redemption of Series G Bonds.*

(a) Optional Redemption of Series G Bonds. The Series G Bonds maturing on or before August 1, 2022, are not subject to redemption prior to their respective Maturity Dates. The Series G Bonds maturing on or after August 1, 2023, are subject to redemption in whole, or in part at the Written Request of the District among maturities on such basis as the District shall designate and by lot within a maturity, at the option of the District, from any available source of funds, on any date on or after August 1, 2021, at a redemption price equal to 100% of the Accreted Value of the Series G Bonds to be redeemed, without premium.

The District shall give the Paying Agent written notice of its intention to redeem Series G Bonds under this subsection (a), and the manner of selecting such Series G Bonds for redemption from among the maturities thereof, in sufficient time to enable the Paying Agent to give notice of such redemption in accordance with subsection (d) of this Section.

(b) Mandatory Sinking Fund Redemption. The Term Bonds are subject to mandatory redemption, in whole or in part by lot, at a redemption price equal to 100% of the Accreted Value thereof to be redeemed, without premium, in the aggregate respective Accreted Values and on August 1 in the respective years as set forth in the following table; *provided, however*, that if some but not all of the Term Bonds have been redeemed under subsection (b) of this Section, the total amount of all future sinking fund payments shall be reduced by the aggregate Accreted Value of the Term Bonds so redeemed, to be allocated among such sinking fund payments on such basis as the District may designate in a Written Request of the District filed with the Paying Agent.

Sinking Fund Redemption Date (August 1)	Accreted Value To Be Redeemed
2035	\$ 18,420,646.30
2036	19,073,223.55
2037	19,748,457.05
2038	20,451,390.00
2039	21,175,992.00
2040	21,923,482.35
2041 (Maturity)	22,700,000.00

(c) Selection of Bonds for Redemption. Whenever less than all of the Outstanding Series G Bonds of the same maturity are designated for redemption, the Paying Agent shall select the Outstanding Series G Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Series G Bond will be deemed to consist of individual bonds of \$5,000 Maturity Value each which may be separately redeemed.

(d) Redemption Procedure. The Paying Agent on behalf and at the expense of the District shall mail (by first class mail) notice of any redemption to the respective Owners of any Series G Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories and to the Municipal Securities Rulemaking Board, at least 30 but not more than 60 days prior to the date fixed for redemption; *provided, however*, that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Series G Bonds or the cessation of the accrual and compounding of interest thereon.

Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the bond numbers (if less than all Series G Bonds of a maturity are to be redeemed) and the maturity or maturities (in the event of redemption of all of the Series G Bonds of such maturity or maturities in whole) of the Series G Bonds to be redeemed, and shall require that such Series G Bonds be then surrendered at the Principal Office of the Paying Agent identified in such notice for redemption at the redemption price, giving notice also that further interest on such Series G Bonds will not accrue or compound from and after the redemption date. In addition, the redemption notice shall state that the District has the right to rescind the notice as provided in subsection (e) of this Section.

Upon surrender of Series G Bonds redeemed in part only, the District shall execute and the Paying Agent shall authenticate and deliver to the Owner, at the expense of the District, a new Series G Bond or Bonds, of the same maturity, of

authorized denominations in aggregate Accreted Value equal to the unredeemed portion of the Series G Bond or Bonds.

From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the Accreted Value of the Series G Bonds so called for redemption have been duly provided, the Series G Bonds called for redemption will cease to be entitled to any benefit under this Agreement other than the right to receive payment of the redemption price, and no interest will accrue or compound thereon on or after the redemption date specified in the notice. The Paying Agent will cancel all Series G Bonds redeemed under this Section 2.03 and will furnish a certificate of cancellation to the District.

(e) Right to Rescind Notice of Redemption. The District has the right to rescind any notice of the optional redemption of Series G Bonds under subsection (a) of this Section by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Series G Bonds then called for redemption, and such cancellation shall not constitute an Event of Default. The District and the Paying Agent have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Paying Agent shall mail notice of such rescission of redemption to the respective Owners of any Series G Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories and to the Municipal Securities Rulemaking Board.

SECTION 2.04. *Book Entry System.*

(a) Original Delivery. The Series G Bonds will be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Series G Bonds. Upon initial delivery, the Paying Agent shall register the ownership of each Bond on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Series G Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Series G Bonds the ownership of which is registered in the name of the Nominee, the District and the Paying Agent have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Nominee holds an interest in the Series G Bonds. Without limiting the generality of the immediately preceding sentence, the District and the Paying Agent have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Series G Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Series G Bond Owner as shown in the Registration Books, of any notice with respect to the Series G Bonds, including any notice of redemption, (iii) the selection by the Depository of the beneficial interests in the Series G Bonds to be redeemed if the District elects to redeem the Series G Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Series G Bond Owner as shown in the Registration Books, of any amount with respect to Accreted Value of the Series G Bonds or (v) any consent given or other action taken by the Depository as Owner of the Series G Bonds. The District and the Paying Agent may treat and consider the person in whose name each Series G Bond is registered as the absolute owner of such Series G Bond for the purpose of payment of

Accreted Value of such Series G Bond, for the purpose of giving notices of redemption and other matters with respect to such Series G Bond, for the purpose of registering transfers of ownership of such Series G Bond, and for all other purposes whatsoever. The Paying Agent shall pay the Accreted Value of the Series G Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of the Accreted Value of the Series G Bonds to the extent of the sum or sums so paid. No person other than a Series G Bond Owner shall receive a Series G Bond evidencing the obligation of the District to make payments of the Accreted Value of the Series G Bonds under this Agreement. Upon delivery by the Depository to the District of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the District shall promptly deliver a copy of the same to the Paying Agent.

(b) Representation Letter. In order to qualify the Series G Bonds for the Depository's book-entry system, the District shall execute and deliver to such Depository a letter representing such matters as may be necessary to so qualify the Series G Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the District or the Paying Agent any obligation whatsoever with respect to persons having interests in the Series G Bonds other than the Series G Bond Owners. Upon the written acceptance by the Paying Agent, the Paying Agent agrees to take all action reasonably necessary for all representations of the Paying Agent in such letter with respect to the Paying Agent to at all times be complied with. In addition to the execution and delivery of such letter, the District may take any other actions, not inconsistent with this Agreement, to qualify the Series G Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. If either (i) the Depository determines not to continue to act as Depository for the Series G Bonds, or (ii) the District determines to terminate the Depository as such, then the District shall thereupon discontinue the book-entry system with such Depository. In that event, the Depository shall cooperate with the District and the Paying Agent in the issuance of replacement Series G Bonds by providing the Paying Agent with a list showing the interests of the Depository System Participants in the Series G Bonds, and by surrendering the Series G Bonds, registered in the name of the Nominee, to the Paying Agent on or before the date such replacement Series G Bonds are to be issued. The Depository, by accepting delivery of the Series G Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the District fails to identify another Securities Depository to replace the Depository, then the Series G Bonds are no longer required to be registered in the Registration Books in the name of the Nominee, but will be registered in whatever name or names the Owners transferring or exchanging Series G Bonds may designate, in accordance with the provisions hereof.

If the District determines that it is in the best interests of the beneficial owners of the Series G Bonds that they be able to obtain certificated bonds, the District may notify the Depository System Participants of the availability of such certificated bonds through the Depository. In such event, the Paying Agent will issue, transfer and exchange Series G Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Paying Agent and the District shall cooperate with the Depository in taking appropriate action (i) to make available one or more separate certificates evidencing the Series G Bonds to any Depository System

Participant having Series G Bonds credited to its account with the Depository, or (ii) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Series G Bonds, all at the District's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Agreement to the contrary, so long as any Series G Bond is registered in the name of the Nominee, all payments of the Accreted Value of that Series G Bond and all notices with respect to that Series G Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

SECTION 2.05. *Form of Series G Bonds.* The Series G Bonds, the form of the Paying Agent's certificate of authentication and registration and the form of assignment to appear thereon shall be substantially in the forms, respectively, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, as set forth in Appendix A.

SECTION 2.06. *Execution of Series G Bonds.* The Series G Bonds shall be signed by the facsimile signature of the President of the Board and shall be attested by the facsimile signature of the Clerk of the Board. No Series G Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Agreement unless and until the certificate of authentication printed on the Series G Bond is signed by the Paying Agent as authenticating agent.

The Series G Bonds shall be in substantially the form attached hereto as Appendix A and incorporated herein by this reference, allowing those officials executing the Series G Bonds to make the insertions and deletions necessary to conform the Series G Bonds to this Agreement and the winning bid for the Series G Bonds.

Only those Series G Bonds bearing a certificate of authentication and registration in the form set forth in Appendix A, executed and dated by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Agreement, and such certificate of the Paying Agent shall be conclusive evidence that the Series G Bonds so registered have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Agreement.

SECTION 2.07. *Transfer of Series G Bonds.* Any Series G Bond 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 a duly authorized attorney, upon surrender of such Series G Bond for cancellation at the Principal Office at the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The District may charge a reasonable sum for each new Series G Bond issued upon any transfer. Whenever any Series G Bond is surrendered for transfer, the District shall execute and the Paying Agent shall authenticate and deliver a new Series G Bond or Bonds, for like aggregate Accreted Value.

SECTION 2.08. *Exchange of Series G Bonds.* Series G Bonds may be exchanged at the Principal Office of the Paying Agent for a like aggregate Maturity Value of Series G Bonds of authorized denominations and of the same maturity. The District may charge a reasonable sum for each new Series G Bond issued upon any exchange (except in the case of any exchange of temporary Series G Bonds for definitive Series G Bonds).

SECTION 2.09. *Registration Books.* The Paying Agent shall keep or cause to be kept sufficient books for the registration and transfer of the Series G Bonds, which shall at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Series G Bonds as herein before provided.

ARTICLE III

SALE OF SERIES G BONDS; APPLICATION OF PROCEEDS

SECTION 3.01. *Issuance of Series G Bond.* Upon the execution and delivery of this Agreement, the District shall execute and deliver Series G Bonds in the aggregate principal amount of \$55,570,914.90 to the Paying Agent and the Paying Agent shall authenticate and deliver the Series G Bonds to the Underwriters upon receipt of a Written Request of the District therefor.

SECTION 3.02. *Deposit and Application of Proceeds.* On the Closing Date, the proceeds of sale of the Series G Bonds in the amount of \$55,570,914.90 shall be paid by the Underwriters to the County, to be deposited by the County into the Building Fund and applied for the purposes set forth in Section 3.03.

SECTION 3.03. *Building Fund.* The District hereby directs the County Treasurer to establish, hold and maintain a fund to be known as the "Fresno USD Building Fund, Election of 2001, Series G", which the County Treasurer shall maintain as a separate account, distinct from all other funds of the County and the District. The proceeds from the sale of the Series G Bonds shall be transferred to the County Treasurer to be credited to the Building Fund as set forth in Section 3.02. Amounts on deposit in the Building Fund shall be expended by the District solely to finance school facilities for which the Series G Bond proceeds are authorized to be expended under the Measure K Authorization, subject to the provisions hereof relating to federal tax covenants. All interest and other gain arising from the investment of amounts deposited to the Building Fund shall be retained in the Building Fund and used for the purposes thereof.

ARTICLE IV

SECURITY FOR THE SERIES G BONDS; PAYMENT OF DEBT SERVICE

SECTION 4.01. *Security for the Series G Bonds.* (a) The Series G Bonds are general obligations of the District payable from the levy of *ad valorem* taxes upon all property within the District subject to taxation by the District, without limitation as to rate or amount, for the payment of Accreted Value of the Series G Bonds when due. The District hereby directs the County to levy on all the taxable property in the District, in addition to all other taxes, a continuing direct and *ad valorem* tax annually during the period the Series G Bonds are Outstanding in an amount sufficient to pay the Accreted Value of the Series G Bonds when due, which moneys when collected will be placed in the Debt Service Fund. Amounts held by the County Treasurer in the Debt Service Fund under Section 4.02 shall be credited towards the amount of *ad valorem* property taxes which is required to be levied by the County in any Fiscal Year during the term of the Series G Bonds.

(b) The Accreted Value of Series G Bonds do not constitute a debt of the County, the State of California, or any of its political subdivisions other than the District, or any of the officers, agents or employees thereof, and neither the County, the State of California, any of its political subdivisions nor any of the officers, agents or employees thereof shall be liable thereon. In no event is the Accreted Value of the Series G Bonds payable out of any funds or properties of the District other than *ad valorem* taxes levied upon all taxable property in the District, except as provided in this Section.

(c) Nothing in this Agreement is intended or shall be construed to limit the ability of the District to pay any portion of the Accreted Value of the Series G Bonds from any source of legally available funds of the District. Any amounts so paid by the District shall be deposited in the Debt Service Fund and credited towards the levy of *ad valorem* property taxes next required to be made under this Section.

SECTION 4.02. *Establishment of Debt Service Fund.* The District hereby directs the County Treasurer to establish, hold and maintain a fund to be known as the "Fresno USD General Obligation Bond Debt Service Fund, Election of 2001, Series G", to be maintained by the County Treasurer as a separate account, distinct from all other funds of the County and the District. All taxes levied by the County, as directed by the District herein, for the payment of the Accreted Value and the Maturity Value of the Series G Bonds in accordance with Section 4.01 shall be deposited in the Debt Service Fund by the County Treasurer promptly upon apportionment of said levy. The District hereby irrevocably pledges the Debt Service Fund for the payment of the Accreted Value and the Maturity Value of the Series G Bonds when and as the same become due. The County Treasurer shall transfer amounts in the Debt Service Fund to the Paying Agent, to the extent necessary to pay the Accreted Value and the Maturity Value of the Series G Bonds as the same become due and payable.

SECTION 4.03. *Disbursements From Debt Service Fund.* The County Treasurer shall administer the Debt Service Fund and make disbursements therefrom in the manner set forth in this Section 4.03. The County Treasurer shall transfer amounts on deposit in the Debt Service Fund, to the extent necessary to pay the Accreted Value and the Maturity Value of the Series G Bonds when due and payable, to the Paying Agent which, in turn, shall apply such moneys to pay the Accreted Value the Series G Bonds.

Any moneys remaining in the Debt Service Fund after the Series G Bonds have been paid, or provision for such payment has been made, shall be transferred to the General Fund of the District, as provided in Section 15234 of the Education Code. As provided in Section 15232 of the Education Code, amounts in the Debt Service Fund shall also be applied to pay the expense of paying the Series G Bonds elsewhere than at the office of the County Treasurer.

SECTION 4.04. *Investments.* All moneys held in any of the funds or accounts established with the County Treasurer hereunder shall be invested in accordance with the investment policies of the County, as such policies exist at the time of investment. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the fund or account from which such investment was made, and shall be expended for the purposes thereof. The District covenants that all investments of amounts deposited in any fund or account created by or under this Agreement, or otherwise containing proceeds of the Series G Bonds, shall be acquired and disposed of at the Fair Market Value thereof. For purposes of this Section, the term "Fair Market Value" shall mean, with respect to any investment, the price at which a willing buyer would purchase such investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as described above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate that is acquired in accordance with applicable regulations under the Tax Code, or (iii) the investment is a United States Treasury Security - State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

ARTICLE V

FINANCIAL COVENANTS

SECTION 5.01. *Punctual Payment.* The District will punctually pay, or cause to be paid, the Accreted Value of the Series G Bonds, in strict conformity with the terms of the Series G Bonds and of this Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Agreement and of the Series G Bonds. Nothing herein prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

SECTION 5.02. *Books and Accounts; Financial Statement.* The District will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the District in which complete and correct entries shall be made of all transactions relating to the expenditure of the proceeds of the Series G Bonds. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Paying Agent and the Owners of not less than 10% in aggregate

Accreted Value of the Series G Bonds then Outstanding, or their representatives authorized in writing.

SECTION 5.03. *Protection of Security and Rights of Series G Bond Owners.* The District will preserve and protect the security of the Series G Bonds and the rights of the Series G Bond Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Series G Bonds by the District, the Series G Bonds shall be incontestable by the District.

SECTION 5.04. *Tax Covenants.*

(a) Generally. The District shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, interest on the Series G Bonds to become includable in gross income for federal income tax purposes.

(b) Private Activity Bond Limitation. The District shall not use the proceeds of the Series G Bonds in a manner which would cause the Series G Bonds to become "private activity bonds" within the meaning of Section 141(a) of the Tax Code or to meet the private loan financing test of Section 141(c) of the Tax Code.

(c) 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 the Series G Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(d) 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 Series G Bond proceeds 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 Series G Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Tax Code.

(e) Rebate of Excess Investment Earnings. The District shall calculate or cause to be calculated all amounts of excess investment earnings with respect to the Series G Bonds which are required to be rebated to the United States of America under Section 148(f) of the Tax Code, at the times and in the manner required under the Tax Code. The District shall pay when due an amount equal to excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code, such payments to be made from any source of legally available funds of the District. The District shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Series G Bonds, records of the determinations made under this subsection (e).

The Paying Agent has no duty to monitor the compliance by the District with any of the covenants contained in this Section 5.04.

SECTION 5.05. *Records and Accounts.* The District shall cause to be prepared annually, within 210 days after the close of each Fiscal Year so long as any of the Series G Bonds are Outstanding, complete audited financial statements with respect to such Fiscal Year showing all revenues and expenditures of the District for such Fiscal Year. The District shall furnish a copy of such statements, upon reasonable request, to any owner of the Series G Bonds.

SECTION 5.06. *Further Assurances.* The District will adopt, 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 Agreement, and for the better assuring and confirming unto the Owners of the Series G Bonds of the rights and benefits provided in this Agreement.

ARTICLE VI

THE PAYING AGENT

SECTION 6.01. *Appointment of Paying Agent.* U.S. Bank National Association is hereby appointed to act as Paying Agent for the Series G Bonds. The Paying Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Agreement, and even during the continuance of an event of default with respect to the Series G Bonds, no implied covenants or obligations shall be read into this Agreement against the Paying Agent. The Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Agreement by executing and delivering to the District a certificate to that effect.

With the prior written consent of the owners of a majority in aggregate Accreted Value of the outstanding Series G Bonds, the District may remove the Paying Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company doing business and having an office in the State of California, having a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000, and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, under law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Paying Agent may at any time resign by giving written notice to the District and the Series G Bond Owners of such resignation. Upon receiving notice of such resignation, the District shall promptly appoint a successor Paying Agent by an instrument in writing. Any resignation or removal of the Paying Agent and appointment of a successor Paying Agent shall become effective upon acceptance of appointment by the successor Paying Agent.

SECTION 6.02. *Paying Agent May Hold Series G Bonds.* The Paying Agent may become the owner of any of the Series G Bonds in its own or any other capacity with the same rights it would have if it were not Paying Agent.

SECTION 6.03. *Liability of Agents.* The recitals of facts, covenants and agreements herein and in the Series G Bonds contained shall be taken as statements, covenants and agreements of the District, and the Paying Agent assumes no responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Agreement or of the Series G Bonds, nor shall incur any responsibility in respect thereof, other than as set forth in this Agreement. The Paying

Agent is not liable in connection with the performance of its duties hereunder, except for its own negligence or willful default.

In the absence of bad faith, the Paying Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Paying Agent and conforming to the requirements of this Agreement.

The Paying Agent is not liable for any error of judgment made in good faith by a responsible officer of its corporate trust department in the absence of the negligence of the Paying Agent.

No provision of this Agreement requires the Paying Agent 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 has reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Paying Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Paying Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

SECTION 6.04. *Notice to Agents.* The Paying Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Paying Agent may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its duties under this Agreement the Paying Agent deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Paying Agent, be deemed to be conclusively proved and established by a certificate of the District, and such certificate shall be full warrant to the Paying Agent for any action taken or suffered under the provisions of this Agreement upon the faith thereof, but in its discretion the Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

SECTION 6.05. *Compensation; Indemnification.* The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Agreement. The District will indemnify and save the Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or bad faith.

ARTICLE VII

REMEDIES OF SERIES G BOND OWNERS

SECTION 7.01. *Events of Default.* The following events constitute events of default hereunder:

- (a) Failure to pay any installment of the Accreted Value of any Series G Bonds when due.
- (b) Failure by the District to observe and perform any of the other covenants, agreements or conditions on its part contained in this Agreement or in the Series G Bonds, if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the District by the Paying Agent or the owners of a majority in aggregate Accreted Value of the outstanding Series G Bonds; provided, however, if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such 30-day period, such failure shall not constitute an event of default if the District institutes corrective action within such 30-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.
- (c) The filing by the District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the District, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property.

SECTION 7.02. *Remedies of Series G Bond Owners.* Upon the occurrence and during the continuation of an event of default, any Series G Bond Owner has the right, for the equal benefit and protection of all Series G Bond Owners similarly situated:

- (a) by mandamus, suit, action or proceeding, to compel the District and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Agreement and in the Series G Bonds, and to require the carrying out of any or all such covenants and agreements of the District and the fulfillment of all duties imposed upon it;
- (b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Series G Bond Owners' rights; or
- (c) upon the happening and continuation of any default by the District hereunder or under the Series G Bonds, by suit, action or

proceeding in any court of competent jurisdiction, to require the District and its members and employees to account as if it and they were the trustees of an express trust.

SECTION 7.03. *Remedies Not Exclusive.* No remedy herein conferred upon the Owners of Series G Bonds shall be exclusive of any other remedy and that each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereafter conferred on the Series G Bond Owners.

ARTICLE VIII

AMENDMENT OF THIS AGREEMENT

SECTION 8.01. *Amendments Effective Without Consent of the Owners.* For any one or more of the following purposes and at any time or from time to time, a Supplemental Agreement may be approved by the District and Paying Agent, which, without the requirement of consent of the Owners of the Series G Bonds, shall be fully effective in accordance with its terms:

- (a) To add to the covenants and agreements of the District in this Agreement, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with this Agreement as theretofore in effect;
- (b) To confirm, as further assurance, any pledge under, and to subject to any lien or pledge created or to be created by, this Agreement, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under this Agreement; or
- (c) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Agreement, which in any event shall not materially adversely affect the interests of the Series G Bond Owners, in the opinion of Bond Counsel filed with the District.

SECTION 8.02. *Amendments Effective With Consent of the Owners.* Any modification or amendment of this Agreement and of the rights and obligations of the District and of the Owners of the Series G Bonds, in any particular, may be made by a Supplemental Agreement, with the written consent of the Owners of a majority in aggregate Accreted Value of the Series G Bonds Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of maturity of any Outstanding Series G Bonds or of Accretion Rate thereof or a reduction in the Maturity Value thereof, or shall reduce the percentage of Series G Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change any of the provisions in Section 7.01 relating to Events of Default, or shall reduce the amount of moneys pledged for the repayment of the Series G Bonds without the consent of all the Owners of such Series G Bonds, or shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. *Benefits Limited to Parties.* Nothing in this Agreement, expressed or implied, is intended to give to any person other than the District, the County, the Paying Agent and the Owners of the Series G Bonds, any right, remedy, claim under or by reason of this Agreement. Any covenants, stipulations, promises or agreements in this Agreement contained by and on behalf of the District shall be for the sole and exclusive benefit of the Owners of the Series G Bonds.

SECTION 9.02. *Defeasance.*

(a) Discharge of Agreement. The Series G Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable hereunder by the District:

- (i) by paying or causing to be paid the Accreted Value of such Series G Bonds, as and when the same become due and payable;
- (ii) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 9.02(c) hereof) to pay or redeem such Series G Bonds; or
- (iii) by delivering such Series G Bonds to the Paying Agent for cancellation by it.

If the District pays all Outstanding Series G Bonds and also pays or causes to be paid all other sums payable hereunder by the District, then and in that case, at the election of the District (evidenced by a certificate of a District Representative filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and this Agreement), and notwithstanding that any Series G Bonds have not been surrendered for payment, this Agreement and other assets made under this Agreement and all covenants, agreements and other obligations of the District under this Agreement shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Section 9.02(b). In such event, upon request of the District, the Paying Agent shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary to evidence such discharge and satisfaction, and the Paying Agent shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it under this Agreement which are not required for the payment of Series G Bonds not theretofore surrendered for such payment or redemption.

(b) Discharge of Liability on Series G Bonds. Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.02(c) hereof) to pay or redeem any Outstanding Series G Bond (whether upon or prior to its maturity or the redemption date of such Series G Bond), provided that, if such Series G Bond is to be redeemed prior to maturity, notice of such redemption has been given as provided in Section 2.03 or provision satisfactory to the Paying Agent has been made for the giving of such notice, then all liability of the District in respect of such Series G Bond shall cease and be completely discharged, except only that thereafter the

Owner thereof shall be entitled only to payment of the Accreted Value of such Series G Bond by the District, and the District shall remain liable for such payment, but only out of such money or securities deposited with the Paying Agent as aforesaid for such payment, provided further, however, that the provisions of Section 9.02(d) shall apply in all events.

The District may at any time surrender to the Paying Agent for cancellation by it any Series G Bonds previously issued and delivered, which the District may have acquired in any manner whatsoever, and such Series G Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

(c) Deposit of Money or Securities with Paying Agent. Whenever in this Agreement it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Series G Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and accounts established under this Agreement and shall be:

- (i) lawful money of the United States of America in an amount equal to the Maturity Value of such Series G Bonds, except that, in the case of Series G Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption has been given as provided in Section 2.03 or provision satisfactory to the Paying Agent has been made for the giving of such notice, the amount to be deposited or held shall be the Accreted Value of such Series G Bonds to the redemption date; or
- (ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the Maturity Value thereof, or to pay the Accreted Value to the redemption date, as the case may be, on the Series G Bonds to be paid or redeemed, as such Accreted Value becomes due, provided that, in the case of Series G Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption has been given as provided in Section 2.03 or provision satisfactory to the Paying Agent has been made for the giving of such notice.

(d) Payment of Series G Bonds After Discharge. Notwithstanding any provisions of this Agreement, any moneys held by the Paying Agent in trust for the payment of the Accreted Value of any Series G Bonds and remaining unclaimed for two years after the Accreted Value of all of the Series G Bonds has become due and payable (whether at maturity or upon call for redemption), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Series G Bonds became due and payable, shall, upon request of the District, be repaid to the District free from the trusts created by this Agreement, and all liability of the Paying Agent with respect to such moneys shall thereupon cease; *provided, however,* that before the repayment of such moneys to the District as aforesaid, the Paying Agent may (at the cost of the District) first mail to the Owners of all Series G Bonds which have not been paid at the addresses shown on the Registration Books a notice in such form as may be deemed appropriate by the Paying Agent, with

respect to the Series G Bonds so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof.

SECTION 9.03. *Execution of Documents and Proof of Ownership by Series G Bond Owners.* Any request, declaration or other instrument which this Agreement may require or permit to be executed by Series G Bond Owners may be in one or more instruments of similar tenor, and shall be executed by Series G Bond Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Series G Bond Owner or such Owner's attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Series G Bonds and the amount, maturity, number and date of holding the same shall be proved by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Series G Bond shall bind all future Owners of such Series G Bond in respect of anything done or suffered to be done by the District or the Paying Agent in good faith and in accordance therewith.

SECTION 9.04. *Waiver of Personal Liability.* No Board member, officer, agent or employee of the District is individually or personally liable for the payment of the Accreted Value of the Series G Bonds. Nothing herein contained relieves any such Board member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 9.05. *Limited Duties of County; Indemnification.* The County (including its officers, agents and employees) shall undertake only those duties of the County under this Agreement which are specifically set forth in this Agreement, and even during the continuance of an event of default with respect to the Series G Bonds, no implied covenants or obligations shall be read into this Agreement against the County (including its officers, agents and employees).

The District further agrees to indemnify, defend and save the County (including its officers, agents and employees) harmless against any and all liabilities, costs, expenses, damages and claims which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or bad faith.

SECTION 9.06. *Destruction of Canceled Series G Bonds.* Whenever in this Agreement provision is made for the surrender to the District of any Series G Bonds which have been paid or canceled under the provisions of this Agreement, a certificate of destruction duly executed by the Paying Agent shall be deemed to be the equivalent of the surrender of such canceled Series G Bonds and the District shall be entitled to

rely upon any statement of fact contained in any certificate with respect to the destruction of any such Series G Bonds therein referred to.

SECTION 9.07. *Partial Invalidity.* If any section, paragraph, sentence, clause or phrase of this Agreement shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Agreement. The District hereby declares that it would have adopted this Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Series G Bonds pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, or phrases of this Agreement may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the District is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the District hereunder shall be assumed by and vest in the Deputy Superintendent/Chief Financial Officer of the District in trust for the benefit of the Series G Bond Owners.

SECTION 9.08. *Payment on Business Days.* Whenever in this Agreement any amount is required to be paid on a day which is not a Business Day, such payment shall be required to be made on the Business Day immediately following such day, provided that interest shall not accrue from and after such day.

SECTION 9.09. *Notices.* Any notice, request, complaint, demand or other communication under this Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopy or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The District or the Paying Agent may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the District: Fresno Unified School District
2309 Tulare Street
Fresno, California 93721
Attention: Chief Financial Officer

If to the Paying Agent: U.S. Bank National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Attention: Corporate Trust Services

SECTION 9.10. *Unclaimed Moneys.* Anything in this Agreement to the contrary notwithstanding, subject to the laws of the State of California, any moneys held by the Paying Agent for the payment and discharge of any of the Series G Bonds which remain unclaimed for two years after the date when such Series G Bonds have become due and payable, either at their stated maturity dates, if such moneys were held by the Paying Agent at such date, or for two years after the date of deposit of such moneys if deposited with the Paying Agent after said date when such Series G Bonds become due and payable, shall, at the Written Request of the District, be repaid by the Paying Agent to the District, as its absolute property and free from trust, and the Paying Agent shall thereupon be released and discharged with respect thereto and the Series G Bond Owners shall look only to the District for the payment of such Bonds; *provided, however,*

that before being required to make any such payment to the District, the Paying Agent shall, at the expense of the District, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the Registration Books, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of mailing of such notice, the balance of such moneys then unclaimed will be returned to the District.

SECTION 9.11. *Execution in Several Counterparts.* This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the District and the Paying Agent shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 9.12. *Waiver of Jury Trial.* To the fullest extent permitted by law, the District hereby waives its right to trial by jury in any action, proceeding and/or hearing on any matter whatsoever arising out of, or in any way connected with, the Series G Bonds, this Agreement or any documents relating to the Series G Bonds or this Agreement, or the enforcement of any remedy under any law, statute, or regulation.

SECTION 9.13. *Governing Law.* This Agreement shall be construed and governed in accordance with the laws of the State of California.


IN WITNESS WHEREOF, the FRESNO UNIFIED SCHOOL DISTRICT has caused this Agreement to be signed in its name by its duly authorized officers and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, has caused this Agreement to be signed in its corporate name by its duly authorized officer, all as of the day and year first above written.

FRESNO UNIFIED SCHOOL DISTRICT

By 

Michael E. Hanson
Superintendent

ATTEST:



Ruth F. Quinto
Deputy Superintendent/Chief
Financial Officer, Administrative
Services

**U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent**

By _____
Authorized Officer

IN WITNESS WHEREOF, the FRESNO UNIFIED SCHOOL DISTRICT has caused this Agreement to be signed in its name by its duly authorized officers and U.S. BANK NATIONAL ASSOCIATION, in token of its acceptance of the trust created hereunder, has caused this Agreement to be signed in its corporate name by its duly authorized officer, all as of the day and year first above written.

FRESNO UNIFIED SCHOOL DISTRICT

By _____
Michael E. Hanson
Superintendent

ATTEST:

Ruth F. Quinto
Deputy Superintendent/Chief
Financial Officer, Administrative
Services

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent

By _____

Authorized Officer

APPENDIX A
FORM OF BOND

REGISTERED BOND NO. _____ \$ _____

FRESNO UNIFIED SCHOOL DISTRICT
(Fresno County, California)

GENERAL OBLIGATION BOND
ELECTION OF 2001, SERIES G

ACCRETION RATE **MATURITY DATE:** **DATED DATE:** **CUSIP**
October 13, 2011

REGISTERED OWNER:

DENOMINATIONAL AMOUNT: **DOLLARS**

MATURITY VALUE:

The FRESNO UNIFIED SCHOOL DISTRICT (the "District"), located in Fresno County, California (the "County"), for value received, hereby promises to pay to the Registered Owner stated above, or registered assigns, the Maturity Value stated above on the Maturity Date stated above. The Accreted Value (as such term is defined in the within-mentioned Paying Agent Agreement) of this Bond as of any date will be determined in accordance with the Table of Accreted Values set forth hereon, representing the principal amount per \$5,000 of Maturity Value together with interest thereon from the Dated Date stated above, compounded semiannually on February 1 and August 1 of each year, commencing February 1, 2012 (each, a "Compounding Date"), on the basis of a 360-day year comprised of twelve 30-day months, at a rate equal to the Accretion Rate per annum set forth above. The Accreted Value hereof is payable upon presentation and surrender of this Bond at the corporate trust office of the paying agent for the Bonds (the "Paying Agent"), initially being U.S. Bank National Association. The Accreted Value hereof is payable in lawful money of the United States of America to the person in whose name this Bond is registered (the "Registered Owner") on the Bond registration books maintained by the Paying Agent.

This Bond is one of a series of \$55,570,914.90 of bonds issued for the purpose of raising money for the acquisition, construction and rehabilitation of school facilities, and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and under the laws of the State of California, and the requisite 55% vote of the electors of the District cast at a special bond election held on March 6, 2001, upon the question of issuing Bonds in the amount of \$199,000,000, and

under a Paying Agent Agreement dated as of October 1, 2011 (the "Paying Agent Agreement"), between the District and the Paying Agent. This Bond and the issue of which this Bond is a part are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

All capitalized terms herein shall have the same meaning as the capitalized terms used in the Paying Agent Agreement. Reference is hereby made to the Paying Agent Agreement (copies of which are on file at the office of the District) and the Bond Law for a description of the terms on which the Bonds are issued and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Paying Agent and the rights and obligations of the District thereunder, to all of the provisions of which Paying Agent Agreement the Owner of this Bond, by acceptance hereof, assents and agrees.

This Bond and the interest accreted hereon and on all other Bonds and the interest accreted thereon (to the extent set forth in the Paying Agent Agreement) are general obligations of the District. Subject to Education Code Section 15250, the Board of Supervisors of the County of Fresno (the "County") has the power and is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District.

The Accreted Value of this Bond does not constitute a debt of the County, the State of California, or any of its political subdivisions other than the District, or any of the officers, agents and employees thereof, and neither the County, the State of California, any of its political subdivisions, nor any of the officers, agents and employees thereof shall be liable hereon. Except as provided in the Paying Agent Agreement, in no event shall the Accreted Value of this Bond be payable out of any funds or properties of the District other than *ad valorem* taxes levied upon all taxable property in the District.

The Bonds maturing on or before August 1, 2022, are not subject to redemption prior to their respective Maturity Dates. The Bonds maturing on or after August 1, 2023, are subject to redemption in whole, or in part at the written request of the District among maturities on such basis as the District shall designate and by lot within a maturity, at the option of the District, from any available source of funds, on any date on or after August 1, 2021, at a redemption price equal to 100% of the Accreted Value of the Bonds to be redeemed, without premium.

The Bonds maturing on August 1, 2041, are term bonds (the "Term Bonds") which are subject to mandatory redemption, in whole or in part by lot, at a redemption price equal to 100% of the Accreted Value thereof to be redeemed, without premium, in the aggregate respective Accreted Values and on August 1 in the respective years as set forth in the following table; *provided, however*, that if some but not all of the Term Bonds have been redeemed under the foregoing redemption provision, the total amount of all future sinking fund payments shall be reduced by the Accreted Value of the Term Capital Appreciation Bonds so redeemed, to be allocated among such sinking fund payments on such basis as the District may designate in a written request of the District filed with the Paying Agent.

Sinking Fund Redemption Date (August 1)	Accreted Value To Be Redeemed
2035	\$ 18,420,646.30
2036	19,073,223.55
2037	19,748,457.05
2038	20,451,390.00
2039	21,175,992.00
2040	21,923,482.35
2041 (Maturity)	22,700,000.00

Whenever less than all of the outstanding Bonds of the same maturity are designated for redemption, the Paying Agent shall select the Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Bond will be deemed to consist of individual bonds of \$5,000 Maturity Values each which may be separately redeemed.

The Paying Agent on behalf and at the expense of the District shall mail (by first class mail) notice of any redemption to the respective owners of any Bonds designated for redemption at their respective addresses appearing on the Bond registration books, and to the Securities Depositories and to the Municipal Securities Rulemaking Board, at least 30 but not more than 60 days prior to the date fixed for redemption; *provided, however,* that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual or compounding of interest thereon. The District has the right to rescind any notice of the optional redemption of Bonds in accordance with the Paying Agent Agreement.

Upon surrender of Bonds redeemed in part only, the District shall execute and the Paying Agent shall authenticate and deliver to the Owner, at the expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate Accreted Value equal to the unredeemed portion of the Bond or Bonds.

From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the Capital Appreciation Bonds so called for redemption have been duly provided, the Bonds called for redemption will cease to be entitled to any benefit under the Paying Agent Agreement other than the right to receive payment of the redemption price, and no interest will accrue or compound thereon on or after the redemption date specified in the notice.

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

It is certified, recited and declared that all acts and conditions required by the Constitution and laws of the State of California to exist, to be performed or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that payment in full for the Bonds has been

received; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the Bonds; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay the Accreted Value of the Bonds when due, without limitation as to rate or amount, and for levying and collecting such taxes the full faith and credit of the District are hereby pledged.

The District and the Paying Agent may treat the Owner hereof as the absolute owner hereof for all purposes, and the County, District and the Paying Agent shall not be affected by any notice to the contrary.

This Bond shall be not be valid or obligatory for any purpose and shall not be entitled to any security or benefit under the Paying Agent Agreement until the Certificate of Authentication below has been manually signed by the Paying Agent.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Paying Agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of 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 in this Bond.

IN WITNESS WHEREOF, the Fresno Unified School District has caused this Bond to be executed by the facsimile signature of the President of its Board of Education, and attested by the facsimile signature of the Clerk of the Board, all as of the date stated above.

FRESNO UNIFIED SCHOOL DISTRICT

By _____
President
Board of Education

Attest:

Clerk of the Board

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the Paying Agent Agreement referred to herein.

Date of Authentication:

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent

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 Bond and do(es) hereby irrevocably constitute and appoint _____, attorney, to transfer the same on the registration books of the Bond Registrar, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by a an eligible guarantor institution.

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