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**PAYING AGENT AGREEMENT**

**by and between**

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT**

**and**

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

**Dated as of \_\_\_\_\_, 2018**

**RELATING TO THE GENERAL OBLIGATION BONDS OF  
SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 1 OF THE  
PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT  
SAN LUIS OBISPO COUNTY, CALIFORNIA  
ELECTION OF 2016, SERIES A**

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PAYING AGENT AGREEMENT

This PAYING AGENT AGREEMENT, dated as of \_\_\_\_\_, 2018, is by and between the PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT, a school district duly established and existing under the laws of the State of California (the "District"), and U.S. BANK NATIONAL ASSOCIATION, a banking corporation duly organized and existing pursuant to the laws of the State of California (the "Paying Agent").

W I T N E S S E T H:

WHEREAS, the District is authorized pursuant to Education Code sections 15300 *et seq.* and the approving vote of the qualified electors of its School Facilities Improvement District No. 1 (the "SFID No.1") at an election held on November 8, 2016, to incur a bonded indebtedness of \$95,000,000;

WHEREAS, the District and the Paying Agent have determined to enter into this Paying Agent Agreement in order to provide for the authentication and delivery of the Bonds (as hereinafter defined), to establish and declare the terms and conditions upon which the Bonds shall be issued and secured, and to secure the payment of the principal thereof and premium (if any) and interest thereon;

WHEREAS, this Paying Agent Agreement sets forth the terms and issue of an initial series of Bonds designated as the "General Obligation Bonds of School Facilities Improvement District No. 1 of the Paso Robles Joint Unified School District, San Luis Obispo County, California, Election of 2016, Series A,"

WHEREAS, the execution and delivery of this Paying Agent Agreement have in all respects been duly and validly authorized by resolutions duly passed and approved by the District; and

WHEREAS, in its resolution, the Board of Trustees of the District determined that all acts, conditions and things required by law to exist, to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of the bonds of SFID No. 1, and the indebtedness of the District, including this proposed issue of the Series A Bonds, is within all limits prescribed by law; and

WHEREAS, the parties hereto are now duly authorized to execute and enter into this Paying Agent Agreement.

NOW, THEREFORE, THIS PAYING AGENT AGREEMENT WITNESSETH that, in order to secure the payment of the principal and Accreted Value of and the interest on all Bonds at any time issued, authenticated, and delivered hereunder, and to provide the terms and conditions under which all property, rights, and interests hereby assigned and pledged are to be dealt with and disposed of, and to secure performance and observance of the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes hereinafter expressed, and in consideration of the premises and of the material covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby agree and covenant with the

Paying Agent for the benefit of the respective Owners, from time to time, of the Bonds, or any part thereof, as follows:

**ARTICLE I**  
**DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICABILITY**

**Section 1.1. Definitions.** For all purposes of this Paying Agent Agreement and of any Supplemental Paying Agent Agreement and of any certificate, opinion, or other document herein mentioned, unless the context otherwise requires:

(A) The terms defined in this Section shall have the meanings herein specified and include the plural as well as the singular.

(B) All accounting terms not otherwise defined herein have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with generally accepted accounting principles.

(C) All references herein to “generally accepted accounting principles” refer to such principles as they exist at the date of applicability thereof.

(D) All references herein to “Articles,” “Sections,” and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Paying Agent Agreement as originally executed.

(E) The words “herein,” “hereof,” “hereby,” “hereunder,” and other words of similar import refer to this Paying Agent Agreement as a whole and not to any particular Article, Section, or other subdivision.

(F) Words of the masculine gender shall mean and include words of the feminine and neuter genders.

(G) Unless otherwise defined in this Paying Agent Agreement, all terms used herein shall have the meanings assigned to such terms in the Law.

**Accreted Value** means, with respect to any Capital Appreciation Bond, the principal amount thereof plus the interest accrued thereon from its dated date, compounded at the interest rate thereon on each date specified therein. The Accreted Values at any compounding date to which reference is made shall be the amounts set forth in the Accreted Value Table as of such date. The Accreted Value between compounding dates shall be calculated assuming that the Accreted Values increase in equal daily amounts on the basis of a 360-day year of twelve 30-day months.

**Accreted Value Table** means the table by that name attached as an exhibit to this Paying Agent Agreement or a Supplemental Paying Agent Agreement for the Series of Capital Appreciation Bonds issued pursuant thereto.

**Auditor-Controller** means the Auditor-Controller of the County of San Luis Obispo.

**BAN Repayment Fund** means the fund by that name established pursuant to Section 3.7 (BAN Repayment Fund).

**Board** means the Board of Trustees of the District.

**Bond Obligation** means, as of any date (i) with respect to any Outstanding Current Interest Bond, the principal amount of such Bond; and (ii) with respect to any Outstanding Capital Appreciation Bond, the Accreted Value thereof.

**Bond Register** has the meaning stated in Section 2.6 (Registration, Transfer, and Exchange).

**Bonds** mean the General Obligation Bonds of School Facilities Improvement District No. 1 of the Paso Robles Joint Unified School District, San Luis Obispo, California, Election of 2016, Series A, authorized by, and at any time Outstanding, pursuant to, the election of November 8, 2016.

**Building Fund** means the fund by that name established pursuant to Section 3.5 (Building Fund).

**Business Day** means any day other than a Saturday, Sunday, or a day on which banking institutions in the State are authorized or obligated by law or executive order to be closed.

**Capital Appreciation Bonds** mean the Bonds of any Series designated as Capital Appreciation Bonds in this Paying Agent Agreement or the Supplemental Paying Agent Agreement providing for the issuance of such Series and on which interest is compounded and paid at maturity or on prior redemption.

**Certificate, Statement, Request, Requisition, and Order of the District** mean, respectively, a written certificate, statement, request, requisition, or order signed in the name of the District by its Superintendent or any other person authorized by the Superintendent to execute such instruments. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.6 (Form and Content of Documents Delivered to Paying Agent), each such instrument shall include the statements provided for in such Section 1.6.

**Closing Date**, with respect to a Series of Bonds, means the date of delivery of the Bonds of such Series to the initial purchaser thereof.

**Code** means the Internal Revenue Code of 1986, as amended, and the regulations applicable to or issued thereunder.

**Continuing Disclosure Certificate** means, with respect to a Series of Bonds, the certificate or agreement delivered on the Closing Date of such Series concerning the District's undertakings made to allow the participating underwriters to fulfill their responsibilities under Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities

Exchange Act of 1934, as such certificate or agreement was originally executed by the District, or as it may from time to time be supplemented or amended in accordance with its terms.

**Costs of Issuance** means all items of expense directly or indirectly payable by or reimbursable to the District and related to the original authorization, execution, sale, and delivery of the Bonds, including but not limited to advertising and printing costs, costs of preparation and reproduction of documents, costs of printing and distribution of the preliminary and final official statements, filing and recording fees, initial fees and charges of the Paying Agent, legal fees and charges, fees and disbursements of consultants and professionals, financial advisor fees and expenses, rating agency fees, premiums and other fees for municipal bond insurance and other credit enhancement, fees and charges for preparation, execution, transportation and safekeeping of Bonds, and any other cost, charge, or fee in connection with the original delivery of Bonds.

**Costs of Issuance Account** means the Costs of Issuance Account established pursuant to Section 3.6 (Series A Costs of Issuance Account).

**County** means San Luis Obispo County, California.

**County Treasurer** means the Treasurer-Tax Collector of the County.

**Current Interest Bonds** mean the Bonds of any Series designated as Current Interest Bonds in this Paying Agent Agreement or the Supplemental Paying Agent Agreement providing for the issuance of such Series of Bonds and that pay interest at least semi-annually to the Owners thereof (excluding the first payment of interest thereon).

**DTC** means The Depository Trust Company, a New York corporation.

**Debt Service Fund** means the fund by that name established pursuant to and governed by Section 7.3 (Debt Service Fund).

**Defeasance Securities** means (i) Cash (fully insured by the Federal Deposit Insurance Corporation); (ii) direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“U.S. Treasury Obligations”); (iii) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America; (iv) 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 (v) 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.

**District** means the Paso Robles Joint Unified School District, a school district of the State of California, duly organized and existing under the Constitution and laws of the State.

**Event of Default** means any of the events specified in Section 9.1 (Events of Default).

**Fiscal Year** means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the District.

**Information Service** means the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access (“EMMA”) website, or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds, or no such services, as the District may designate in a Request of the District delivered to the Paying Agent.

**Interest and Sinking Fund** means the fund by that name established pursuant to and governed by Section 7.1 (Levy of Taxes; Interest and Sinking Fund).

**Interest Payment Date** with respect to Bonds of any Series means the date or dates specified in such Bonds on which installments of interest on such Bonds are due and payable.

**Investment Securities** means any securities in which funds of the District may now or hereafter be legally invested as provided by applicable law in effect at the time of such investment, which may be invested in any particular investment, subject to any limitations imposed by the investment policy approved by the Board and, in the case of funds invested by the County Treasurer on behalf of the District, subject to any additional restrictions imposed by the investment policy of the County, but without regard to any limitations contained therein concerning the maximum percentage limitations for any particular investment when the balance in a fund or account is less than \$500,000.00.

**Law** means Sections 15300 *et seq.* of the California Education Code and Sections 53506 *et seq.* of the California Government Code, relating to the issuance of general obligation bonds, as now in effect and as it may from time to time hereafter be amended or supplemented.

**Mandatory Redemption Payment** means, with respect to Bonds of any Series and maturity, the amount required by this Paying Agent Agreement or a Supplemental Paying Agent Agreement hereto to be paid from the Debt Service Fund for the mandatory redemption or payment at maturity of Term Bonds of such Series and maturity.

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

**Opinion of Bond Counsel** means a written opinion of a law firm experienced in matters relating to obligations the interest on which is excluded from gross income for federal income tax purposes, selected by the District.

**Outstanding**, when used as of any particular time with reference to Bonds, means all Bonds theretofore, or thereupon being, authenticated and delivered by the Paying Agent under this Paying Agent Agreement except (i) Bonds theretofore cancelled by the Paying Agent or

surrendered to the Paying Agent for cancellation; (ii) Bonds with respect to which all liability of the District shall have been discharged in accordance with Section 6.2 (Discharge of Liability on Bonds), including Bonds (or portions of Bonds) referred to in Section 7.8 (Money Held for Particular Bonds); and (iii) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Paying Agent pursuant to this Paying Agent Agreement.

**Owner** or **Bondholder** or **Bondowner**, whenever used herein with respect to a Bond, means the person in whose name such Bond is registered.

**Paying Agent** means U.S. Bank National Association, as Paying Agent, or its successor as Paying Agent as provided in Section 10.4 (Certain Rights of Paying Agent; Liability of Paying Agent).

**Paying Agent Agreement** means this paying agent agreement, dated as of \_\_\_\_\_, 2018, by and between the District and the Paying Agent, as originally executed, or as it may from time to time be supplemented or amended by any Supplemental Paying Agent Agreement delivered pursuant to the provisions hereof.

**Paying Agent's Office** means the office of the Paying Agent located at 633 West Fifth Street, 24<sup>th</sup> Floor, Los Angeles, California 90071, or such other additional offices as may be designated by the Paying Agent.

**Person** means a corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

**Rating Category** means (i) with respect to any long-term rating category, all ratings designated by a particular letter or combination of letters, without regard to any numerical modifier, plus or minus sign or other modifier; and (ii) with respect to any short-term or commercial paper rating category, all ratings designated by a particular letter or combination of letters and taking into account any numerical modifier, but not any plus or minus sign or other modifier.

**Rebate Fund** means the fund by that name established pursuant to Section 7.5 (Rebate Fund).

**Redemption Fund** means the fund by that name established pursuant to Section 7.4 (Redemption Fund).

**Redemption Price** means, with respect to any Bond (or portion thereof) the principal amount or Accreted Value of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and this Paying Agent Agreement.

**Regular Record Date** for interest payable on any Interest Payment Date on the Bonds of any Series means the date specified in the provisions of this Paying Agent Agreement creating such Series.

**Responsible Officer** (i) when used with respect to any bank or trust company then serving as the Paying Agent means the chairman or vice-chairman of the board of directors of the Paying Agent, the chairman or vice-chairman of the executive committee of said board, the president, any vice-president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any trust officer or assistant trust officer, the controller, any assistant controller, or any other officer of the Paying Agent customarily performing functions similar to those performed by any of the above-designated officers and also means, with respect to a particular corporate trust matter, any other officer of the Paying Agent to whom such matter is referred because of such officer's knowledge of and familiarity with the particular subject; and (ii) when used with respect to the County Treasurer, means the County Treasurer or any deputy County Treasurer.

**Securities Depositories** mean the following: The Depository Trust Company, 55 Water Street, New York, NY 10041, Telephone 212-855-1000, or, in accordance with then-current guidelines of the Securities and Exchange Commission, to such other addresses and/or such other securities depositories, or no such depositories, as the District may designate in a Request of the District delivered to the Paying Agent.

**Serial Bonds** mean the Bonds, maturing in specified years, for which no Mandatory Redemption Payments are provided.

**Series**, whenever used herein with respect to Bonds, mean all of the Bonds designated as being of the same series, authenticated and delivered in a simultaneous transaction, regardless of variations in maturity, interest rate, redemption, and other provisions, and any Bonds thereafter authenticated and delivered upon transfer or exchange or in lieu of or in substitution for (but not to refund) such Bonds as herein provided.

**SFID No. 1** means School Facilities Improvement District No. 1 of the Paso Robles Joint Unified School District, formed by resolution of the District's Board of Trustees on January 13, 1998.

**Special Record Date** for the payment of any defaulted interest on Bonds of any Series means a date fixed by the Paying Agent pursuant to Section 2.8 (Payment of Interest on Bonds; Interest Rights Preserved).

**Standard & Poor's** means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Standard & Poor's" or "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the District and approved by the Paying Agent.

**State** means the State of California.

**Supplemental Paying Agent Agreement** means any paying agent agreement hereafter duly executed and delivered, supplementing, modifying, or amending this Paying Agent Agreement, but only if and to the extent that such Supplemental Paying Agent Agreement is specifically authorized hereunder.

**Tax Certificate**, with respect to a Series of Bonds, means the tax certificate delivered by the District at the time of the issuance and delivery of such Series, as the same may be further amended or supplemented in accordance with its terms.

**Term Bonds** mean the Bonds payable at or before their specified maturity date or dates from the proceeds of Mandatory Redemption Payments paid into a fund or account established for that purpose and calculated in an amount deemed necessary to retire such Bonds on or before their specified maturity date or dates.

**Section 1.2. Equality of Security.** In consideration of the acceptance of the Bonds by the Owners thereof from time to time, this Paying Agent Agreement shall be deemed to be and shall constitute a contract between the District and the Owners of the Bonds, and the covenants and agreements herein set forth to be performed by or on behalf of the District, the County, or the Paying Agent shall be for the equal and proportionate benefit, security, and protection of all Owners of the Bonds, without preference, priority, or distinction as to security or otherwise, of any of the Bonds over any of the others by reasons of the Series, time of issue, sale, or negotiation thereof, or for any cause whatsoever, except as expressly provided therein or herein. Nothing herein shall prevent additional security from being provided to particular Bonds under any Supplemental Paying Agent Agreement.

**Section 1.3. Acts of Bondholders.** Any request, consent or other instrument required or permitted by this Paying Agent Agreement to be signed and executed by Bondholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bondholders in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of Bonds transferable by delivery, shall be sufficient for any purpose of this Paying Agent Agreement and shall be conclusive in favor of the Paying Agent and of the District if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent, or other instrument or writing may be proved by the acknowledgement of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument 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.

Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefore or in lieu thereof, in respect of anything done or suffered to be done by the Paying Agent or the District in accordance therewith or reliance thereon.

**Section 1.4. Notices, etc., to County, District, and Paying Agent.** Any notice to or demand upon the Paying Agent may be served or presented, and such demand may be made, at the Paying Agent's Office. Any notice to or demand upon the District, shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed, as the case may be, to the District at 800

Niblick Road, Paso Robles, California 93446, Attention: Superintendent (or such other address as may have been filed in writing by the District with the Paying Agent). Any notice to or demand upon the County, shall be deemed to have been sufficiently given or served for all purposes by being deposited, first-class mail postage prepaid, in a post office letter box, addressed, as the case may be, to the County at the Office of the County Auditor-Controller-Treasurer-Tax Collector, 1055 Monterey Street, Room D-290, San Luis Obispo, California 93408, Attention: Auditor-Controller-Treasurer-Tax Collector (or such other address as may have been filed in writing by the County with the Paying Agent).

**Section 1.5. Notices to Bondholders; Waiver.** In any case where notice to Bondholders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Bondholder shall affect the sufficiency of such notice with respect to other Bondholders.

Where this Paying Agent Agreement provides for notice in any manner, such notice may be waived in writing by the person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Bondholders shall be filed with the Paying Agent, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

**Section 1.6. Form and Content of Documents Delivered to Paying Agent.** Every certificate or opinion provided for in this Paying Agent Agreement with respect to compliance with any provision hereof shall include (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter referred to in the instrument to which his or her signature is affixed; and (d) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the District may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel, an accountant, or an independent consultant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion, or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel, an accountant, or an independent consultant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the District, respectively) upon a certificate or opinion of or representation by an officer of the District, as the case may be, unless such counsel, accountant, or independent consultant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the District, or the same counsel, or accountant, or independent consultant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Paying Agent Agreement, but different officers, counsel, accountants, or independent consultants may certify to different matters, respectively.

**Section 1.7. Effect of Headings and Table of Contents.** 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 Paying Agent Agreement.

**Section 1.8. Successors and Assigns.** Whenever in this Paying Agent Agreement the County, the District, or the Paying Agent 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 Paying Agent Agreement contained by or on behalf of the County, the District, or the Paying Agent shall bind and inure to the benefit of the respective successors and assigns thereof, whether so expressed or not.

**Section 1.9. Benefits of Paying Agent Agreement.** Nothing in this Paying Agent Agreement or in the Bonds, expressed or implied, is intended or shall be construed to give to any person other than the County, the District, the Paying Agent, and the Owners of the Bonds, any legal or equitable right, remedy, or claim under or in respect of this Paying Agent Agreement or any covenant, condition, or provision therein or herein contained; and all such covenants, conditions, and provisions are and shall be held to be for the sole and exclusive benefit of the County, the District, the Paying Agent, and the Owners of the Bonds.

**Section 1.10. Payments/Actions Otherwise Scheduled on Non-Business Days.** Except as specifically set forth in a Supplemental Paying Agent Agreement, any payments or transfers that would otherwise become due on any day that is not a Business Day shall become due or shall be made on the next succeeding Business Day. When any other action is provided for herein to be done on a day named or within a specified time period and the day named or the last day of the specified period falls on a day other than a Business Day, such action may be performed on the next succeeding Business Day with the same effect as though performed on the appointed day or within the specified period.

**Section 1.11. No Personal Liability for Debt Service.** No Board member, officer, agent, or employee of the County, the District, or the Paying Agent shall be individually or personally liable for the payment of the principal, Accreted Value or Redemption Price of or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such Board member, officer, agent, or employee of the County, the District, or the Paying Agent from the performance of any official duty provided by law or by this Paying Agent Agreement.

**Section 1.12. Severability Clause.** If any one or more of the provisions contained in this Paying Agent Agreement or in the Bonds shall for any reason be held to be invalid, illegal, or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Paying Agent Agreement, and such invalidity, illegality, or unenforceability shall not affect any other provision of this Paying Agent Agreement, and this Paying Agent Agreement shall be construed as if such invalid, or illegal, or unenforceable provision had never been contained herein. The District hereby declares that it would have adopted this Paying Agent Agreement and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences,

clauses, or phrases of this Paying Agent Agreement may be held illegal, invalid, or unenforceable.

**Section 1.13. Governing Law.** This Paying Agent Agreement shall be construed and governed in accordance with the laws of the State.

**Section 1.14. Execution in Counterparts.** This Paying Agent Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

## **ARTICLE II THE BONDS**

**Section 2.1. Title; Issuable in Series; General Limitations.** The general title of the Bonds of all Series shall be “General Obligation Bonds of School Facilities Improvement District No. 1 of the Paso Robles Joint Unified School District, San Luis Obispo County, California, Election of 2016.” With respect to the Bonds of any particular Series, the District may incorporate into or add to the general title of such Bonds any words, letters, or figures designed to distinguish that Series.

The County or the District may issue Bonds in Series hereunder, in book-entry form or otherwise, as from time to time authorized by the Board, subject to the covenants, provisions, and conditions contained in this Paying Agent Agreement.

The maximum principal amount of Bonds that the County or the District may issue hereunder is not limited; subject, however, to any limitations contained in the Law and to the right of the District, which is hereby reserved, to limit the aggregate principal amount of Bonds that may be issued or Outstanding hereunder.

**Section 2.2. Terms of Particular Series.** Each Series of Bonds, except the Series A Bonds created by Article III of this Paying Agent Agreement, shall be created by a Supplemental Paying Agent Agreement authorized by the Board and establishing the terms and provisions of such Series of Bonds and the form of the Bonds of such Series. The several Series of Bonds may differ from the Series A Bonds and as between Series in any respect not in conflict with the provisions of this Paying Agent Agreement and as may be prescribed in the Supplemental Paying Agent Agreement creating such Series.

The District shall determine, at the time of issuance of each Series of Bonds, the terms thereof, including the interest rate or rates at which interest is borne by the Bonds of such Series or the manner in which the interest rate or rates are determined (not to exceed the maximum rate of interest permitted by law), the intervals at which interest on the Bonds of such Series shall be payable, the date or dates on which and the year or years in which the Bonds of such Series shall mature and become payable, and the manner in which principal of and interest on the Bonds of such Series shall be payable.

**Section 2.3. Forms and Denominations.** The form of the Bonds of each Series shall be established by the provisions of this Paying Agent Agreement creating such Series. The Bonds of each Series shall be distinguished from the Bonds of other Series as may

be determined by the officers of the District executing particular Bonds, as evidenced by their execution thereof.

The District may issue the Bonds of any Series (a) in such denominations as it specifies at the time of issuance thereof; and (b) in fully registered form without coupons or in fully registered book-entry form.

**Section 2.4. Execution, Authentication, Delivery, and Dating.** If the Bonds are issued by the County, the Bonds shall be executed by the Chairman of the County Board of Supervisors and the County Treasurer, and countersigned by the Clerk of the County Board of Supervisors, under the seal of the County reproduced, imprinted, or impressed thereon. If the Bonds are issued by the District, the Bonds shall be executed by the President of the Board and countersigned by the Secretary of the Board, under the seal of the District reproduced, imprinted, or impressed thereon, if such a seal exists. The signature of any of these officers on the Bonds may be facsimile or manual; provided that one such signature or countersignature shall be manually affixed. Unless otherwise provided in any Supplemental Paying Agent Agreement, the Bonds shall then be delivered to the Paying Agent for authentication by it, if the County Treasurer is not then serving as Paying Agent.

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

If the County Treasurer is not serving as Paying Agent and except as may be provided in any Supplemental Paying Agent Agreement, no Bond shall be valid or obligatory for any purpose or entitled to the benefits of this Paying Agent Agreement unless there appears on such Bond a certificate of authentication substantially in the form provided for herein, manually executed by the Paying Agent. Such certificate of authentication when manually executed by the Paying Agent shall be conclusive evidence, and the only evidence when such authentication is required, that such Bond has been duly executed, authenticated, and delivered hereunder.

**Section 2.5. Temporary Bonds.** Pending the preparation of definitive Bonds, the County or the District may execute and, upon District request, the Paying Agent shall authenticate and deliver temporary Bonds that are printed, lithographed, typewritten, or otherwise produced, in any denomination, substantially of the tenor of the definitive bonds in lieu of which they are issued, in registered form, and containing such references to any of the provisions of this Paying Agent Agreement as the officers of the District may determine. A temporary Bond may be in the form of a single Bond payable in installments, each on the date, in the amount, and at the rate of interest established for the Bonds maturing on such date.

If the County or the District issues temporary Bonds, it will cause definitive Bonds to be prepared without unreasonable delay. After the preparation of definitive Bonds, the temporary Bonds shall be exchangeable for definitive Bonds upon surrender of the temporary Bonds at the Paying Agent's Office, without charge to the Owner. Upon surrender for cancellation of any one or more temporary Bonds, the County or the District shall execute and, if required, the Paying Agent shall authenticate and deliver in exchange therefore an equal aggregate principal amount of definitive Bonds of authorized denominations of the same Series, tenor, and maturity or maturities. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Paying Agent Agreement as definitive Bonds authenticated and delivered hereunder.

**Section 2.6. Registration, Transfer, and Exchange.** The Paying Agent will keep or cause to be kept, at the Paying Agent's Office, a register (herein sometimes referred to as the "Bond Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent shall provide for the registration and transfer of Bonds. The Bond Register shall at all times be open to inspection during normal business hours by the County and the District.

Upon surrender of a Bond for transfer at the Paying Agent's Office, the County or the District shall execute and, if required, the Paying Agent shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same Series, tenor, and maturity and for an equivalent aggregate principal amount.

Bonds of any Series may be exchanged for an equivalent aggregate principal amount of Bonds of other authorized denominations of the same Series, tenor, and maturity, upon surrender of the Bonds for exchange at the Paying Agent's Office. Upon surrender of Bonds for exchange, the County or the District shall execute and, if required, the Paying Agent shall authenticate and deliver the Bonds that the Bondholder making the exchange is entitled to receive.

All Bonds surrendered upon any exchange or transfer provided for in this Paying Agent Agreement shall be promptly cancelled by the Paying Agent and thereafter disposed of as provided for in Section 2.10 (Cancellation).

All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the District, evidencing the same debt, and entitled to the same security and benefits under this Paying Agent Agreement, as the Bonds surrendered upon such transfer or exchange.

Every Bond presented or surrendered for transfer or exchange shall be accompanied by a written instrument of transfer, in a form approved by the Paying Agent, which is duly executed by the Owner or by his attorney duly authorized in writing.

All fees and costs of any transfer or exchange of Bonds shall be paid by the Bondholder requesting such transfer or exchange.

The Paying Agent shall not be required to transfer or exchange (a) Bonds of any Series during the period from the close of business on the Record Date next preceding any Interest Payment Date to and including such Interest Payment Date; or (b) any Bond that has been selected for redemption in whole or in part, except the unredeemed portion of such Bond selected for redemption in part, from and after the day that such Bond has been selected for redemption in whole or in part.

**Section 2.7. Mutilated, Destroyed, Lost, or Stolen Bonds** If (a) any mutilated Bond is surrendered to the Paying Agent, or the District and the Paying Agent receive evidence to their satisfaction of the destruction, loss, or theft of any Bond; and (b) there is delivered to the District and the Paying Agent such security or indemnity as may be required by them to save each of them harmless, then the County or the District shall execute, and upon its request the Paying Agent shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same Series and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

Upon the issuance of any new Bond under this Section, the District may require payment of a sum sufficient to pay the cost of preparing such Bond, any tax or other governmental charge that may be imposed in relation thereto, and any other expenses connected therewith.

Every new Bond issued pursuant to this Section in lieu of any destroyed, lost, or stolen Bond shall constitute an original additional contractual obligation of the District, whether or not the destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the security and benefits of this Paying Agent Agreement equally and ratably with all other Outstanding Bonds secured by this Paying Agent Agreement. Neither the District nor the Paying Agent shall be required to treat both the new Bond and the Bond it replaces as being Outstanding for the purpose of determining the principal amount of Bonds that may be issued hereunder, but both the new Bond and the Bond it replaces shall be treated as one and the same.

**Section 2.8. Payment of Interest on Bonds; Interest Rights Preserved.** Interest on any Bond of any Series that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Owner thereof as of the close of business on the Regular Record Date for such interest specified in the provisions of this Paying Agent Agreement.

Any interest on any Bond of any Series that is payable but is not punctually paid or duly provided for on any Interest Payment Date shall forthwith cease to be payable to the Owner on the relevant Regular Record Date. Such defaulted interest shall be paid to the Person in whose name the Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Paying Agent. In the name and at the expense of the District, the Paying Agent shall cause notice of the payment of such defaulted interest and the Special Record Date to be mailed, first-class postage prepaid, to each Owner of a Bond of such Series at his address as it appears in the Bond Register not fewer than ten (10) days prior to such Special Record Date.

Subject to the foregoing provisions of this Section, each Bond delivered under this Paying Agent Agreement upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, that were carried by such other Bond. Each such Bond shall bear interest from such date that neither loss nor gain in interest shall result from such transfer, exchange, or substitution.

**Section 2.9. Persons Deemed Owners.** The County, the District, and the Paying Agent shall be entitled to treat the person in whose name any Bond is registered as the owner thereof for all purposes of the Paying Agent Agreement and any applicable laws,

notwithstanding any notice to the contrary received by the Paying Agent, the County, or the District. The ownership of Bonds shall be proved by the Bond Register. The Paying Agent may establish a record date as of which to measure consent of the Bondowners in order to determine whether the requisite consents are received.

**Section 2.10. Cancellation.** All Bonds surrendered for payment, redemption, transfer, or exchange, if surrendered to the Paying Agent, shall be promptly cancelled by the Paying Agent and, if surrendered to any person other than the Paying Agent, shall be delivered to the Paying Agent and, if not already cancelled, shall be promptly cancelled by the Paying Agent.

The District shall deliver to the Paying Agent for cancellation any Bonds acquired in any manner by the District, and the Paying Agent shall promptly cancel such Bonds.

No Bond shall be authenticated in lieu of or in exchange for any Bond cancelled as provided in this Section, except as expressly provided by this Paying Agent Agreement. The Paying Agent shall destroy all cancelled Bonds in accordance with its retention policy then in effect.

### **ARTICLE III TERMS AND ISSUE OF SERIES A BONDS**

#### **Section 3.1. Terms and Form of Series A Bonds.**

(A) Creation of Series A Bonds. The District hereby creates the first Series of Bonds and additionally designates them “Series A” (the “Series A Bonds”). At any time after the execution and delivery of this Paying Agent Agreement, the District may execute and the Paying Agent shall authenticate and deliver the Series A Bonds in an aggregate principal of \$\_\_\_\_\_ upon the Order of the District.

(B) Form of Series A Bonds. The form of the Series A Bonds shall be substantially as set forth in Exhibit A, with such insertions, omissions, substitutions, and variations as may be determined by the officers executing the same, as evidenced by their execution thereof, to reflect the applicable terms of the Series A Bonds established by this Article.

(C) Book-Entry Form, Denominations. The Series A Bonds shall be issued, in fully registered form, as current interest bonds in denominations of \$5,000 (Bond Obligation at maturity) or any integral multiple thereof, and shall be initially registered in the name of “Cede & Co.,” as nominee of The Depository Trust Company. The Series A Bonds shall be evidenced by one Series A Bonds maturing on each of the maturity dates as set forth below in this Section in a denomination corresponding to the total Bond Obligation of the Series A Bonds to mature on such date. Registered ownership of the Series A Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 3.2 (Book-Entry Provisions). The Series A Bonds shall bear such distinguishing numbers and letters as may be specified by the Paying Agent.

(D) Maturity and Interest.

(i) Date, Interest Accrual, Maturity Dates, Interest Rates. The Series A Bonds shall be dated their date of delivery, shall bear interest from their date of delivery at the following rates per annum, and shall mature on August 1 in the following years in the following amounts:

<b><u>Maturity Date</u></b> <b><u>(August 1)</u></b>	<b><u>Principal Amount</u></b>	<b><u>Interest Rate</u></b>
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		
2039		
2040		
2041		
2042		
2043		
2044		
2045		
2046		
2047		
2048		

(ii) Interest Payments. Interest on the Series A Bonds shall be payable on August 1, 2018, and thereafter semiannually on February 1 and August 1 of each year, by check mailed or as provided in Section 3.2(E) (Book-Entry Provisions – Payments to Depository), and upon the written request of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds who has provided the Paying Agent with wire transfer instructions, by wire transfer on each interest payment date to the Owner thereof as of the close of business on the Regular Record Date. The Regular Record Date for the Series A Bonds shall be the fifteenth (15th) day of the calendar month immediately preceding the relevant Interest Payment Date (unless the Interest Payment Dates are specified above as falling on the fifteenth (15th) day of the month, in which case the Regular Record Date shall be the last day of the immediately

preceding calendar month). Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

(E) Bond Obligation and Redemption Payments. The Bond Obligation or Redemption Price of the Series A Bonds shall be payable to the Owner thereof upon surrender thereof in lawful money of the United States of America at the Paying Agent's Office or, as provided in Section 3.2(E) (Book-Entry Provisions – Payments to Depository), by wire transfer to the Owner.

**Section 3.2. Book-Entry Provisions.** Notwithstanding any provision of this Paying Agent Agreement to the contrary, the following provisions shall apply:

(A) Limits on Transfer. Registered ownership of the Series A Bonds, or any portions thereof, may not thereafter be transferred except:

(i) To any successor of The Depository Trust Company or its nominee, or to any substitute depository designated pursuant to clause (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 not objected to by the Paying Agent, 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 (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (a) the resignation of The Depository Trust Company or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository which is not objected to by the Paying Agent can be obtained; or (b) a determination by the District that it is in the best interests of the District to remove The Depository Trust Company or its successor (or any substitute depository or its successor) from its function as depository.

(B) Execution and Delivery of New Bonds. In the case of any transfer pursuant to clause (i) or clause (ii) of Section 3.2(A) (Book-Entry Provisions – Limits on Transfer) hereof, upon receipt of all Outstanding Series A Bonds by the Paying Agent, together with a Certificate of the District to the Paying Agent, a single new Series A Bond shall be executed and delivered, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Certificate of the District. In the case of any transfer pursuant to clause (iii) of Section 3.2(A) (Book-Entry Provisions – Limits on Transfer) hereof, upon receipt of all outstanding Series A Bonds by the Paying Agent, together with a Certificate of the District to the Paying Agent, new Series A Bonds shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such a Certificate of the District, subject to the limitations of Section 2.6 (Registration, Transfer,

and Exchange) hereof; provided the Paying Agent shall not be required to deliver such new Series A Bonds within a period less than sixty (60) days from the date of receipt of such a Certificate of the District.

(C) Notation of Reduction in Principal. In the case of partial redemption, cancellation, or an advance refunding of any Series A Bonds evidencing all or a portion of the principal maturing in a particular year, The Depository Trust Company shall make an appropriate notation on the Series A Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Paying Agent. The Paying Agent shall not be liable for any failure or error of The Depository Trust Company to make such notations. The records of the Paying Agent shall be controlling with respect to the outstanding principal amount of Series A Bonds.

(D) No Responsibility to Persons Other Than Owners. The District and the Paying Agent shall be entitled to treat the person in whose name any Series A Bond is registered as the Bondholder thereof for all purposes of the Paying Agent Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Paying Agent or the District; and the District and the Paying Agent shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Series A Bonds. Neither the District nor the Paying Agent 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 Owner of any Series A Bonds.

(E) Payments to Depository. So long as all outstanding Series A Bonds are registered in the name of "Cede & Co." or its registered assign, the District and the Paying Agent shall cooperate with "Cede & Co.", as sole registered Bondholder, and its registered assigns in effecting payment of the Bond Obligation and interest on the Series A Bonds, 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.

### **Section 3.3. Redemption of Series A Bonds.**

(A) General. The Series A Bonds shall be subject to redemption as provided in this Section 3.3 (Redemption of Series A Bonds) and in Article 5 (Redemption of Bonds).

(B) Optional Redemption. The Series A Bonds maturing on or before August 1, 202\_\_, shall not be subject to redemption prior to their respective stated maturities. Series A Bonds maturing on or after August 1, 202\_\_, are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part (by such maturities as may be specified by the District and by lot within a maturity), on any date on or after August 1, 202\_\_, at redemption prices equal to the principal amount of Series A Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

(C) Mandatory Redemption. The Series A Term Bonds maturing on August 1, 20\_\_, shall be subject to redemption prior to their stated maturity, in part, by lot, from Mandatory Redemption Payments in the following amounts and on the following dates, at the

principal amount thereof, together with accrued interest to the date fixed for redemption, without premium, but which amounts will be proportionately reduced by the principal amount of all Series A Term Bonds optionally redeemed:

**Mandatory  
Redemption Dates  
(August 1)**

**Principal Amount**

**TOTAL**

\* *Final Maturity*

**Section 3.4. Application of Proceeds of Series A Bonds.** The proceeds of the sale of the Series A Bonds shall be deposited with the County Treasurer and the Paying Agent and shall be held in trust and set aside as follows:

(A) Series A Costs of Issuance Account. The Paying Agent shall deposit \$\_\_\_\_\_ in the Series A Costs of Issuance Account to pay certain Costs of Issuance of the Series A Bonds as directed by the District. The District shall direct the disbursements of Costs of Issuance from the Series A Costs of Issuance Account by delivery of written instructions to the Paying Agent, as set forth in Section 3.6 (Series A Costs of Issuance Account) below;

(B) Building Fund. The County Treasurer shall deposit \$\_\_\_\_\_ of the proceeds from the sale of Series A Bonds in the SFID No. 1 Series A Building Account established pursuant to Section 3.5 (Building Fund);

(C) Interest and Sinking Fund. The County Treasurer shall deposit \$\_\_\_\_\_ of the proceeds from the sale of Series A Bonds in the Interest and Sinking Fund, as established pursuant to Section 7.1 (Levy of Taxes; Interest and Sinking Fund); and

(D) BAN Repayment Fund. The Paying Agent shall deposit \$\_\_\_\_\_ of the proceeds from the sale of Series A Bonds in the BAN Repayment Fund established pursuant to Section 3.7 (BAN Repayment Fund).

**Section 3.5. Building Fund.**

(A) Establishment and Application of Building Fund. The District has directed the Auditor-Controller to establish, maintain, and hold a separate fund designated as the “School Facilities Improvement District No. 1 of the Paso Robles Joint Unified School District Building Fund” (the “Building Fund”). With respect to each Series of Bonds, the Auditor-Controller shall establish and maintain in the Building Fund a separate account designated as the “SFID No. 1 Series \_\_ Building Account” (inserting therein for the designation of such Series) for the purpose of tracking the expenditure of bond proceeds in order to comply with the provisions of Section 8.6 (Federal Income Tax Covenants). The District shall use the monies in the Building Fund to pay the cost of the acquisition, construction, and completion of improvements described in the measure approved by the electors of the District, including (i) all

necessary legal, financial, engineering, and contingent costs in connection therewith; and (ii) certain legal, accounting, and financing expenses incurred in connection with the issuance of the Bonds.

(B) Requests for Payment from Building Fund. Before any payment from the Building Fund shall be made, the District shall file or cause to be filed with the Auditor-Controller a Requisition of the District or warrant in such form as the County Treasurer may require.

(C) Disbursement from Building Fund. Upon receipt of a Requisition or warrant, the Auditor-Controller shall pay the amount set forth in the Requisition or warrant as directed by the terms thereof out of the Building Fund. The Auditor-Controller need not make any such payment if it has received notice of any lien, right to lien, or attachment upon, or claim affecting the right to receive payment of, any of the monies to be so paid, that has not been released or will not be released simultaneously with such payment. The County shall not incur any liability for any disbursement from the Building Fund made in reliance upon any Requisition or warrant.

(D) Transfer of Remaining Balance. When all the purposes and objects contained in the measure approved by the electors of the District shall have been accomplished, the District shall deliver a Certificate of the District to the Auditor-Controller (i) stating such fact; (ii) certifying that all of the costs thereof have been determined and paid (or that all of such costs have been paid less specified claims that are subject to dispute and for which a retention in the Building Fund is to be maintained in the full amount of such claims until such dispute is resolved); and (iii) requesting that the Auditor-Controller transfer the remaining balance in the Building Fund, less the amount of any such retention, into the Interest and Sinking Fund. Upon the receipt of the Certificate, and upon order of the Auditor-Controller, the County shall transfer any remaining balance in the Building Fund, less the amount of any such retention, as requested by the District in accordance with the Certificate.

**Section 3.6. Series A Costs of Issuance Account.** The Paying Agent shall establish and maintain a separate account designated as the “School Facilities Improvement District No. 1 of the Paso Robles Joint Unified School District Series A Costs of Issuance Account” (the “Series A Costs of Issuance Account”). The Paying Agent shall hold funds in the Series A Costs of Issuance Account uninvested in cash pending the use of said moneys. The monies in the Series A Costs of Issuance Account shall be used and withdrawn by the District for the payment of Costs of Issuance for the Series A Bonds upon filing a Requisition with the Paying Agent, in the form attached hereto as Exhibit B. On and after the issuance of the Series A Bonds, the District shall direct the disbursements of Costs of Issuance from the Series A Costs of Issuance Account by delivery of written instructions to the Paying Agent. Upon final payment of all Costs of Issuance, any remaining proceeds in the Series A Costs of Issuance Account shall be transferred by the Paying to the SFID No. 1 Series A Building Account in the Building Fund sixty (60) days following the Closing Date.

**Section 3.7. BAN Repayment Fund.** The Paying Agent shall establish, maintain, and hold a special fund designated as the “BAN Repayment Fund.” The amounts in the BAN Repayment Fund shall be held by the Payment Agent and applied to the payment of the

District's outstanding 2017 General Obligation Bond Anticipation Notes of School Facilities Improvement District No. 1 of the Paso Robles Joint Unified School District, San Luis Obispo County, California (the "BAN") on \_\_\_\_\_, 2018, or such other date as directed by the District. The Paying Agent shall hold such funds uninvested in cash pending the use of moneys held in the BAN Repayment Fund. Any amounts remaining in the BAN Repayment Fund one (1) month following the closing date shall be transferred to the Debt Service Fund.

**Section 3.8. Validity of Series A Bonds.** The recital in the Series A Bonds that they are issued pursuant to the Constitution and statutes of the State shall be conclusive evidence of their validity and of compliance with provisions of law in their issuance.

#### **ARTICLE IV AUTHENTICATION AND DELIVERY OF ADDITIONAL SERIES OF BONDS**

**Section 4.1. Issuance of Additional Series of Bonds.** The County or the District may by Supplemental Paying Agent Agreement establish one or more additional Series of Bonds, secured by the pledge made under this Paying Agent Agreement equally and ratably with Bonds previously issued, and the County or the District may issue, and the Paying Agent may authenticate and deliver to the purchasers thereof, Bonds of any Series so established, in such principal amount as shall be determined by the District, but only upon compliance by the District with the provisions of Section 4.2 (Proceedings for Issuance of Additional Series of Bonds), and any additional requirements set forth in the related Supplemental Paying Agent Agreement and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such additional Series of Bonds:

(A) No Default. No Event of Default shall have occurred and then be continuing.

(B) Amount Authorized. The aggregate principal amount of Bonds issued hereunder shall not exceed the amount authorized pursuant to the Law and by the electors of the District, and shall not exceed any other limitation imposed by law or by any Supplemental Paying Agent Agreement.

(C) Payment Dates. If and to the extent deemed practical in the reasonable judgment of the District with regard to the type of Bond to be issued, the principal payments of such additional Series of Bonds shall be due on August 1 in each year in which principal is to be paid and, if the interest on such Series of Bonds is to be paid semiannually, such interest payments shall be due on August 1 and February 1 in each year, as appropriate, with final maturity dates and corresponding accretion dates for Capital Appreciation Bonds as are deemed appropriate.

Nothing in this Section or in this Paying Agent Agreement contained shall prevent or be construed to prevent the Supplemental Paying Agent Agreement from providing for the issuance of an additional Series of Bonds from pledging or otherwise providing, in addition to the security given or intended to be given by this Paying Agent Agreement, additional security for the benefit of such additional Series of Bonds or any portion thereof.

**Section 4.2. Proceedings for Issuance of Additional Series of Bonds.**

(A) Supplemental Paying Agent Agreement. Whenever the District shall determine to issue a Series of Bonds pursuant to Section 4.1 (Issuance of Additional Series of Bonds), the District shall authorize the execution of a Supplemental Paying Agent Agreement specifying the principal amount and prescribing the forms of Bonds of such additional Series, and providing the terms, conditions, distinctive designation, denominations, methods of numbering, date, maturity date or dates, interest rate or rates (or the manner of determining the same), redemption provisions, and place or places of payment of principal or Redemption Price, if any, of and interest on such Bonds, and any other provisions respecting the Bonds of such Series not inconsistent with the terms of this Paying Agent Agreement.

(B) Documentation Required. Before such additional Series of Bonds shall be issued and delivered, the District shall file the following documents with the Paying Agent (upon which documents the Paying Agent may conclusively rely in determining whether the conditions precedent to the issuance of such Series of Bonds have been satisfied):

(i) Supplemental Paying Agent Agreement. An executed copy of the Supplemental Paying Agent Agreement authorizing such Series.

(ii) No Default Certificate. A Certificate of the District stating that no Event of Default has occurred and is then continuing.

(iii) Opinion. An Opinion of Bond Counsel to the effect that the execution of the Supplemental Paying Agent Agreement has been duly authorized by the County or the District in accordance with this Paying Agent Agreement; that such Series, when duly executed by the District and authenticated if required, and delivered by the Paying Agent, will be valid and binding general obligations of the District; and that upon the delivery of such Series the aggregate principal amount of Bonds then Outstanding will not exceed the amount permitted by law or by this Paying Agent Agreement.

(iv) Principal Amount Certificate. A Certificate of the District stating that the requirement of Section 4.1(B) has been satisfied.

**Section 4.3. Application of Proceeds of Additional Bonds.** Proceeds of each Series of Bonds shall be applied as specified in the Supplemental Paying Agent Agreement pursuant to which such Series of Bonds is created.

## ARTICLE V REDEMPTION OF BONDS

**Section 5.1. General Applicability of Article.** Bonds of any Series that are redeemable before their respective stated maturities shall be redeemable in accordance with their terms and (except as otherwise provided with respect to the Bonds of any particular Series by the provisions of this Paying Agent Agreement creating such Series) in accordance with this Article.

**Section 5.2. Election to Redeem; Notice to Paying Agent.** The election of the District to redeem any Bonds shall be evidenced by a resolution of its Board. In the case of any redemption at the election of the District of less than all the Outstanding Bonds of any Series, the District shall, at least sixty (60) days prior to the date fixed for redemption (unless a shorter

notice shall be satisfactory to the Paying Agent), notify the Paying Agent in writing of such redemption date and of the principal amount or Accreted Value of Bonds of such Series to be redeemed.

**Section 5.3. Selection by Paying Agent of Bonds to be Redeemed.** If less than all the Outstanding Bonds of any Series are to be redeemed, not more than sixty (60) days prior to the redemption date, the Paying Agent shall select the particular Bonds to be redeemed from the Outstanding Bonds of such Series that have not previously been called for redemption, in minimum denominations of \$5,000 (Bond Obligation at maturity), at the direction of the District, and if no such direction has been provided, in inverse order of maturity and by lot within a maturity in any manner that the Paying Agent in its sole discretion shall deem appropriate and fair.

The Paying Agent shall promptly notify the District in writing of the Bonds so selected for redemption and, in the case of a Bond selected for partial redemption, the principal amount or Accreted Value thereof to be redeemed.

For all purposes of this Paying Agent Agreement, unless the context otherwise requires, all provisions relating to the redemption of Bonds shall relate, in the case of any Bond redeemed or to be redeemed only in part, to the portion of the principal or Accreted Value of such Bond that has been or is to be redeemed.

**Section 5.4. Notice of Redemption.**

(A) Mailed Notice. The Paying Agent shall mail notice of redemption not fewer than thirty (30) nor more than sixty (60) days prior to the redemption date by first-class mail, postage prepaid, to the respective Owners of any Bonds designated for redemption, at their addresses appearing on the Bond Register. If a Series of Bonds is not registered solely to a Securities Depository, the Paying Agent shall also give notice of redemption of Bonds of such Series to the Securities Depositories and the Information Service (at the same time it mails notice of redemption to the Owners) by registered or overnight mail.

(B) Content of Notice. Each notice of redemption shall state (i) the date of such notice; (ii) the name of the Bonds and the date of issue of the Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity of the Bonds to be redeemed; (vi) if less than all of the Bonds of any maturity are to be redeemed, the distinctive numbers of the Bonds of each maturity to be redeemed; (vii) in the case of Bonds redeemed in part only, the respective portions of the principal amount of the Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Bonds to be redeemed; (ix) a statement that such Bonds must be surrendered by the Owners at the Paying Agent's Office, or at such other place or places designated by the Paying Agent; (x) a statement that on the redemption date there will become due and payable the redemption price of the Bond (or the specified portion of the principal amount if Bonds are redeemed in part only), together with interest accrued thereon to the redemption date; (xi) notice that further interest on such Bonds will not accrue after the designated redemption date; and (xii) such redemption notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds.

Neither the District nor the Paying Agent shall have any responsibility for any defect in the CUSIP number that appears on any Bond or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference, and that neither the District nor the Paying Agent shall be liable for any inaccuracy in such numbers.

(C) Defects in Notice or Procedure. Failure by the Paying Agent to give notice to the Information Service or Securities Depositories, or failure of any Owner to receive notice, or any defect in any such notice, shall not affect the sufficiency of the proceedings for redemption. Failure by the Paying Agent to mail notice to any one or more of the respective Owners of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Owner or Owners to whom such notice was mailed.

(D) Right to Rescind Notice; Conditional Notice. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Bonds called for redemption. The District may make any redemption conditional upon the availability of money for payment of the redemption price on the redemption date designated in the notice. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption monies are not available in the Redemption Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal, interest, and any premium due on the Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission

**Section 5.5. Deposit of Redemption Price.** Prior to any redemption date, the District shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bonds that are to be redeemed on that date. Such money shall be held in trust for the benefit of the persons entitled to such Redemption Price.

**Section 5.6. Bonds Payable on Redemption Date.** Notice of redemption having been duly given as aforesaid and monies for payment of the Redemption Price of the Bonds so to be redeemed being held by the Paying Agent, on the redemption date designated in such notice (a) the Bonds so to be redeemed shall become due and payable at the Redemption Price specified in such notice; (b) interest on such Bonds shall cease to accrue or accrete; (c) such Bonds shall cease to be entitled to any benefit or security under this Paying Agent Agreement; and (d) the Owners of such Bonds shall have no rights in respect thereof, except to receive payment of said Redemption Price. Upon surrender of any such Bond for redemption in accordance with said notice, such Bond shall be paid by Paying Agent at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable to the Owners of the Bonds on the relevant Record Dates, according to the terms of such Bonds and the provisions of Section 2.8 (Payment of Interest on Bonds; Interest Rights Preserved).

**Section 5.7. Bonds Redeemed in Part** Upon surrender of any Bond redeemed only in part, the County or the District shall execute, and the Paying Agent shall authenticate, if required, and deliver to the Owner thereof, at the expense of the District, a new Bond or Bonds of the same Series of authorized denominations, and of the same maturity, equal in aggregate principal amount or Accreted Value to the unredeemed portion of the Bond surrendered.

## **ARTICLE VI DEFEASANCE**

### **Section 6.1. Discharge of Paying Agent Agreement.**

(A) Payment of Series of Bonds. Bonds of any Series may be paid by the District in any of the following ways:

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

(ii) by depositing with the Paying Agent or an escrow agent at or before maturity, money or securities in the necessary amount (as provided in Section 6.3 (Deposit of Money or Securities with Paying Agent), to pay or redeem all Bonds Outstanding of the Series designated for defeasance; or

(iii) by delivering to the Paying Agent, for cancellation by it, all Bonds then Outstanding of the Series designated for defeasance.

(B) Consequences of Payment of All Series of Bonds. If the District shall pay all Series for which any Bonds are Outstanding and also pay or cause 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 the District filed with the Paying Agent signifying the intention of the District to discharge all such indebtedness and this Paying Agent Agreement, and notwithstanding that any Bonds shall not have been surrendered for payment, this Paying Agent Agreement, the pledge of assets made hereunder, all covenants and agreements and other obligations of the District under this Paying Agent Agreement, and the rights and interests created hereby (except as to any surviving rights of transfer or exchange of Bonds as provided in Section 2.6 (Registration, Transfer, and Exchange) and rights to payment from monies deposited with the Paying Agent as provided in Section 6.2 (Discharge of Liability on Bonds) shall cease, terminate, become void, and be completely discharged and satisfied. Notwithstanding the satisfaction and discharge of this Paying Agent Agreement, the obligations to the Paying Agent under Section 10.6 (Paying Agent May Hold Bonds) and the covenants of the District to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes contained in Section 8.6 (Federal Income Tax Covenants) shall survive.

(C) Actions Upon Discharge. 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 or desirable to evidence such discharge and satisfaction, and the Paying Agent shall pay over, transfer, assign, or deliver to the District all monies or

securities or other property held by it pursuant to this Paying Agent Agreement that, as evidenced by a verification report (upon which the Paying Agent may conclusively rely) from a firm of certified public accountants, or other firm acceptable to the Paying Agent, are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption; subject to the provisions of Section 8.6 (Federal Income Tax Covenants) and the Tax Certificate.

(D) Notice of Defeasance. If monies or Defeasance Securities are deposited with and held by the Paying Agent as hereinabove provided, the Paying Agent shall, within thirty (30) days after such money and Defeasance Securities shall have been deposited with it, mail a notice, first class postage prepaid, to the Bondowners at the addresses listed on the registration books kept by the Paying Agent, pursuant to Section 2.6 (Registration, Transfer, and Exchange), (i) setting forth the maturity or date fixed for prepayment, as the case may be, of the Bonds; (ii) giving a description of the Defeasance Securities, if any, so held by it; and (iii) stating that this Paying Agent Agreement has been released in accordance with the provisions of this Section.

**Section 6.2. Discharge of Liability on Bonds.** Upon the deposit with the Paying Agent or escrow agent at or before maturity, of money or securities in the necessary amount (as provided in Section 6.3 (Deposit of Money or Securities with Paying Agent) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in ARTICLE V (Redemption of Bonds) provided, or provision satisfactory to the Paying Agent shall have been made for the giving of such notice, then all liability of the District in respect of such Bond shall cease, terminate, and be completely discharged, except that thereafter (a) the Owner thereof shall be entitled to payment of the principal of and premium, if any, and interest on such 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, escrow agent, or other fiduciary as aforesaid for their payment, subject, however, to the provisions of Section 6.4 (Monies Unclaimed After Bonds Are Due and Payable); and (b) the Owner thereof shall retain its rights of transfer or exchange of Bonds as provided in Section 2.6 (Registration, Transfer, and Exchange).

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

**Section 6.3. Deposit of Money or Securities with Paying Agent.** Whenever in this Paying Agent Agreement it is provided or permitted that there be deposited with or held by the Paying Agent money or securities in the necessary amount to pay or redeem any 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 pursuant to this Paying Agent Agreement and shall be:

(A) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the

case of Bonds that are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in ARTICLE V (Redemption of Bonds) or provision satisfactory to the Paying Agent shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(B) Defeasance Securities, the principal of and interest on which when due will, in the opinion of an independent certified public accountant delivered to the Paying Agent (upon which opinion the Paying Agent may conclusively rely), provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due, provided that, in the case of Bonds that are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in ARTICLE V (Redemption of Bonds) or provision satisfactory to the Paying Agent shall have been made for the giving of such notice; provided, in each case, that the Paying Agent shall have been irrevocably instructed (by the terms of this Paying Agent Agreement or by Request of the District) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds.

**Section 6.4. Monies Unclaimed After Bonds Are Due and Payable.**

(A) Earnings on Monies Unclaimed After Bonds Are Due and Payable. All monies held by or on behalf of the Paying Agent or escrow agent for the payment of principal of, or interest or premium on, Bonds, whether at redemption or maturity, shall be held for the account of the Owners thereof, and the Paying Agent or escrow agent shall not be required to pay Owners any interest on, or be liable to the Owners or any other person (other than the District) for any interest earned on, monies so held.

(B) Return of Unclaimed Funds to District. Any monies held by the Paying Agent or escrow agent for the payment of the principal or Redemption Price of, or interest on, any Bonds and remaining unclaimed for two years after the date when such Bonds have become due and payable (whether at maturity or upon call for redemption as provided in this Paying Agent Agreement), if such monies were so held at such date, or two years after the date of deposit of such monies if deposited after the date when such Bonds became due and payable, shall be repaid to the District free from the trusts created by this Paying Agent Agreement, and all liability of the Paying Agent with respect to such monies shall thereupon cease; provided that the District has certified to the Paying Agent that the District has complied with the provisions of Sections 50050-50056 of the California Government Code.

**ARTICLE VII  
TAX LEVY, COLLECTION, AND DEPOSIT**

**Section 7.1. Levy of Taxes; Interest and Sinking Fund.**

(A) Levy of Taxes. For the purpose of paying the principal and Accreted Value of and interest on the Bonds and the fees and expenses of the Paying Agent, the Board shall, at the time of making the general tax levy in conjunction with issuing the first Series of Bonds hereunder, and annually thereafter until this Paying Agent Agreement shall have been discharged in accordance with Section 6.1 (Discharge of Paying Agent Agreement) hereof, levy and collect a tax on all the taxable property in SFID No. 1 sufficient to pay the interest on the Bonds and such part of the principal and Accreted Value as will become due before the proceeds of a tax levied at the next general tax levy will be available and to pay the annual fees and expenses of the Paying Agent. The tax shall be levied and collected as other taxes in the County, shall be in addition to all other taxes, and shall be used only for payment of the principal and Accreted Value of and interest on the Bonds when due and the fees and expenses of the Paying Agent.

(B) Interest and Sinking Fund for Bonds. The taxes so collected shall be forthwith paid into the fund hereby created and established by the Auditor-Controller at the request of the District and designated the “School Facilities Improvement District No. 1 of the Paso Robles Joint Unified School District Interest and Sinking Fund” (the “Interest and Sinking Fund”). The County Auditor shall keep such fund separate and distinct from all other District funds. All monies at any time held in the Interest and Sinking Fund shall be held in trust for the benefit of the Owners of the Bonds and shall be disbursed, allocated, and applied solely for the uses and purposes set forth in Section 7.3 (Debt Service Fund). When this Paying Agent Agreement shall have been discharged in accordance with Section 6.1 (Discharge of Paying Agent Agreement) hereof, any balance of money then remaining in the Interest and Sinking Fund shall be transferred (upon order of the Auditor-Controller) to the general fund of the District.

**Section 7.2. Pledge of Taxes and Other Amounts.** Subject only to the provisions of this Paying Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, the Interest and Sinking Fund and all of the taxes and all amounts (including proceeds of the Bonds and investment earnings), including any such funds held by the Paying Agent in the Interest and Sinking Fund and any fund or account established hereunder, are hereby pledged and a continuing lien and security interest is hereby granted by the District therein to secure, and constitute a trust fund for, the payment of the principal of and interest on the Bonds, in accordance with their terms and the provisions of this Paying Agent Agreement, without priority or distinction of one over the other. Said pledge shall constitute a first lien on the taxes and amounts in such funds, shall be valid and binding from and after delivery by the Paying Agent of the Bonds without any physical delivery thereof or further act, and shall be irrevocable until all of the Bonds are no longer Outstanding. It is the intention of the District that (i) for purposes of 11 U.S.C. § 902(2)(E), the tax revenues constitute “taxes specifically levied to finance one or more projects or systems” of the District and are not “general property, sales or income taxes . . . levied to finance the general purposes of” the District, and (ii) the pledge of the tax revenues constitutes a pledge of “special revenues” for purposes of 11 U.S.C. §§ 901 et seq., and that a petition filed by the District under 11 U.S.C.

§§ 901 et seq. will not operate as a stay under 11 U.S.C. §§ 362 and 922 of the application of such tax revenues to payment when due of principal and accreted value of and interest on the Bonds. The District will not take any action inconsistent with its agreement and statement of intention hereunder and will not deny that the pledge of the tax revenues constitutes a pledge of special revenues for purposes of 11 U.S.C. §§ 901 et seq. In addition, the pledges in this Section and in the bond resolution are agreements between the District and the Owners (and Bondowners for which the Owners serve as nominees) in addition to any statutory lien that may exist.

**Section 7.3. Debt Service Fund.**

(A) Maintenance and Application of Debt Service Fund. At the direction of the District, at least one business day prior to the date any payment is due in respect of the Bonds and at the direction of the Auditor-Controller, the County Treasurer shall wire transfer from the Interest and Sinking Fund to the Paying Agent for deposit into the fund maintained by the Paying Agent and designated herein as the “School Facilities Improvement District No. 1 of the Paso Robles Joint Unified School District Debt Service Fund” (the “Debt Service Fund”) an amount sufficient to pay the aggregate amount of interest, principal and Accreted Value becoming due and payable on any outstanding Bonds on the next succeeding Interest Payment Date. The Paying Agent shall keep such fund separate and distinct from all other District funds. All sums to become due for the principal and Accreted Value of and interest on the Bonds shall be paid from the Debt Service Fund or, if the County Treasurer is then serving as Paying Agent, from the Interest and Sinking Fund. The Debt Service Fund shall be used only for the payment of the principal and Accreted Value of and interest on the Bonds when and as the same fall due, either by maturity or mandatory redemption, except for amounts collected for the payment of the Paying Agent’s fees and expenses, which shall be paid to the Paying Agent in accordance with the agreement entered into between the District and the Paying Agent. When this Paying Agent Agreement shall have been discharged in accordance with Section 6.1 (Discharge of Paying Agent Agreement) hereof, at the request of the District, the Paying Agent shall transfer any balance of money then remaining in the Debt Service Fund that is not held for the payment of particular Bonds in accordance with Section 7.8 (Money Held for Particular Bonds) to the County Treasurer for deposit to the Interest and Sinking Fund.

(B) Payments in the Event of Shortfall. If, on any Interest Payment Date, the taxes collected shall not be sufficient to pay in full the principal and Accreted Value of and interest on all Bonds payable on such date, the Paying Agent shall apply all amounts then held or thereafter received by the Paying Agent under any of the provisions of this Paying Agent Agreement (except as otherwise provided in this Paying Agent Agreement) to the payment to the persons entitled thereto of all installments of interest then due and the unpaid principal and Accreted Value or Redemption Price of any Bonds that shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue Bond Obligation at the rate borne by the respective Bonds, such payments to be made ratably, according to the amounts of principal or interest or Accreted Value due on such date to the persons entitled thereto, without any discrimination or preference.

**Section 7.4. Redemption Fund.**

(A) Before optionally redeeming Bonds, the District shall establish a special fund designated as the “School Facilities Improvement District No. 1 of the Paso Robles Joint Unified School District Redemption Fund” (the “Redemption Fund”) with an escrow agent. The District shall establish such subaccounts in the Redemption Fund as necessary to segregate amounts deposited therein for different purposes. All monies deposited by the District with the escrow agent for the purpose of optionally redeeming Bonds shall, unless otherwise directed by the District, be deposited in the Redemption Fund. All amounts deposited in the Redemption Fund shall be used and withdrawn solely for the purpose of redeeming Bonds of any Series, in the manner, at the times, and upon the terms and conditions specified in this Paying Agent Agreement or the Supplemental Paying Agent Agreement pursuant to which the Series of Bonds was created; provided that, at any time prior to giving notice of redemption, the escrow agent shall, upon receipt of a Request of the District, apply such amounts to the purchase of Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Debt Service Fund) as is directed by the District, except that the purchase price (exclusive of such accrued interest) may not exceed the Redemption Price then applicable to such Bonds. All Term Bonds purchased or redeemed from the Redemption Fund shall be allocated to Mandatory Redemption Payments applicable to such Series and maturity of Term Bonds as may be specified in a Request of the District.

If, after all of the Bonds so called for redemption have been redeemed and canceled or paid and canceled, there are any monies remaining in the Redemption Fund or held by the Paying Agent for the payment of the redemption price of the Bonds, such monies shall be held in or returned or transferred (upon order of the Auditor-Controller) to the Debt Service Fund of the District for payment of any outstanding bonds of the District payable from said fund; provided, however, that if such monies are part of the proceeds of bonds of the District, such monies shall be transferred to the fund created for the payment of principal of and interest on such bonds. If no such bonds of the District are at such time outstanding, such monies shall be transferred to the general fund of the District as provided and permitted by law.

**Section 7.5. Rebate Fund.** The District shall establish and maintain a fund designated as the “School Facilities Improvement District No. 1 of the Paso Robles Joint Unified School District Rebate Fund” (the “Rebate Fund”), if the District determines that such a fund would be convenient for purposes of rebate accounting. If established, the Rebate Fund shall be maintained separate from any other fund. The District shall deposit monies into and disburse monies from the Rebate Fund or make payments of rebate directly to the United States Treasury at the times required by the terms of the Tax Certificate.

**Section 7.6. Investment of Monies in Funds and Accounts.**

(A) Investment Securities. All monies in any of the funds and accounts established pursuant to this Paying Agent Agreement shall be invested solely in Investment Securities. All Investment Securities shall, as directed by the District in writing or by telephone and promptly confirmed in writing, be acquired subject to the limitations set forth in Section 8.6 (Federal Income Tax Covenants), and such additional limitations or requirements consistent with the foregoing as may be established by Request of the District. The County Treasurer and/or

Paying Agent shall deposit any money received from the District into an account to be held for the payment of the Bonds with such money in the account that exceeds the deposit insurance, available to the District, provided by the Federal Deposit Insurance Corporation to be fully collateralized with Bonds or obligations that are eligible under the laws of the State of California, to secure and be pledged as collateral for trust accounts until the principal and interest on such Bonds have been presented for payment and paid to the owner thereof. Payments made from such account shall be made by check drawn on such account.

All funds at any time and from time to time provided to or held by the County Treasurer and/or Paying Agent hereunder shall be deemed, construed, and considered for all purposes as being provided to or held for the benefit of the Bondholders. The County Treasurer and/or Paying Agent acknowledges covenants, and represents that it is acting herein in an agency capacity in relation to such funds, and in not accepting, holding, administering, or applying such funds as a banking depository, but solely as an agent for and on behalf of the security thereto. The Bondholders shall be entitled to the same preferred claim and first lien on the funds so provided as are enjoyed by the beneficiaries of funds generally. The funds provided hereunder shall not be subject to warrants, drafts, or checks drawn by the District, and except as expressly provided herein, shall not be subject to compromise, setoff, or other charge or diminution.

The County Treasurer and/or Paying Agent shall be under no liability for interest on any money received by it hereunder.

(B) Deposit of Earnings. Unless otherwise provided in a Supplemental Paying Agent Agreement, all interest, profits, and other income received from the investment of monies in any fund or account shall be retained therein.

(C) Commingling; Purchase and Sale of Investment Securities. The County Treasurer and/or the Paying Agent may commingle any of the funds or accounts established pursuant to this Paying Agent Agreement into a separate fund or funds for investment purposes only, provided that all such funds and accounts shall be accounted for separately as required by this Paying Agent Agreement. The County Treasurer and/or the Paying Agent may each act as principal or agent in the making or disposing of any investment, and with the prior written consent of the District, may impose its customary charge therefore. The County Treasurer and/or the Paying Agent may sell at the best price obtainable, or present for redemption, any Investment Securities so purchased whenever it shall be necessary to provide monies to meet any required payment, transfer, withdrawal, or disbursement from the fund or account to which such Investment Security is credited.

(D) Investment Records. The County Treasurer and/or the Paying Agent shall keep proper books of record and accounts containing complete and correct entries of all transactions relating to the receipt, investment, disbursement, allocation and application of the monies related to the Bonds, including monies derived from, pledged to, or to be used to make payments on the Bonds. Such records shall specify the account or fund to which each investment (or portion thereof) held by the Paying Agent is to be allocated, and shall set forth, in the case of each investment security (i) its purchase price; (ii) identifying information, including par amount, coupon rate, and payment dates; (iii) the amount received at maturity or its sale

price, as the case may be, including accrued interest; (iv) the amounts and dates of any payments made with respect thereto; and (v) the dates of acquisition and disposition or maturity.

(E) **Information for Arbitrage Rebate Compliance.** The County Treasurer and/or the Paying Agent shall also provide to the District, in accordance with a Request of the District, with respect to each Investment Security, such documentation as is reasonably available to the Paying Agent and is required by the Code or other applicable law to be obtained by the District, as evidence to establish that all investments have been acquired and disposed of on an established market in arm's-length transactions, at a price equal to their fair market value, and whether any amounts have been paid to reduce the yield on the investments, as set forth in the Tax Certificate.

**Section 7.7. Funds and Accounts.** Any fund required by this Paying Agent Agreement to be established and maintained by the County Treasurer or the Paying Agent may be established and maintained in the accounting records of the County Treasurer or the Paying Agent, either as a fund or an account, and may (for the purposes of such records, any audits thereof, and any reports or statements with respect thereto) be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with the School Accounting Manual, and in accordance with customary standards of the corporate trust industry, and with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

**Section 7.8. Money Held for Particular Bonds.** The money held by the Paying Agent for the payment of the interest, principal, Accreted Value, or Redemption Price due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto; subject, however, to the provisions of Section 6.4 (Monies Unclaimed After Bonds Are Due and Payable).

## **ARTICLE VIII COVENANTS OF THE DISTRICT**

**Section 8.1. Power to Issue Bonds and Make Pledge.** The District is duly authorized pursuant to the Law to issue the Bonds and to pledge the taxes and other amounts purported to be pledged under this Paying Agent Agreement in the manner and to the extent provided in this Paying Agent Agreement. The Bonds and the provisions of this Paying Agent Agreement are and will be the valid and binding obligations of the District in accordance with their terms.

**Section 8.2. Punctual Payment.** The District will punctually pay or cause to be paid the principal, Accreted Value or Redemption Price and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Paying Agent Agreement, according to the true intent and meaning thereof, and shall punctually pay or cause to be paid all Mandatory Redemption Payments.

**Section 8.3. Extension of Payment of Bonds.** The County or the District will not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or

the time of payment of any or claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Paying Agent Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon that shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the District to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

**Section 8.4. Preservation of Rights of Owners.** The County, the District and the Paying Agent shall at all times, to the extent permitted by law, defend, preserve, and protect the pledge of taxes and other assets and all the rights of the Bondholders under this Paying Agent Agreement against all claims and demands of all persons whomsoever.

**Section 8.5. Waiver of Laws.** The County or the District will not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Paying Agent Agreement or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the County or the District to the extent permitted by law.

**Section 8.6. Federal Income Tax Covenants.** The County or the District shall at all times do and perform all acts and things permitted by law and this Paying Agent Agreement that are necessary and desirable in order to assure that interest paid on the Bonds will be excluded from gross income for federal income tax purposes, and shall take no action that would result in such interest not being so excluded; provided that, prior to the issuance of any Series of Bonds, the District may exclude the application of the covenants contained in this Section to such Series of Bonds. Without limiting the generality of the foregoing, the County or the District agrees to comply with the provisions of the Tax Certificate. This covenant shall survive the defeasance or payment in full of the Bonds.

**Section 8.7. Accounting Records.** The County and the District will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions relating to the taxes. Such books of record and account shall be available for inspection by the Owners at reasonable hours and under reasonable circumstances.

**Section 8.8. Further Assurances** The District will make, execute and deliver any and all such instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Paying Agent Agreement, and for the better assuring and confirming unto the Owners of the Bonds, of the rights and benefits provided in this Paying Agent Agreement.

**Section 8.9. Continuing Disclosure.** The District hereby covenants that it will comply with and carry out all the provisions of the Continuing Disclosure Certificate.

**ARTICLE IX**  
**EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS**

**Section 9.1. Events of Default.** The following events shall be Events of Default:

(A) Principal Payment Default. Default in the due and punctual payment of the principal, Accreted Value or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by mandatory redemption, by proceedings for optional redemption, or otherwise;

(B) Interest Payment Default. Default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable; and

(C) Breach of Covenant. Failure by the District to observe or perform any covenant, condition, agreement or provision in this Paying Agent Agreement on its part to be observed or performed, other than as referred to in subsection (A) or (B) of this Section, for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, has been given to the District; except that, if such failure can be remedied but not within such sixty (60) day period, and if the District has taken all action reasonably possible to remedy such failure within such sixty (60) day period, such failure shall not become an Event of Default for so long as the District shall diligently proceed to remedy same. Notwithstanding Section 9.1(C) (Events of Default -Breach of Covenant), failure of the District to comply with the Continuing Disclosure Certificate (as required by Section 8.9 (Continuing Disclosure) shall not be considered an Event of Default. Nevertheless, any underwriter or any Bondholder may take such actions as may be necessary and appropriate, including mandate or specific performance by court order, to cause the District to comply with its obligations under Section 8.9 (Continuing Disclosure).

**Section 9.2. Remedies of Bondholders.** Upon the occurrence and continuance of an Event of Default, any Owner shall have the right for the equal benefit and protection of all Owners similarly situated.

(A) Mandate for Specific Performance. By mandamus or other action, suit, or proceeding at law or in equity to enforce the Owners' rights against the Board or the District or any of the officers or employees of the District, and to compel the Board or the District or any such officers or employees to perform and carry out their duties under the Law and the agreements and covenants with the Owners contained herein;

(B) Injunction. By suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Owners; or

(C) Accounting. By suit in equity upon the nonpayment of the Bonds to require the Board or the District or its officers and employees to account as the trustee of an express trust.

**Section 9.3. Restoration of Positions.** In case any proceedings taken by any one or more Bondholders on account of any Event of Default have been discontinued or abandoned for any reason or shall have been determined adversely to the Bondholders, then in every such case the District and the Bondholders, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers, and duties of the District and the Bondholders shall continue as though no such proceedings had been taken.

**Section 9.4. Rights and Remedies Cumulative.** No right or remedy herein conferred upon or reserved to the Owners of the Bonds is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

**Section 9.5. Delay or Omission Not Waiver.** No delay or omission of any Owner of the Bonds to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Paying Agent Agreement or by law to the Owners of the Bonds may be exercised from time to time, and as often as may be deemed expedient, by the Owners.

**Section 9.6. No Acceleration.** The Owners of the Bonds have no right to declare the principal of the Bonds immediately due and payable.

## ARTICLE X THE PAYING AGENT

**Section 10.1. Appointment of Paying Agent.** U.S. Bank National Association is hereby appointed as paying agent, bond registrar, and authenticating agent for the Bonds under this Paying Agent Agreement, and hereby accepts the appointment as Paying Agent hereunder and agrees to perform all the functions and duties of the Paying Agent hereunder, subject to the terms and conditions set forth in this Paying Agent Agreement.

**Section 10.2. Certain Duties and Responsibilities.**

(A) Duties Limited to those Specified. The Paying Agent undertakes to perform such duties and only such duties as are specifically set forth in this Paying Agent Agreement, and no implied covenants shall be read into this Paying Agent Agreement against the Paying Agent.

(B) Reliance on Documents. In the absence of bad faith on its part, 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 Paying Agent Agreement; but in the case of any such certificates or opinions that by any provision hereof are specifically required to be furnished to the Paying

Agent, the Paying Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of the Paying Agent Agreement.

(C) Electronic Instructions and Directors. The Paying Agent shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Paying Agent Agreement and delivered using Electronic Means; provided, however, that the District shall provide to the Paying Agent an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the District whenever a person is to be added or deleted from the listing. If the District elects to give the Paying Agent Instructions using Electronic Means and the Paying Agent in its discretion elects to act upon such Instructions, the Paying Agent’s understanding of such Instructions shall be deemed controlling. The District understands and agrees that the Paying Agent cannot determine the identity of the actual sender of such Instructions and that the Paying Agent shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Paying Agent have been sent by such Authorized Officer. The District shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Paying Agent and that the District and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District. The Paying Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Paying Agent’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The District agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Paying Agent, including without limitation the risk of the Paying Agent acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Paying Agent and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Paying Agent immediately upon learning of any compromise or unauthorized use of the security procedures.

For purposes of this Paying Agent Agreement, "Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Paying Agent, or another method or system specified by the Paying Agent as available for use in connection with its services hereunder.

(D) Immunities of Paying Agent. No provision of this Paying Agent Agreement shall be construed to relieve the Paying Agent from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this Subsection shall not be construed to limit the effect of Subsection A of this Section;

(ii) the Paying Agent shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Paying Agent was negligent in ascertaining the pertinent facts;

(iii) the Paying Agent 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 not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method, and place of conducting any proceeding for any remedy available to the Paying Agent, or of exercising any trust or power conferred upon the Paying Agent under this Paying Agent Agreement; and

(iv) no provision of this Paying Agent Agreement shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise 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.

(E) Immunities Applicable to All Provisions of Paying Agent Agreement. Whether or not therein expressly so provided, every provision of this Paying Agent Agreement relating to the conduct or affecting the liability of or affording protection to the Paying Agent shall be subject to the provisions of this ARTICLE X.

**Section 10.3. Notice of Defaults.** Within ninety (90) days after the occurrence of any default hereunder, the Paying Agent shall transmit by mail to all Owners of Bonds (as their names and addresses appear on the Bond Register) notice of such default hereunder as certified by the District to the Paying Agent in writing, unless such default shall have been cured or waived; provided, however, that, except in the case of a default in the payment of the principal and Accreted Value of (or premium, if any) or interest on any Bond, or in the payment of any Mandatory Redemption Payments, the Paying Agent shall be protected in withholding such notice if and so long as the County Treasurer, or in the case of a bank or trust company then serving as the Paying Agent, the board of directors, the executive committee, or a trust committee of directors and/or Responsible Officers of the Paying Agent, in good faith determine that the withholding of such notice is in the interests of the Bondholders; and provided further that in the case of any default of the character specified in Section 9.1(C), no such notice to Bondholders shall be given until at least thirty (30) days after the occurrence thereof. For purposes of this Section, the term “default” means any event that is, or after notice or lapse of time or both, would become an Event of Default.

**Section 10.4. Certain Rights of Paying Agent; Liability of Paying Agent.** Except as otherwise provided in 10.2 (Certain Duties and Responsibilities):

(A) Reliance on Documents Believed Genuine. The Paying Agent may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, note, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(B) Documentation of District's Directions. Any request or direction of the District mentioned herein shall be sufficiently evidenced by a Certificate, Statement, Request, Requisition, or Order of the District;

(C) Reliance on District Certificate. Whenever in the fulfillment of the obligations imposed upon it by this Paying Agent Agreement, the Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action hereunder, the Paying Agent (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Certificate of the District, 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;

(D) Reliance on Advice of Counsel. The Paying Agent may consult with counsel, including, without limitation, counsel of or to the District, and the written advice of such counsel or any Opinion of Bond Counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted by the Paying Agent hereunder in good faith and in reliance thereon;

(E) Investigation of Factual Matters. The Paying Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, or other paper or document, but the Paying Agent, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Paying Agent shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records, and premises of the District, personally or by agent or attorney;

(F) Performance of Duties by Agents. The Paying Agent may execute any of the powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, but the Paying Agent shall be answerable for the negligence or misconduct of any such attorney-in-fact, agent, or receiver selected by it; provided that the Paying Agent shall not be answerable for the negligence or misconduct of any attorney at law or certified public accountant selected by it with due care.

**Section 10.5. Paying Agent Not Responsible for Recitals or Issuance of Bonds or Application of Proceeds.**

(A) Paying Agent Makes No Representations. The recitals of facts herein and in the Bonds contained shall be taken as statements of the District, and the Paying Agent assumes no responsibility for the correctness of the same (other than the certificate of authentication of the Paying Agent on each Bond). The Paying Agent makes no representations as to the validity or sufficiency of this Paying Agent Agreement or of the Bonds, as to the sufficiency of the taxes or the priority of the lien of this Paying Agent Agreement thereon, or as to the financial or technical feasibility of any project financed by the Bonds, and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly herein or in the Bonds assigned to or imposed upon it.

(B) Paying Agent Not Responsible for Application of Certain Monies. The Paying Agent shall not be responsible for:

(i) the application or handling by the District of any monies transferred to or pursuant to any Requisition or Request of the District in accordance with the terms and conditions hereof;

(ii) the application and handling by the District or the County Treasurer of any fund or account designated to be held by the District or the County Treasurer hereunder;

(iii) any error or omission by the District in making any computation or giving any instruction pursuant to Section 8.6 (Federal Income Tax Covenants) hereof and may rely conclusively on any computations or instructions furnished to it by the District in connection with the requirements of Section 8.6 (Federal Income Tax Covenants) and the Tax Certificate; or

(iv) the construction, operation, or maintenance of any facilities by the District.

**Section 10.6. Paying Agent May Hold Bonds.** The Paying Agent and its directors, officers, employees, or agents may in good faith buy, sell, own, hold, and deal in any of the Bonds, and may join in any action which any Owner of a Bond may be entitled to take, with like effect as if the Paying Agent was not the Paying Agent under this Paying Agent Agreement. The Paying Agent may in good faith hold any other form of indebtedness of the District, own, accept, or negotiate any drafts, bills of exchange, acceptances, or obligations of the District, and make disbursements for the District and enter into any commercial or business arrangement therewith, without limitation.

**Section 10.7. Compensation and Indemnification of Paying Agent.** The District agrees:

(A) Compensation. To pay to the Paying Agent from time to time reasonable compensation for all services rendered by it hereunder in accordance with the terms of a fee agreement to be entered into with the Paying Agent;

(B) Reimbursement. Except as otherwise expressly provided herein, to reimburse the Paying Agent upon its request for all reasonable expenses, disbursements, and advances incurred or made by the Paying Agent in accordance with any provision of this Paying Agent Agreement (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement, or advance as be attributable to the Paying Agent's negligence or bad faith; and

(C) Indemnification. To indemnify the Paying Agent for, and to hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the obligations created hereby, including the costs and expenses (including attorneys' fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

The rights of the Paying Agent and the obligations of the District under this Section 10.7 (Compensation and Indemnification of Paying Agent) shall survive the discharge of the Bonds and this Paying Agent Agreement.

**Section 10.8. Paying Agent Required; Eligibility.** There shall at all times be a Paying Agent hereunder, which may be the County Treasurer, or if not the County Treasurer, then shall be either a trust company or bank having the powers of a trust company and qualified to do business in the State, having a combined capital and surplus of at least fifty million dollars (\$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, pursuant to law or to the requirements of any supervising or examining authority, then for the purpose 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. If at any time the Paying Agent shall cease to be eligible in accordance with the provisions of this Section, the Paying Agent shall resign immediately in the manner and with the effect specified in this Article.

**Section 10.9. Removal and Resignation; Appointment of Successor.**

(A) Effectiveness of Resignation or Removal. No removal or resignation of the Paying Agent and appointment of a successor Paying Agent pursuant to this Article shall become effective until the acceptance of appointment by the successor Paying Agent under Section 10.10 (Acceptance of Appointment by Successor).

(B) Paying Agent's Right to Resign. The Paying Agent may resign at any time by giving written notice of such resignation to the District and by giving the Bondholders notice of such resignation by mail at the addresses shown on the Bond Register. If an instrument of acceptance by a successor Paying Agent shall not have been delivered to the Paying Agent within thirty (30) days after the giving of such notice of resignation, the resigning Paying Agent may petition any court of competent jurisdiction for the appointment of a successor Paying Agent, and such court may thereupon, after such notice (if any), as it may deem proper, appoint such successor Paying Agent.

(C) District's Right to Remove Paying Agent. The District may remove the Paying Agent at any time, unless an Event of Default shall have occurred and then be continuing, by giving written notice of such removal to the Paying Agent.

(D) Removal of Paying Agent at the Request of Owners. The District shall remove the Paying Agent if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate amount of Bond Obligation of the Bonds then Outstanding (or their attorneys duly authorized in writing), by giving written notice of such removal to the Paying Agent.

(E) Mandatory Removal of Paying Agent. The District shall remove the Paying Agent by giving written notice of such removal to the Paying Agent if at any time:

(i) the Paying Agent shall cease to be eligible in accordance with Section 10.8 (Paying Agent Required; Eligibility) and shall fail to resign after written request therefore by the District; or

(ii) the Paying Agent shall become incapable of acting or shall be adjudged bankrupt or insolvent, or a receiver of the Paying Agent or of its property shall be appointed, or any public officer shall take control or charge of the Paying Agent or of its property or affairs for the purpose of rehabilitation, conservation, or liquidation.

(F) Appointment of Successor. If the Paying Agent shall resign, be removed, or become incapable of acting, or if a vacancy shall occur in the office of Paying Agent for any cause, the District shall promptly appoint a successor Paying Agent by an instrument in writing. If no successor Paying Agent shall have been so appointed by the District and accepted appointment in the manner hereinafter provided within 30 days after such resignation, removal, or incapability or the occurrence of such vacancy, the Bondholders may, by an instrument or instruments signed by the Owners of a majority in aggregate amount of the Bond Obligation of the Bonds, appoint a successor Paying Agent, or any Bondholder (on behalf of itself and all other Bondholders) may petition any court of competent jurisdiction for the appointment of a successor Paying Agent, and such court may thereupon, after such notice (if any), as it may deem proper, appoint such successor Paying Agent.

(G) Notice of Removal or Resignation. The District shall give notice of each resignation and each removal of the Paying Agent and each appointment of a successor Paying Agent by mailing written notice of such event by first-class mail, postage prepaid, to the Owners as their names and addresses appear in the Bond Register. Each notice shall include the name of the successor Paying Agent and the address of its principal office. If the District fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Paying Agent, the successor Paying Agent shall cause such notice to be mailed at the expense of the District.

**Section 10.10. Acceptance of Appointment by Successor.** Any successor Paying Agent appointed under this Paying Agent Agreement shall execute and deliver to the District and to its predecessor Paying Agent an instrument accepting such appointment, and thereupon such successor Paying Agent, without any further act, deed, or conveyance, shall become vested with all the monies, rights, powers, trusts, and duties of the predecessor Paying Agent; but, at the Request of the District or the request of the successor Paying Agent, the predecessor Paying Agent shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to the successor Paying Agent all the right, title, and interest of such predecessor Paying Agent in and to any property held by it under this Paying Agent Agreement and shall duly assign, transfer, and deliver to the successor Paying Agent all property and money held by the predecessor Paying Agent hereunder. Upon request of any successor Paying Agent, the District shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Paying Agent all such monies, properties, rights, powers, trusts, and duties.

**Section 10.11. Merger or Consolidation.** Any company into which the Paying Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion, or consolidation to which it shall be a party or any company to which the Paying Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under Section 10.8 (Paying Agent Required; Eligibility), shall be the successor to such Paying Agent without the execution or filing

of any paper or any further act, anything herein to the contrary notwithstanding. In case any Bonds shall have been authenticated, but not delivered, by the Paying Agent then in office, any successor by merger, conversion, or consolidation to such authenticating Paying Agent may adopt such authentication and deliver the Bonds so authenticated with the same effect as if such successor Paying Agent had itself authenticated such Bonds.

**Section 10.12. Preservation and Inspection of Documents.** All documents received by the Paying Agent under the provisions of this Paying Agent Agreement shall be retained in its possession and shall be subject at all reasonable times to the inspection of the County, the District, and any Owner, and their agents and representatives duly authorized in writing, at reasonable times and under reasonable conditions.

**Section 10.13. Accounting Records.** The Paying Agent will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with generally accepted accounting principles, in which complete and accurate entries shall be made of all transactions relating to the Bonds. Such books of record and account shall be available for inspection by the District at reasonable hours and under reasonable circumstances.

## **ARTICLE XI MODIFICATION OR AMENDMENT OF THIS PAYING AGENT AGREEMENT**

**Section 11.1. Supplemental Paying Agent Agreements Without Consent of Bondholders.** This Paying Agent Agreement and the rights and obligations of the County, the District, the Paying Agent, and the Owners of the Bonds may be modified or amended from time to time and at any time by a Supplemental Paying Agent Agreement, which the County and the District may adopt without the consent of any Bondholders, but only with the consent of the Paying Agent, and only to the extent permitted by law, and only for any one or more of the following purposes:

(A) **Additional Security.** To add to the covenants and agreements of the County or the District contained in this Paying Agent Agreement other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the County or the District;

(B) **Curative Provisions.** To make such provisions for the purpose of curing any ambiguity, inconsistency, or omission, or of curing or correcting any defective provision contained in this Paying Agent Agreement, or in regard to matters or questions arising under this Paying Agent Agreement, as the County or the District may deem necessary or desirable, and that shall not materially and adversely affect the interests of the Owners of the Bonds;

(C) **Trust Indenture Act Qualification.** To modify, amend, or supplement this Paying Agent Agreement in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions, and provisions as may be permitted by said act or similar federal statute, and that shall not materially and adversely affect the interests of the Owners of the Bonds;

(D) Additional Series of Bonds. To create any Series of Bonds (other than the Series A Bonds) and make such other provisions as provided in ARTICLE IV;

(E) Book-Entry System. To provide for the issuance of Bonds in book-entry form, provided that no such provision shall materially and adversely affect the interests of the Owners of the Bonds;

(F) Notice of Redemption. To modify or add to the procedures providing for the notice in the event of redemption of the Bonds in order to comply with regulations promulgated by the United States Securities and Exchange Commission;

(G) Credit Enhancement. To make modifications or adjustments necessary, appropriate, or desirable to accommodate credit enhancements, including letters of credit, insurance policies, and surety bonds;

(H) Preservation of Tax Exemption. To make such provisions as are necessary or appropriate to maintain the exclusion of interest on a Series of Bonds from gross income for purposes of federal income taxation; and

(I) No Material Effect. For any other purpose that does not materially and adversely affect the interests of the Owners of the Bonds.

**Section 11.2. Supplemental Paying Agent Agreements with Consent of Bondholders or Credit Providers.**

(A) Majority Consent. This Paying Agent Agreement and the rights and obligations of the County, the District, the Owners of the Bonds, and the Paying Agent may be modified or amended from time to time and at any time by a Supplemental Paying Agent Agreement, which the County or the District may enter into with the written consent of the Paying Agent, and when the consent of the Owners of a majority in aggregate amount of Bond Obligation of the Bonds (or, if such Supplemental Paying Agent Agreement is only applicable to a Series of Bonds, such Series of Bonds) then Outstanding shall have been filed with the Paying Agent; provided that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Owners of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Bonds Outstanding under this Section.

(B) Credit Provides Consent. This Paying Agent Agreement and the rights and obligations of the County, the District, the Owners of the Bonds, and the Paying Agent may also be modified or amended at any time by a Supplemental Paying Agent Agreement entered into by the District or the County with the written consent of the Paying Agent, which shall become binding when the written consents of each provider of a letter of credit or a policy of bond insurance for the Bonds shall have been filed with the Paying Agent; provided that at such time the payment of all the principal and Accreted Value of and interest on all Outstanding Bonds shall be insured by a policy or policies of municipal bond insurance, or payable under a letter of credit, the provider of which shall be a financial institution or association having unsecured debt obligations rated or insuring or securing other debt obligations rated on the basis

of such insurance or letters of credit, in one of the two highest Rating Categories of Moody's and Standard & Poor's.

(C) Limitations on Amendments. No such modification or amendment shall (1) extend the fixed maturity of any Bond, or reduce the amount of principal or Accreted Value thereof, or extend the time of payment or reduce the amount of any Mandatory Redemption Payment provided for the payment of any Bond, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Owner of each Bond so affected; or (2) reduce the aforesaid percentage of Bonds, the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the taxes and other amounts pledged under this Paying Agent Agreement prior to or on a parity with the lien created by this Paying Agent Agreement, or deprive the Owners of the Bonds of the lien created by this Paying Agent Agreement on such taxes and other amounts (in each case, except as expressly provided in this Paying Agent Agreement), without the consent of the Owners of all of the Bonds then Outstanding.

(D) Manner of Consent. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Paying Agent Agreement, but it shall be sufficient if such consent shall approve the substance thereof.

(E) Notice of Amendments. Promptly after the execution and delivery by the County or the District, any Supplemental Paying Agent Agreement pursuant to this Section, the Paying Agent shall mail a notice, setting forth in general terms the substance of such Supplemental Paying Agent Agreement, to the Owners of the Bonds at the addresses shown on the Bond Register. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Paying Agent Agreement.

**Section 11.3. Execution of Supplemental Paying Agent Agreements.** In executing, or accepting the additional trusts created by any Supplemental Paying Agent Agreement permitted by this Article, or the modification thereby of the obligations created by this Paying Agent Agreement, the Paying Agent shall be entitled to receive, and, subject to Section 10.2 (Certain Duties and Responsibilities), shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Paying Agent Agreement is authorized or permitted by this Paying Agent Agreement. The Paying Agent may, but shall not be obligated to, enter into or consent to any such Supplemental Paying Agent Agreement that affects the Paying Agent's own rights, duties, or immunities under this Paying Agent Agreement or otherwise.

**Section 11.4. Effect of Supplemental Paying Agent Agreement.** From and after the time any Supplemental Paying Agent Agreement becomes effective pursuant to this Article, this Paying Agent Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Paying Agent Agreement of the District, the Paying Agent, and all Owners of Bonds Outstanding shall thereafter be determined, exercised, and enforced hereunder, subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Paying

Agent Agreement shall be deemed to be part of the terms and conditions of this Paying Agent Agreement for any and all purposes.

**Section 11.1. Endorsement of Bonds; Preparation of New Bonds.** Bonds delivered after any Supplemental Paying Agent Agreement becomes effective pursuant to this Article may, and if the Paying Agent so determines shall, bear a notation by endorsement or otherwise in form approved by the County or the District and the Paying Agent as to any modification or amendment provided for in such Supplemental Paying Agent Agreement, and in that case, upon demand of the Owner of any Bond Outstanding at the time of such execution and presentation of his Bond for such purpose at the Paying Agent's Office, or at such additional offices as the Paying Agent may select and designate for that purpose, a suitable notation shall be made on such Bond. If the Supplemental Paying Agent Agreement shall so provide, new Bonds so modified as to conform, in the opinion of the County or the District and the Paying Agent, to any modification or amendment contained in such Supplemental Paying Agent Agreement, shall be prepared and executed by the District and, if required, authenticated by the Paying Agent and, upon demand of the Owners of any Bonds then Outstanding, and upon surrender for cancellation of such Bonds, shall be exchanged at the Paying Agent's Office, without cost to any Bondholder, for Bonds then Outstanding in equal aggregate principal amounts or Accreted Value of the same Series, tenor, and maturity.

**Section 11.2. Amendment of Particular Bonds.** The provisions of this Article shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

*[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]*

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

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Joan Summers  
President of the Board of Trustees

**ATTEST:**

\_\_\_\_\_  
Chris Williams  
Secretary of the Board of Trustees

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

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**FORM OF SERIES A BOND**

REGISTERED  
NO. R-\_\_\_

REGISTERED  
\$\_\_\_\_\_

**GENERAL OBLIGATION BONDS OF  
SCHOOL FACILITIES IMPROVEMENT DISTRICT NO. 1 OF THE  
PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT  
SAN LUIS OBISPO COUNTY, CALIFORNIA  
ELECTION OF 2016, SERIES A**

<b><u>MATURITY DATE</u></b>	<b><u>INTEREST RATE PER ANNUM</u></b>	<b><u>DATE</u></b>	<b><u>CUSIP:</u></b>
August 1, 20__	_____%	_____, 2018	_____

REGISTERED OWNER:        CEDE & CO.

PRINCIPAL SUM:            \_\_\_\_\_ DOLLARS

Paso Robles Joint Unified School District, a school district duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "District"), for value received, hereby acknowledges itself indebted to and promises to pay to the registered owner named above or registered assigns, on the maturity date specified above, the principal sum specified above together with interest thereon from the date hereof until the principal hereof shall have been paid, at the interest rate per annum specified above, payable semiannually on February 1 and August 1, commencing August 1, 2018. Interest hereon is payable in lawful money of the United States of America by check mailed or, upon the written request of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds who has provided U.S. Bank National Association (the "Paying Agent") with wire transfer instructions, by wire transfer on each interest payment date to the registered owner as of the close of business on the 15th day of the calendar month immediately preceding such interest payment date. The principal hereof and premium, if any, hereon are payable at the office of the Paying Agent in Los Angeles, California, or such other office as may be designated by the Paying Agent (together with any successor as paying agent under the hereinafter mentioned Paying Agent Agreement, the "Paying Agent"), in lawful money of the United States of America.

This Bond is one of a duly authorized issue of bonds of the District designated "General Obligation Bonds of School Facilities Improvement District No. 1 of the Paso Robles Joint Unified School District, San Luis Obispo County, California, Election of 2016" (the "Bonds") aggregating \$95,000,000 in principal amount, all of like tenor (except for such variations, if any, as may be required to designate varying series, denominations, numbers, maturities, interest rates, redemption provisions, and forms). This Bond is also one of a duly authorized series of Bonds additionally designated "Series A" (the "Series A Bonds") issued in the aggregate principal amount of \$\_\_\_\_\_.

This Series A Bond is issued under the authority of and pursuant to the Constitution and statutes of the State of California, the proceedings of the District duly adopted and taken, a vote and assent of more than fifty-five percent of all the qualified electors of the District voting at an election duly called and held for that purpose on November 8, 2016 (collectively, the "Law"), and pursuant to a Paying Agent

Agreement dated as of \_\_\_\_\_, 2018, by and between the District and the Paying Agent providing for the issuance of the Bonds (said Paying Agent Agreement, as amended and supplemented from time to time, the "Paying Agent Agreement").

The Bonds are secured by the levy of *ad valorem* property taxes on all taxable property in SFID No. 1, which taxes are unlimited as to rate and amount (except with respect to certain personal property that is taxable at limited rates). The Bonds, including interest and redemption premium thereon, do not constitute a debt or liability of the State of California, the County of San Luis Obispo, or any other political subdivision of the State of California other than the District.

Reference is hereby made to the Paying Agent Agreement and to the Law for a description of the terms on which the Bonds are issued and to be issued, and the rights of the registered owners of the Bonds. All the terms of the Paying Agent Agreement and the Law are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond. The registered owner of this Series A Bond, by its acceptance hereof, consents and agrees to all the provisions of the Paying Agent Agreement. Additional Bonds may be issued on a parity with the Bonds of this authorized issue, but only subject to the conditions and limitations contained in the Paying Agent Agreement.

The Series A Bonds maturing on or before August 1, 20\_\_, shall not be subject to optional redemption prior to their respective stated maturities. Series A Bonds maturing on or after August 1, 20\_\_, are subject to redemption prior to their respective stated maturities, at the option of the District, from any source of available funds, as a whole or in part (by such maturities as may be specified by the District and by lot within a maturity), on any date on or after August 1, 20\_\_, at redemption prices equal to the principal amount of Series A Bonds called for redemption, plus accrued interest to the date fixed for redemption, without premium.

The Series A Term Bonds maturing by their terms on August 1, 20\_\_, are subject to mandatory redemption by the District prior to their respective maturities, in part, by lot, from Mandatory Redemption Payments as provided in the Paying Agent Agreement, at a redemption price equal to the principal amount thereof to be redeemed, plus accrued interest to the date fixed for redemption, without premium, but which amounts will be proportionately reduced by the principal amount of all Series A Term Bonds optionally redeemed.

This Series A Bond is transferable or exchangeable for other Series A Bonds of other authorized denominations by the registered owner hereof, in person or by its attorney duly authorized in writing, at the corporate trust office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the Paying Agent Agreement, and upon surrender and cancellation of this Series A Bond. Upon such transfer a new fully registered Series A Bond or Bonds without coupons, of authorized denomination or denominations, of the same series, tenor, and maturity for the same aggregate principal amount will be issued to the transferee in exchange herefor.

Unless this Series A Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Paying Agent or its agent for registration of transfer, exchange, or payment, and any Series A 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 herein.

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

The rights and obligations of the District and of the registered owners of the Series A Bonds may be modified or amended at any time in the manner, to the extent, and upon terms provided in the Paying Agent Agreement, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the registered owners of Series A Bonds.

It is hereby certified and recited that any and all acts, conditions, and things required to exist, to happen, and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Series A Bond, and in the issuing of this Series A Bond, do exist, have happened, and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California; that the total amount of indebtedness of the District, including the amount of this Series A Bond, does not exceed any limit prescribed by the Constitution and the statutes of the State of California; and that this Series A Bond is not in excess of the amount of Bonds permitted to be issued under the Paying Agent Agreement.

**IN WITNESS WHEREOF**, the Paso Robles Joint Unified School District has caused this Series A Bond to be executed in its name and on its behalf with the signatures of its President and its Secretary of the Board of Trustees, and its seal to be reproduced hereon, all as of the date stated above.

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_

Joan Summers

President of the Board of Trustees

(SEAL)

**ATTEST:**

\_\_\_\_\_  
Chris Williams

Secretary of the Board of Trustees

**FORM OF CERTIFICATE OF AUTHENTICATION**

This is one of the Series A Bonds described in the within-mentioned Paying Agent Agreement, which has been authenticated on the date set forth below.

Dated: \_\_\_\_\_, 2018

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

By: \_\_\_\_\_  
Authorized Officer

**FORM OF ASSIGNMENT**

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within Series A Bond and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the bond register of the Paying Agent, with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
NOTE: The signature(s) to this Assignment must correspond with the name(s) on the face of the within Series A Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature(s) Guaranteed by:

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

Social Security Number, Tax Identification Number, or Other Identifying Number of Assignee:  
\_\_\_\_\_

**FORM OF LEGAL OPINION**

The following is a true copy of the opinion rendered by Dannis Woliver Kelley, in connection with the issuance of, and dated as of the date of the original delivery of, the Series A Bonds. A signed copy is on file in my office.

\_\_\_\_\_  
Chris Williams  
Secretary of the Board of Trustees

**DANNIS WOLIVER KELLEY  
555 Capitol Mall, Suite 645  
Sacramento, California 95814**

Board of Trustees  
Paso Robles Joint Unified School District  
800 Niblick Road  
Paso Robles, CA 93446

Re:    \$ \_\_\_\_\_  
      *General Obligation Bonds  
      of School Facilities Improvement District No. 1  
      of the Paso Robles Joint Unified School District  
      San Luis Obispo County, California  
      Election of 2016, Series A*  
      Final Approving Opinion of Bond Counsel

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Paso Robles Joint Unified School District (the "District") of \$ \_\_\_\_\_ aggregate principal amount of the General Obligation Bonds of School Facilities Improvement District No. 1 of the Paso Robles Joint Unified School District, San Luis Obispo County, California, Election of 2016, Series A (the "Bonds"), under and pursuant to the provisions of Sections 15140 and 15300 *et seq.* of the Education Code of the State of California, Resolution No. 18-16 adopted by the Board of Trustees on April 24, 2018 (the "Resolution"), and the provisions of the Paying Agent Agreement, dated as of \_\_\_\_\_, 2018, by and between U.S. Bank National Association, as Paying Agent, and the District (the "Paying Agent Agreement"). In such capacity, we have examined such law and such certified proceedings, certificates, and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied upon the representations of the District contained in the Paying Agent Agreement and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Attention is called to the fact that we have not been requested to examine, and have not examined, any documents or information relating to the District other than the record of proceedings hereinabove referred to, and no opinion is expressed as to any financial or other information, or the adequacy thereof, which has been, or may be supplied to any purchaser of the Bonds.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds constitute valid and binding obligations of the District payable in accordance with the terms described therein.

2. The Paying Agent Agreement constitutes a valid and binding obligation of the District and creates a valid lien on the funds pledged by the Paying Agent Agreement for the security of the Bonds.

3. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not a specific preference item for purposes of the federal alternative minimum tax, although we observe that it is included in adjusted current earnings in calculating corporate alternative minimum taxable income for taxable years that began prior to January 1, 2018. The opinion set forth in the preceding sentence is subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

4. The interest on the Bonds is exempt from State of California personal income taxes.

The rights of the holders of the Bonds and the enforceability of the Bonds and the Paying Agent Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

We express no opinion regarding tax consequences arising with respect to the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds other than as expressly set forth herein.

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.

Very truly yours,

DANNIS WOLIVER KELLEY

**EXHIBIT B**

**REQUISITION TO PAYING AGENT TO DISBURSE FUNDS  
FROM THE SERIES A COSTS OF ISSUANCE ACCOUNT**

**REQUISITION NO. 1**

The Paso Robles Joint Unified School District (the "District") hereby directs U.S. Bank National Association, as paying agent (the "Paying Agent"), under the Paying Agent Agreement dated as of \_\_\_\_\_, 2018, by and between the District and the Paying Agent, to pay from the Series A Costs of Issuance Account established pursuant to Section 3.6 (Series A Costs of Issuance Account) of the Paying Agent Agreement, the amounts to the parties as set forth on the attached schedule.

The District hereby certifies that obligations in the amounts stated in Schedule I have been incurred by the District and are presently due and payable, and that each item is a proper charge against the Series A Costs of Issuance Account and has not been previously paid from that fund.

Attached to Schedule I are invoices for each payment requested.

Dated: \_\_\_\_\_, 2018

**PASO ROBLES JOINT UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Authorized Officer

**SCHEDULE I**

<b>Item</b>	<b>Payee Name &amp; Address</b>	<b>Purpose</b>	<b>Amount</b>
1.			
2.			
3.			
4.			
5.			
6.			
	<b>Total</b>		