

RESOLUTION NO. 18/19-09

RESOLUTION OF THE BOARD OF TRUSTEES OF THE LOS ALTOS SCHOOL DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$70,000,000 AGGREGATE PRINCIPAL AMOUNT OF GENERAL OBLIGATION BONDS OF LOS ALTOS SCHOOL DISTRICT BY A NEGOTIATED SALE, PRESCRIBING THE TERMS OF SALE, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF VARIOUS AGREEMENTS, A CONTINUING DISCLOSURE CERTIFICATE, AUTHORIZING THE DISTRIBUTION OF AN OFFICIAL STATEMENT FOR THE BONDS, AND OTHER RELATED ACTIONS

WHEREAS, an election was duly called and regularly held in the Los Altos School District (the "District"), located in the County of Santa Clara, California ("County"), on November 4, 2014 ("Election"), at which the following proposition (as abbreviated pursuant to section 13247 of the California Elections Code) was submitted to the electors of the District (the "Authorization"):

"To accommodate growing student enrollment and avoid public elementary and junior high school overcrowding by expanding and upgrading schools, preserving quality small neighborhood schools, upgrading classrooms and labs to keep them safe, clean and in good repair, updating learning technology, maximizing energy efficiency and acquiring, constructing or equipping classrooms, facilities and sites, shall the Los Altos School District issue \$150 million in bonds at legal rates, with independent citizens' oversight, annual audits and no money for administrators' salaries?"

WHEREAS, at least fifty-five percent (55%) of the votes cast on the proposition were in favor of issuing the bonds for purposes of the projects described above and more fully set forth on the Project List included in the full ballot measure (the "Project"); and

WHEREAS, no general obligation bonds have previously been sold pursuant to the Authorization and, as a result, all \$150,000,000 in principal amount of the Authorization remains; and

WHEREAS, under the provision of Article 3 (commencing with Section 15150) of Chapter 1 of Part 10 of Division 1 of Title 1 of the Education Code of the State of California (the "Note Act"), the District is authorized to borrow money by the issuance of short-term notes repayable from the proceeds of general obligations bonds or other monies of the District available therefor, the proceeds of which may be used for financing the Project; and

WHEREAS, the District has previously issued \$10,000,000 in aggregate principal amount of notes pursuant to the Note Act for purposes of financing the Project, comprised of three series: (i) \$5,000,000 designated "Subseries A" issued on February 5, 2016, (ii) \$2,500,000 designated "Subseries B" issued on November 22, 2016, and (iii) \$2,500,000 designated "Subseries C" issued on June 28, 2018, each of which was sold by private sale to Wells Fargo Bank, N.A., and mature on August 1, 2019 (collectively, the "Prior Notes"); and

WHEREAS, the Board of Trustees (the "Board") of the District deems it necessary and desirable to authorize and consummate the sale of a portion of the Authorization in bonds to be designated as the Los Altos School District General Obligation Bonds (Election of 2014), Series A (the "Bonds"), in one or more series or subseries (with additional series or subseries designation as may be required) such that the combined aggregate principal amount not exceed \$70,000,000, according to the terms and in the manner hereinafter set forth, the proceeds of which will be used (together with bond anticipation notes of the District to be concurrently issued), to acquire real property as part of the Project, to repay the Prior Notes, and to finance the Project as outlined in the official Project List of the District approved at the Election; and

WHEREAS, the Bonds shall be issued and sold by the District on its own behalf at a negotiated sale pursuant to Government Code section 53506 *et seq.*, which provides that a school district may issue and sell bonds on its own behalf at a private sale if certain disclosures are made, which disclosures are contained in this Resolution; and

WHEREAS, the Board of Supervisors of the County, pursuant to Education Code section 15140(b) will approve the issuance of the Bonds by the District; and

WHEREAS, a form of bond purchase agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution ("Bond Purchase Agreement") to purchase the Bonds proposed to be entered into with one or more Underwriter(s) has been prepared; and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") requires that, in order to be able to purchase or sell the Bonds, the Underwriter must have reasonably determined that the issuer or other obligated person has undertaken, in a written agreement or contract for the benefit of the holders of the Bonds, to provide disclosure of certain financial information and certain material events on an ongoing basis; in order to cause such requirement to be satisfied, the District desires to execute and deliver a continuing disclosure certificate, in the form attached to the Official Statement as an appendix thereto, with such changes, insertions and omissions as are made pursuant to this Resolution ("Continuing Disclosure Certificate"); and

WHEREAS, the Preliminary Official Statement to be distributed in connection with the public offering of the Bonds, with such changes, insertions and omissions as are made pursuant to this Resolution ("Preliminary Official Statement"), has been prepared and is presented at this meeting; and

WHEREAS, the Board has been presented with the form of each document referred to herein relating to the financing, and the Board has examined each document and desires to approve, authorize and direct the execution of such documents and the consummation of such financing; and

WHEREAS, the District desires that the Director of Finance of the Finance Agency of the County ("Director of Finance") annually establish tax rates on taxable property within the District for repayment of the Bonds, pursuant to Sections 29100-29103 of the Government Code, that the Board of Supervisors of the County annually approve the levy of such tax, and that the Director of Finance annually collect such tax and apply the proceeds thereof to the payment of principal of and interest on the Bonds when due, all pursuant to Education Code section 15250 *et seq.*; and

WHEREAS, all acts, conditions and things required by the California Constitution and laws of the State to exist, to have happened and to have been performed precedent to and in connection with the consummation of the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Los Altos School District, as follows:

SECTION 1. Recitals. All of the above recitals are true and correct and the Board so finds.

SECTION 2. Definitions. Unless the context clearly otherwise requires, the terms defined in this Section shall, for all purposes of this Resolution, have the meanings specified herein, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

"Board of Supervisors" means the Board of Supervisors of the County.

"Board" means the Board of Trustees of the District.

"Bond Counsel" means the law firm of Dannis Woliver Kelley, as Bond Counsel to the District and a firm of nationally recognized standing with respect to the issuance of municipal obligations.

"Bond Insurer" means any insurance company which issues a municipal bond insurance policy insuring the payment of the principal amount of and interest on the Bonds.

"Bond Payment Date" means February 1 and August 1 of each year commencing on August 1, 2019 (or such other date as set forth in the Bond Purchase Agreement) with respect to payment of interest on the Bonds, and August 1 (or such other date as set forth in the Bond Purchase Agreement) of each year with respect to payment of principal on the Bonds, in the years as set forth in the Bond Purchase Agreement.

"Bond Purchase Agreement" means each Bond Purchase Agreement relating to the sale of the Bonds, by and between the District and the Underwriter, in accordance with the provisions hereof.

"Bond Register" means the records maintained by the Paying Agent pursuant to Section 2.08 of this Resolution for registration of the ownership and transfer of ownership of the Bonds.

"Bonds" means the Los Altos School District General Obligation Bonds (Election of 2014), Series A, including any additional series or subseries designated in accordance herewith.

"Cede & Co." means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

"Closing Date" means the date upon which there is an exchange of Bonds for the proceeds representing the purchase price of the Bonds by the Underwriter as set forth in the Bond Purchase Agreement.

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

"Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed and delivered by the District relating to the Bonds and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Costs of Issuance" means all items of expense relating to the issuance, execution and delivery of the Bonds including, but not limited to, filing costs, settlement costs, printing costs, reproduction and binding costs, legal fees and charges, fees and expenses of the Paying Agent, financial and other professional consultant fees, costs of obtaining credit ratings, fees for execution, transportation and safekeeping of the Bonds and charges and fees in connection with the foregoing.

"County" means the County of Santa Clara, a political subdivision of the State.

"Depository" shall mean The Depository Trust Company and its successors and assigns or if (a) the then Depository resigns from its functions as securities depository of the Notes, or (b) the District discontinues use of the Depository pursuant to this Resolution, any other securities depository that agrees to follow procedures required to be followed by a securities depository in connection with the Notes and that is selected by the District.

"Director of Finance" means the Director of Finance of the Finance Agency of the County, or a designee thereof.

"District" means the Los Altos School District, an elementary school district and political subdivision of the State.

"District Representative" means the President of the Board, or such other member of the Board as the President may designate, the Superintendent, the Assistant Superintendent of Business Services, or any other person authorized by resolution of the Board to act on behalf of the District with respect to this Resolution and the Bonds.

"DTC" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for the Bonds, including any such successor thereto appointed pursuant to Section 11 hereof.

"Federal Securities" means United States Treasury notes, bonds, bills or certificates of indebtedness for which the full faith and credit of the United States are pledged to the payment of principal and interest thereon.

"Finance Agency" means the Santa Clara County agency (made up of four departments, the Controller-Treasurer Department, Office of the Tax Collector, Department

of Revenue, and Clerk-Recorder's Office) which manages the County's financial systems and cash resources as well as the cash resources of school districts within the County.

"Information Services" means the Electronic Municipal Market Access System (referred to as "EMMA"), a facility of the Municipal Securities Rulemaking Board (at <http://emma.msrb.org>) or, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other national information services providing information or disseminating notices of redemption of obligations similar to the Bonds.

"Municipal Advisor" means PFM Financial Advisors LLC, a California limited liability company.

"Official Statement" means the Official Statement of the District relating to the Bonds.

"Opinion of Bond Counsel" means an opinion of counsel of nationally recognized standing in the field of law relating to municipal bonds.

"Outstanding" when used with reference to the Bonds, means, as of any date, all Bonds except: (i) Bonds canceled by, or surrendered to, the Paying Agent at or prior to such date; (ii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to this Resolution; and (iii) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Bonds), in accordance with this Resolution.

"Owner" means, with respect to any Bond, the registered owner, as indicated on the Registration Books as the registered Owner thereof.

"Paying Agent" means U.S. Bank National Association, its successors or assigns, acting in the capacity of paying agent, registrar, authenticating agent and transfer agent.

"Paying Agent Agreement" means the Agreement Relating to Paying Agency, Registrar and Depository, dated the Closing Date, by and between the District and the Paying Agent.

"Preliminary Official Statement" means the Preliminary Official Statement of the District relating to the Bonds.

"Prior Notes" means the \$10,000,000 in aggregate principal amount of notes issued by the District pursuant to the Note Act for purposes of financing the Project, each of which was sold by private sale to Wells Fargo Bank, N.A., and mature on August 1, 2019, comprised of three series: (i) \$5,000,000 designated "Subseries A" issued on February 5, 2016, (ii) \$2,500,000 designated "Subseries B" issued on November 22, 2016, and (iii) \$2,500,000 designated "Subseries C" issued on June 28, 2018.

"Record Date" means, with respect to any Bond Payment Date for the Bonds, the 15th day of the calendar month immediately preceding such Bond Payment Date, whether or not such day is a business day, or such other date or dates as may be set forth in the Bond Purchase Agreement.

"Registration Books" means the books for the registration and transfer of the Bonds maintained by the Paying Agent.

"State" means the State of California.

"Tax Certificate" means the Tax Certificate(s) with respect to the Bonds executed by the District, dated the date of issuance of the Tax-Exempt Bonds.

"Tax-Exempt Bond(s)" means a Bond the interest on which is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax, as further described in an Opinion of Bond Counsel supplied to the original purchasers of such Bond.

"Underwriter" means the underwriter(s) named in each Bond Purchase Agreement, as underwriter(s) for the series or subseries of Bonds purchased by the underwriter(s) thereunder.

"Written Request of the District" means an instrument in writing signed by a District Representative, or by any other officer of the District duly authorized by the District.

SECTION 3. Authorization and Designation of Bonds; Disclosure of Estimated Costs.
To raise money for the purposes authorized by the voters of the District at the Election, including the financing and refinancing of the Project and the payment of the Prior Notes, and the payment of all necessary legal, financial, and other costs in connection therewith, the Bonds are being issued pursuant to the authority of Article 4.5 of Chapter 3, of Part 1 of Division 2 of Title 5 of the Government Code, and other applicable provisions of law, including applicable provisions of the Education Code. The Board of Trustees hereby authorizes the issuance and sale of not to exceed Seventy Million Dollars (\$70,000,000) in aggregate principal amount of Bonds, in one or more series or subseries, the final principal amount of the Bonds to be determined and set forth in each Bond Purchase Agreement. The Bonds shall be issued as provided herein, and may be issued in subseries or with such additional series designations as a District Representative may determinate pursuant to a Bond Purchase Agreement. Bonds may be issued as Tax-Exempt Bonds, or as federally taxable Bonds, as set forth in a Bond Purchase Agreement and Official Statement for the Bonds.

For purposes of Education Code section 15146(b) and Government Code section 5852.1, good faith estimates of estimates of (a) the true interest cost of the Bonds; (b) the costs associated with the issuance of the Bonds, including any such costs which the Underwriter agrees to pay pursuant to the Bond Purchase Agreement; (c) the amount of proceeds to be received by the District (less the Costs of Issuance or reserves or capitalized interest, if any); and (d) the total payments of principal of and interest on the Bonds through the final maturity of the Bonds, are set forth on **Exhibit B** attached hereto and incorporated herein.

SECTION 4. Form of Bonds; Execution.

(a) *Form of Bonds.* The Bonds shall be issued in fully registered form without coupons. The Bonds and the certificate of authentication and registration and the form of assignment to appear on each of them, shall be in substantially the form attached hereto as Exhibit A with necessary or appropriate variations, omissions and insertions as permitted or required by this Resolution.

(b) *Execution of Bonds.* The Bonds shall be signed by the manual or facsimile signatures of the President of the Board of Trustees, or an authorized designee thereof, and countersigned by the manual or facsimile signature of the Secretary to the Board of

Trustees, or an authorized designee thereof. The Bonds shall be authenticated by a manual signature of a duly authorized signatory of the Paying Agent. True copies of the opinions rendered by Bond Counsel in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds shall be attached to the Bonds, or included in the final transcript of proceedings, as appropriate.

(c) *Valid Authentication.* Only such of the Bonds as shall bear thereon a certificate of authentication and registration, executed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of authentication and registration shall be conclusive evidence that the Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

(d) *Identifying Number.* The Paying Agent shall assign each Bond authenticated and registered by it a distinctive letter, or number, or letter and number, and shall maintain a record thereof at its principal corporate trust office, which record shall be available to the District and the County for inspection.

SECTION 5. Terms of Bonds.

(a) *Date of Bonds.* The Bonds shall be dated the date of their delivery, or such other date as shall be set forth in the Bond Purchase Agreement.

(b) *Form; Denominations; CUSIP.* The Bonds shall be issued as fully registered Bonds, without coupons, in the denomination of \$5,000 each or any integral multiple thereof, but in an amount not to exceed the aggregate principal amount of Bonds maturing in the year of maturity of the Bond for which the denomination is specified. Bonds shall be lettered and numbered as the Paying Agent shall prescribe. "CUSIP" identification numbers shall be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Bonds. In addition, failure on the part of the District to use such CUSIP numbers in any notice to Owners of the Bonds shall not constitute an event of default or any violation of the District's contract with such Owners and shall not impair the effectiveness of any such notice.

(c) *Maturity.* The Bonds shall mature on the date or dates, in each of the years, in the principal amounts and in the aggregate principal amount as shall be set forth in the Bond Purchase Agreement. The Bonds shall mature on a date no later than 40 years from the date of issuance of the Bonds; provided, however, that the Bonds shall mature on a date later than 30 years from the date of issuance of the Bonds only if a District Representative finds that the useful life of the facilities financed with the Bonds equals or exceeds the maturity date of the Bonds. The aggregate principal amount of the Bonds shall not exceed \$70,000,000.

(d) *Interest; Bonds.* Subject to the maximum rates of interest permitted by applicable law, the Bonds shall bear interest at the rates per annum as set forth in the Bond Purchase Agreement, payable on the Bond Payment Dates in each year computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of registration and authentication thereof unless (i) it is registered and authenticated as of a Bond Payment Date, in which event it shall bear interest from such date, or (ii) it is registered and authenticated prior to a Bond Payment Date and after the close of business on the fifteenth day of the month preceding such Bond Payment Date, in which event it shall bear interest from such Bond Payment

Date, or (iii) it is registered and authenticated on or before the Record Date preceding the first Bond Payment Date, in which event it shall bear interest from the Closing Date; provided, however, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Bond Payment Date to which interest has previously been paid or made available for payment thereon.

SECTION 6. Payment of Bonds.

(a) *Security for the Bonds; Request for Tax Levy.* The money for the payment of principal, redemption premium, if any, and interest on the Bonds shall be raised by taxation upon all taxable property in the District and provision shall be made for the levy and collection of such taxes in the manner provided by law and for such payment out of the Debt Service Fund (as defined in Section 16 hereof) of the District. The Board of Supervisors and officers of the County are obligated by statute to provide for the levy and collection of property taxes in each year sufficient to pay all principal and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds. The District hereby requests the Board of Supervisors of the County to annually levy a tax upon all taxable property in the District sufficient to pay the principal, redemption premium, if any, and interest thereon as and when the same become due. The Bonds shall, pursuant to Government Code Section 53515, be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* taxes for the payment of the Bonds.

(b) *Principal.* The principal of the Bonds shall be payable in lawful money of the United States of America to the Owner thereof on August 1 (or such other date as set forth in the Bond Purchase Agreement) in each of the years and in the amounts set forth the Bond Purchase Agreement, upon the surrender thereof at the principal corporate trust office of the Paying Agent.

(c) *Interest, Record Date.* The interest on the Bonds shall be payable on each Bond Payment Date in lawful money of the United States of America to the Owner thereof as of the Record Date preceding such Bond Payment Date, such interest to be paid by check or draft mailed on such Bond Payment Date (if a business day, or on the next business day if the Bond Payment Date does not fall on a business day) to such Owner at such Owner's address as it appears on the Registration Books or at such address as the Owner may have filed with the Paying Agent for that purpose except that the payment shall be made by wire transfer of immediately available funds to any Owner of at least \$1,000,000 of outstanding Bonds who shall have requested in writing such method of payment of interest prior to the close of business on the Record Date immediately preceding any Bond Payment Date.

(d) *Debt Service Fund.* Principal and interest due on the Bonds shall be paid from the Debt Service Fund of the District as provided in Section 15146 of the Education Code.

(e) *Obligation of the District.* No part of any fund or account of the County is pledged or obligated to the payment of the Bonds. The obligation for repayment of the Bonds is the sole obligation of the District.

SECTION 7. Redemption Provisions.

(a) *Redemption.* The Bonds will be subject to redemption pursuant to the terms, and on the dates and in the amounts, specified in the Bond Purchase Agreement(s).

(b) *Selection of Bonds for Redemption.* If less than all of the Bonds shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be

called in such order as shall be directed by the District and, in lieu of such direction, on a proportional basis. Within a maturity, the Paying Agent shall select the Bonds for redemption as directed by the District, and, in lieu of such direction by lot; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of five thousand dollars (\$5,000) or some integral multiple thereof and that, in selecting Bonds for redemption, the Paying Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by five thousand dollars (\$5,000).

(c) *Notice of Redemption.* When redemption is authorized or required pursuant to this Resolution or the Bond Purchase Agreement, the Paying Agent, upon written instruction from the District given at least 45 days prior to the date designated for such redemption, shall give notice (a "Redemption Notice") of the redemption of the Bonds. The Paying Agent shall give notice of the redemption of the Bonds at the expense of the District. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds to be redeemed including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Notice of redemption shall be by first class mail, postage prepaid, to the registered Owner of the Bonds, or if the registered Owner is a syndicate, to the managing member of such syndicate, to a municipal registered securities depository, such as the Depository and to a national information service specified by the District to the Paying Agent in writing that disseminates securities redemption notices, such as Information Services, and by first class mail, postage prepaid, to the District and the respective Owners of any registered Bonds designated for redemption at their addresses appearing on the Bond Register, in every case at least twenty (20) days, but not more than forty-five (45) days, prior to the redemption date; provided that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

Any notice of redemption for an optional redemption of the Bonds delivered in accordance with this section may be conditional, and, if any condition stated in the notice of redemption shall not have been satisfied on or prior to the redemption date: (i) the notice of redemption shall be of no force and effect, (ii) the District shall not be required to redeem such Bonds, (iii) the redemption shall not be made, and (iv) the Paying Agent shall within a reasonable time thereafter give notice to the persons in the manner in which the conditional notice of redemption was given that such condition or conditions were not met and that the redemption was canceled.

(d) *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 so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Debt Service Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, 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.

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

(f) *Effect of Redemption.* Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside for such purpose, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in this Section, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the registered Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section shall be canceled upon surrender thereof and be delivered to or upon the order of the District. All or any portion of a Bond purchased by the District shall be canceled by the Paying Agent.

Bonds (or portions thereof), which have been duly called for redemption prior to maturity under the provisions of this Resolution, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held by or on behalf of the Paying Agent irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, all as provided in this Resolution, then such Bonds shall no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

SECTION 8. Defeasance

(a) *Discharge of Resolution.* Any or all of the Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable hereunder by the District:

(i) by paying or causing to be paid the principal or redemption price of and interest on Bonds Outstanding and designated for defeasance, as and when the same become due and payable;

(ii) by depositing with an escrow agent selected by the District, in irrevocable escrow, at or before maturity, money or securities in the necessary amount, including investment earnings thereon, to pay or redeem Bonds Outstanding; or

(iii) by delivering to the Paying Agent, for cancellation by it, Bonds Outstanding.

If the District shall pay all Bonds Outstanding, and shall 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 a District Representative, filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and this Resolution), and notwithstanding that any Bonds shall not have been surrendered for payment, this Resolution and other assets made under this Resolution and all covenants, agreements and other obligations of the District under this Resolution shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Section 8(b). In such event, upon request of the District, the Paying Agent shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary to evidence such discharge and satisfaction, and the Paying Agent shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to this Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(b) *Discharge of Liability on Bonds.* Upon the irrevocable deposit, in escrow or in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 8(c)) to pay or redeem any Bond Outstanding (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 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 and be completely discharged, except only that thereafter the Owner thereof shall be entitled only to payment of the principal of 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 as aforesaid for such payment; provided further, however, that the provisions of Section 8(d) shall apply in all events.

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.

(c) *Deposit of Money or Securities with Escrow Agent.* Whenever in this Resolution it is provided or permitted that there be irrevocably deposited with or held in irrevocable escrow by an escrow 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 an escrow agent in the funds and accounts established pursuant to this Resolution and shall be:

(i) 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 which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided hereunder or provision satisfactory to the escrow 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

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the 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 which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided hereunder or provision satisfactory to the Paying Agent or an escrow agent shall have been made for the giving of such notice; provided, in each case, that the escrow agent shall have been irrevocably instructed (by the terms of this Resolution 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.

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

SECTION 9. Paying Agent.

(a) *Appointment, Payment of Fees and Expenses.* This Board does hereby appoint U.S. Bank National Association to act as the initial paying agent for the Bonds. All fees and expenses of the Paying Agent shall be the sole responsibility of the District, and to the extent not paid from the proceeds of sale of the Bonds, or from the Debt Service Fund of the District, insofar as permitted by law, including specifically by Section 15232 of the Education Code, such fees and expenses shall be paid by the District.

(b) *Resignation, Removal and Replacement of Paying Agent.* The District may remove the Paying Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company doing business in the State of California, having a combined capital (exclusive of borrowed 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 above referred to, then for the purposes of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Paying Agent may at any time resign by giving written notice to the District and the Owners of such resignation. Upon receiving notice of such resignation, the District shall promptly appoint a successor Paying Agent by an instrument in writing. Any resignation or removal of the Paying Agent and appointment of a successor Paying Agent shall become effective upon acceptance of appointment by the successor Paying Agent.

(c) *Merger or Consolidation of Paying Agent.* Any banking corporation or national banking association 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 of any banking corporation or national banking association to which the Paying Agent may sell or transfer all or substantially all of its corporate trust business, provided that such banking corporation or national banking association shall be eligible hereunder, shall be the successor to the Paying Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding. Prompt notice of such merger or consolidation shall be given to the District. All costs and expenses of such merger or consolidation shall be paid by the successor Paying Agent and no additional charges shall be levied against the District.

(d) *Principal Corporate Trust Office.* The initial Paying Agent, and any successor Paying Agent, shall designate each place or places where it will conduct the functions of transfer, registration, exchange, payment, and surrender of the Bonds, and any reference herein to the "principal corporate trust office" of the Paying Agent shall mean the office so designated for a particular purpose. If no office is so designated for a particular purpose, such functions shall be conducted at the corporate trust operations office of U.S. Bank National Association, in San Francisco, California, or the principal corporate trust office of any successor Paying Agent.

(e) *Registration Books.* The Paying Agent shall keep or cause to be kept at its principal corporate trust office sufficient books for the registration and transfer of the Bonds, which shall at all times, upon reasonable notice, be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred on the Registration Books, Bonds as provided in Section 10 hereof. The Paying Agent shall keep accurate records of all funds administered by it and of all Bonds paid and discharged by it. Such records shall be provided, upon reasonable request, to the District in a format mutually agreeable to the Paying Agent and the District.

SECTION 10. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to this Resolution, by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation at the Principal corporate trust office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The Paying Agent shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any Bond or Bonds shall be surrendered for transfer, the District shall execute and the Paying Agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount.

No transfers of Bonds shall be required to be made (a) fifteen days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after such Bond has been selected for redemption.

(a) *Exchange of Bonds.* Bonds may be exchanged at the principal corporate trust office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The Paying Agent shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. No exchanges of Bonds shall be required to be

made (a) fifteen days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after such Bond has been selected for redemption.

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

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

(d) *Bonds Mutilated, Lost, Destroyed or Stolen.* If any Bond shall become mutilated, the District, at the expense of the Owner of said Bond, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like maturity and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Paying Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Paying Agent shall be canceled by it and delivered to, or upon the order of, the District. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the District and, if such evidence be satisfactory to the District and indemnity satisfactory to it shall be given, the District, at the expense of the Owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like maturity and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The District may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the District and the Paying Agent in connection therewith. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original contractual obligation on the part of the District whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Resolution with all other Bonds issued pursuant to this Resolution.

SECTION 11. Book Entry System. Except as provided below, the owner of all of the Bonds shall be The Depository Trust Company, New York, New York ("DTC"), and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. The Bonds shall be initially executed and delivered in the form of a single fully registered Bond for each maturity date of each series or subseries of the Bonds in the full aggregate principal amount of the Bonds of such series or subseries maturing on such date. The Paying Agent and the District may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for all purposes of this Resolution, and neither the Paying Agent nor

the District shall be affected by any notice to the contrary. The Paying Agent and the District shall not have any responsibility or obligation to any participant of DTC (a "Participant"), any person claiming a beneficial ownership interest in the Bonds under or through DTC or a Participant, or any other person which is not shown on the register of the District as being an Owner, with respect to the accuracy of any records maintained by DTC or any Participant or the payment by DTC or any Participant of any amount in respect of the principal or interest with respect to the Bonds. The Paying Agent shall cause to be paid all principal and interest with respect to the Bonds received from the District only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to the principal and interest with respect to the Bonds to the extent of the sum or sums so paid. Except under the conditions noted below, no person other than DTC shall receive a Bond. Upon delivery by DTC to the District of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the term "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

If the District determines that it is in the best interest of the beneficial owners that they be able to obtain Bonds and delivers a written certificate to DTC to that effect, DTC shall notify the Participants of the availability through DTC of Bonds. In such event, the District shall issue, transfer and exchange Bonds as requested by DTC and any other owners in appropriate amounts, DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the District shall be obligated to deliver Bonds as described in this Resolution. Whenever DTC requests the District to do so, the District will cooperate with DTC in taking appropriate action after reasonable notice to (a) make available one or more separate Bonds evidencing the Bonds to any DTC Participant having Bonds credited to its DTC account or (b) arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and interest with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided as in the representation letter delivered on the date of issuance of the Bonds.

SECTION 12. Bond Purchase Agreement; Sale of Bonds. The form of Bond Purchase Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, is hereby approved, and the District Representatives are each hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver one or more Bond Purchase Agreements in substantially said form, including, without limitation, a sale of Bonds in one or more series or subseries under a forward delivery Bond Purchase Agreement to accomplish a current refunding of all or a portion of the Prior Notes or such other purposes set forth herein, with such changes, insertions and omissions therein as the District Representative executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, (a) the minimum purchase price for the Bonds shall be not less than the aggregate principal amount thereof, (b) the Underwriter's discount for the sale of Bonds shall not exceed forty-five hundredths of one percent (0.45%) (not including original issue discount or any Costs of Issuance to be paid by the Underwriter) of the principal amount of such Bonds, exclusive of any Costs of Issuance the Underwriter contracts to pay, (c) the Costs of Issuance shall not exceed two percent (2.0%) of the aggregate principal amount of the Bonds issued; and (d) the Bonds shall otherwise conform to the limitations specified herein.

Each Bond Purchase Agreement shall recite the aggregate principal amount of the Bonds and shall recite the date thereof, the maturity dates, principal amounts and annual rates of interest of each maturity thereof, the initial and semiannual Bond Payment Dates thereof, and the terms of optional, extraordinary and mandatory sinking fund redemption thereof, if any.

The Board hereby finds and determines pursuant to Government Code section 53508.9 that the sale of the Bonds at negotiated sale as contemplated herein and by the Bond Purchase Agreement will provide more flexibility in the timing of the sale, an ability to implement the sale in a shorter time period, an increased ability to structure the Bonds to fit the needs of particular purchasers, and greater opportunity for the Underwriter to pre-market the Bonds to potential purchasers prior to the sale, including those residing in the local area, all of which will contribute to the District's goal of achieving the lowest overall cost of funds.

SECTION 13. Continuing Disclosure Certificate. The Continuing Disclosure Certificate, in substantially the form attached to the Official Statement and made a part hereof as though set forth herein, is hereby approved, and the District Representatives are each hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver a Continuing Disclosure Certificate in substantially said form, as is necessary to cause the requirements of Rule 15c2-12 to be satisfied, with such changes, insertions and omissions as the District Representative executing the same may require or approve, such determination, requirement or approval to be conclusively evidenced by the execution of the Continuing Disclosure Certificate by such District Representative.

SECTION 14. Official Statement. The Preliminary Official Statement to be distributed in connection with the public offering of the Bonds, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, with such changes, insertions and omissions as may be approved by a District Representative, is hereby approved, and the use of such Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. The District Representatives are each hereby authorized to certify on behalf of the District that such Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12). The Underwriter, on behalf of the District, is authorized and directed to cause the Preliminary Official Statement to be distributed to such persons as may be interested in purchasing the Bonds therein offered for sale.

A District Representative, or any designee thereof, is authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final official statement (the "Final Official Statement") and to execute the Final Official Statement, dated as of the date of the sale of the Bonds, and a statement that the facts contained in the Final Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Bonds, true and correct in all material respects and that the Final Official Statement did not, on the date of sale of the Bonds, and does not, as of the date of delivery of the Bonds, contain any untrue statement of a material fact with respect to the District or omit to state material facts with respect to the District required to be stated where necessary to make any statement made therein not misleading in light of the circumstances under which it was made. A District Representative, or any designee thereof, shall take such further actions prior to the signing of the Final Official Statement as are deemed necessary or appropriate to verify the accuracy thereof. The execution of the Final Official Statement, which shall include such changes and additions thereto deemed advisable by a District Representative,

or any designee thereof, shall be conclusive evidence of the approval of the Final Official Statement by the District. The Final Official Statement, when prepared, is approved for distribution in connection with the offering and sale of the Bonds.

SECTION 15. Approval of Paying Agent Agreement. A District Representative, or any designee thereof, is hereby authorized and directed to execute a Paying Agent Agreement for and in the name and on behalf of the District. The Board hereby authorizes the delivery and performance of the Paying Agent Agreement, consistent with the terms of this Resolution, together with any additional terms thereto or changes therein deemed necessary or advisable by a District Representative, or any designee thereof, to effectuate the intent hereof.

SECTION 16. Deposit of Proceeds of Bonds.

(a) The purchase price received from the Underwriter pursuant to the Bond Purchase Agreement(s), to the extent of the principal amount thereof, shall be applied as follows:

(i) to the County to the credit of the fund hereby authorized to be created to be known as the "Los Altos School District General Obligation Bonds, Election of 2014, Series A Building Fund" (the "Building Fund") of the District (as shall be designated by the District on or prior to the Closing Date), which amounts shall be kept separate and distinct from all other District and County funds, and those proceeds shall be used solely for the purpose for which the Bonds are being issued, and provided further that such proceeds shall be applied solely to the purposes of the Authorization; provided, the County shall have no responsibility for assuring the proper use of the Bond proceeds by the District;

(ii) to the Paying Agent, for deposit in a costs of issuance fund under the Paying Agent Agreement, the proceeds of the Bonds required to pay the Costs of Issuance (as shall be designated by the District on or prior to the Closing Date); on the earlier of the date which is six months following the date of issuance of the Bonds or the date upon which the District directs the Paying Agent that Costs of Issuance have been paid, the Costs of Issuance Account shall be closed by the Paying Agent, and any remaining amounts on deposit therein shall be transferred to the Director of Finance for deposit in the Building Fund;

(iii) to the paying agent for the Prior Notes, for irrevocable deposit with the paying agent for the Prior Notes, the proceeds of the Bonds, together with such other funds of the District and the proceeds of any permitted securities, sufficient to pay the redemption price of and interest on the Prior Notes to the designated redemption date or maturity date thereof (as shall be designated by the District on or prior to the Closing Date); and

(iv) the purchase price received from the Underwriter pursuant to the Bond Purchase Agreement, to the extent of any accrued interest or net original issue premium, shall be paid to the credit of the fund to be created and designated as the "Los Altos School District General Obligation Bonds (Election of 2014), Series A Debt Service Fund" ("Debt Service Fund") to be used for payment of interest on the Bonds, and for no other purpose.

(b) Interest earnings on monies held in the Building Fund shall be retained in said Building Fund. Interest earnings on monies held in the Debt Service Fund shall be retained

in said Debt Service Fund. Any excess proceeds of the Bonds not needed for the authorized purposes set forth herein for which the Bonds are being issued upon written notice from the District shall be transferred to the Debt Service Fund and be applied to the payment of principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District.

(c) Amounts deposited into the Debt Service Fund and the Building Fund, as well as proceeds of taxes held therein for payment of the Bonds, will be invested at the Written Request of the District, and in the absence of such direction, at the discretion of the Director of Finance pursuant to law and the investment policy of the County.

SECTION 17. Security for the Bonds. There shall be levied by the County on all the taxable property in the District, in addition to all other taxes, a continuing direct and *ad valorem* tax annually during the period the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due, which moneys when collected will be placed in the Debt Service Fund of the District, which fund is irrevocably pledged pursuant to Government Code sections 5450 and 5451 for the payment of the principal of and interest on the Bonds when and as the same fall due. The moneys in the Debt Service Fund heretofore established and maintained by the County for the District, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, shall be transferred by the County to the Paying Agent, as paying agent for the Bonds, as necessary to pay the principal of and interest on the Bonds. The Bonds shall, pursuant to Government Code Section 53515, be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* taxes for the payment of the Bonds.

SECTION 18. Supplemental Resolutions.

(a) Supplemental Resolutions Without Consent of the Owners. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the District may be adopted, which, without the requirement of consent of the Owners of the Bonds, shall be fully effective in accordance with its terms:

(i) to add to the covenants and agreements of the District in this Resolution, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(ii) to add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(iii) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;

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

(v) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

(b) Supplemental Resolutions Effective With Consent to the Owners. Any modification or amendment of this Resolution and of the rights and obligations of the District and of the Owners of the Bonds, in any particular, may be made by a Supplemental Resolution, with the written consent of the Owners of at least two-thirds in aggregate principal amount of the Bonds Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of maturity of the principal of any Outstanding Bonds or of any interest payable thereon or a reduction in the principal amount thereof or in the rate of interest thereon, or shall reduce the percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall reduce the amount of moneys pledged for the repayment of the Bonds without the consent of all the Owners of such Bonds, or shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto.

SECTION 19. Rebate Fund.

(a) The District shall create and establish a special fund designated the "Los Altos School District General Obligation Bonds (Election of 2014) Series A Rebate Fund" (the "Rebate Fund"). All amounts at any time on deposit in the Rebate Fund shall be held in trust, to the extent required with respect to any Tax-Exempt Bonds to satisfy the requirement to make rebate payments to the United States (the "Rebate Requirement") pursuant to Section 148 of the Code, and the United States Treasury Regulations promulgated thereunder (the "Treasury Regulations"). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and by the Tax Certificate to be executed by the District with respect to Tax-Exempt Bonds.

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

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

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

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

(ii) not later than 60 days after the payment of all Tax-Exempt Bonds, an amount equal to 100% of the "rebate amount" calculated as of the date of such payment (and any income attributable to the "rebate amount" determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

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

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

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

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

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

SECTION 20. Tax Covenants.

(a) The District will restrict the use of the proceeds of the Tax-Exempt Bonds in such manner and to such extent, if any, as may be necessary, so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code and the applicable regulations prescribed under that Section or any predecessor section.

(b) The District shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Tax-Exempt Bonds under Section 103 of the Code. Without limiting

the generality of the foregoing, the District hereby covenants that it will comply with the requirements of the Tax Certificate with respect to the Tax-Exempt Bonds to be executed by the District on the date of issuance of such Tax-Exempt Bonds. The provisions of this subsection (b) shall survive payment in full or defeasance of the Tax-Exempt Bonds.

(c) In the event that at any time the District is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any monies held by the Director of Finance on behalf of the District, in accordance with this Resolution or pursuant to law, the District shall so request of the Director of Finance in writing, and the District shall ensure that the Director of Finance shall take such action as may be necessary in accordance with such instructions.

(d) Notwithstanding any provision of this Section, if the District shall provide to the Director of Finance of the County an Opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Tax-Exempt Bonds under Section 103 of the Code, the Director of Finance may conclusively rely on such Opinion of Bond Counsel in complying with the requirements of this Section and of the Tax Certificate with respect to the Tax-Exempt Bonds, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 21. Insurance. In the event the District purchases bond insurance for the Bonds, and to the extent that the Bond Insurer makes payment of the principal, or interest of the Bonds, it shall become the Owner of such Bonds with the right to payment of principal or interest on the Bonds, and shall be fully subrogated to all of the Owners' rights, including the Owners' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims that were past due interest components, the Paying Agent shall note the Bond Insurer's rights as subrogee on the registration books for the Bonds maintained by the Paying Agent upon receipt of a copy of the cancelled check issued by the Bond Insurer for the payment of such interest to the Owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Paying Agent shall note the Bond Insurer as subrogee on the registration books for the Bonds maintained by the Paying Agent upon surrender of the Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer.

SECTION 22. Professional Services. The Board hereby appoints PFM Financial Advisors LLC, as Municipal Advisor, and Dannis Woliver Kelley, as Bond Counsel and Disclosure Counsel, each with respect to the issuance of the Bonds. The District Representatives, or any designee thereof, are, and each of them acting alone is, hereby authorized to designate the Underwriter(s) for each Bond Purchase Agreement (which designation shall be conclusive upon execution of a Bond Purchase Agreement by a District Representative), and shall be further authorized to enter into any new agreements and/or amend any existing agreements with members of the herein-appointed "financing team," as appropriate; provided, such agreements describe the desired scope of services and specify a cost that is consistent with not-to-exceed cost estimates presented to this Board in connection with this Resolution. A form of each applicable proposed agreement is on file with the Secretary to the Board and available for review.

SECTION 23. Delegation of Authority. The District Representatives are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution. Without limiting the foregoing, the District Representatives are authorized to

execute and deliver one or more escrow agreements or irrevocable instructions for the redemption or payment of the Prior Notes.

SECTION 24. Approval of Actions. All actions heretofore taken by the officers, employees and agents of the District with respect to the transactions set forth above are hereby approved, confirmed and ratified.

SECTION 25. Filing with County. The Superintendent, or such other officer or employee of the District as the Superintendent may designate, is hereby authorized and directed to report to the Director of Finance the final terms of sale of the Bonds, and to file with the Director of Finance a copy of the executed Bond Purchase Agreement and this Resolution, and the schedule of amortization of the principal of and interest on the Bonds, and this Resolution shall serve as the notice required to be given by Section 15140I of the Education Code and as the District's request to the Director of Finance and the Board of Supervisors of the County to propose and adopt in each year a tax rate applicable to all taxable property of the District for payment of the Bonds, pursuant to law; and to the other officers of the County to levy and collect said taxes for the payment of the Bonds, to pay in a timely manner to the Paying Agent on behalf of the Owners of the Bonds the principal, interest, and premium, if any, due on the Bonds in each year, and to create in the County Treasury to the credit of the District Building Fund and Debt Service Fund pursuant to section 15146 of the Education Code and this Resolution.

SECTION 26. Legislative Determinations. The Board determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

SECTION 27. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

PASSED AND ADOPTED this 17th day of December, 2018, by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

LOS ALTOS SCHOOL DISTRICT

By: _____
President of the Board of Trustees

ATTEST:

By: _____
Secretary to the Board of Trustees

EXHIBIT A

FORM OF BOND

**REGISTERED
NO.**

**REGISTERED
\$ _____**

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**LOS ALTOS SCHOOL DISTRICT
(SANTA CLARA COUNTY, CALIFORNIA)
GENERAL OBLIGATION BOND
(ELECTION OF 2014), SERIES A [SUBSERIES DESIGNATION, IF ANY]**

<u>INTEREST RATE:</u>	<u>MATURITY DATE:</u>	<u>DATED DATE:</u>	<u>CUSIP NO:</u>
____%	August 1, 20__	_____, 2019	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Los Altos School District (the "District") in Santa Clara County, California, for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing [August 1], 20[19]. This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a Bond Payment Date, in which event it shall bear interest from such date, or it is authenticated as of a day during the period from the close of business on the 15th day of the calendar month preceding any Bond Payment Date (the "Record Date") to such Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2019, in which event it shall bear interest from the date of delivery. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the Register maintained by the Bond Registrar, initially U.S. Bank National Association. Principal is payable upon presentation and surrender of this bond at the corporate trust office of the Bond Registrar in San Francisco, California. Interest is payable

by check mailed by the Bond Registrar on each Bond Payment Date to the Registered Owner of this bond (or one or more predecessor bonds) as shown and at the address appearing on the Register at the Record Date. The Owner of Bonds in the aggregate principal amount of \$1,000,000 or more may request in writing to the Bond Registrar that the Owner be paid interest by wire transfer to the bank and account number on file with the Bond Registrar as of the Record Date.

This Bond is one of a series of \$_____ of bonds approved for the purpose of completing the modernization, replacement, renovation, construction, acquisition, equipping, furnishing and otherwise improving certain facilities of the District, and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite 55% vote of the electors of the District cast at a duly called election held on November 4, 2014, upon the question of issuing bonds in the amount of \$150,000,000, and the resolution of the Board of Trustees of the District adopted on December 17, 2018 (the "Resolution"). This bond and the issue of which this bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount. The bonds of this issue are general obligations of the District and do not constitute an obligation of the County except as provided in the Resolution. No part of any fund of the County is pledged or obligated to the payment of the bonds of this issue.

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

No transfers of Bonds shall be required to be made (a) fifteen days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after such Bond has been selected for redemption.

The Bonds maturing on or after August 1, 20__, are subject to redemption at the option of the District, from any source of funds, as a whole or in part on any date on or after August 1, 20__, at the following Redemption Prices (expressed as percentages of the Principal Amount of the bonds to be redeemed) plus interest accrued thereon to the dates fixed for redemption:

Redemption Dates	<u>Redemption Prices</u>
August 1, 20__, and thereafter	100%

The Bonds may also be subject to mandatory sinking fund redemption as provided in the Bond Purchase Agreement.

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

It is certified and recited that all acts and conditions required by the California Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the bonds in order to make them legal, valid and binding obligations of the District, have been performed and have been met in regular and due form as required by law; that payment in full for the bonds has been received; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the bonds; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the District in an amount sufficient to pay principal and interest when due.

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

IN WITNESS WHEREOF, the Los Altos School District, County of Santa Clara, California, has caused this bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signatures of the President of the Board of Trustees of the District, and to be countersigned by the manual or facsimile signature of the Secretary of the Board of Trustees of the District, all as of the date stated above.

LOS ALTOS SCHOOL DISTRICT

By: _____
President, Board of Trustees

Countersigned:

By: _____
Secretary to the Board of Trustees

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution of the Board of Trustees of the Los Altos School District.

DATED: _____, 20__

U.S. BANK NATIONAL ASSOCIATION, as
Paying Agent

By: _____
Authorized Representative

FORM OF ASSIGNMENT

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

Dated:

Signature Guaranteed:

Commercial bank, trust company or member of a national securities exchange.

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or any change whatever, and the 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, Taxpayer Identification Number or other identifying number of Assignee: _____

EXHIBIT B

BOND PARAMETERS AND ESTIMATED COSTS OF ISSUANCE

1. Estimated True Interest Cost of the Bonds:
4.50%
2. Estimated Costs of Issuance, including Underwriter's Discount (the "Finance Charge"):

	<u>Estimated Fees or Costs</u>
Bond Counsel Fee & Expense	\$ 66,000.00
Disclosure Counsel Fee & Expense	31,000.00
Municipal Advisor Fee & Expense	62,000.00
Paying Agent	2,500.00
S&P	45,000.00
Moody's	39,000.00
Printing	750.00
Municipal Data	700.00
Contingency	15,000.00
Total	\$261,950.00

Underwriter's Discount: \$315,000.00

3. Estimated Amount of Proceeds to be received by the District, less Finance Charge, reserves (if any) and capitalized interest (if any):
\$69,423,050.00
4. Estimated Total Payment Amount (Debt Service to Maturity, including any Finance Charge not paid with proceeds of the Bonds (if any)):
\$129,000,000.00