

FONTANA UNIFIED SCHOOL DISTRICT
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BOARD OF EDUCATION MEETING AGENDA

DATE: May 10, 2011
TIME: 6:30 p.m. (Closed Session)
7:00 p.m. (Open Session)
PLACE: John D. Piazza Education Center
9680 Citrus Avenue, Fontana, California 92335

NOTICE TO THE PUBLIC: Persons wishing to speak to the Board of Education regarding any item on the agenda or during the opportunity for public comment are requested to fill out a card to address the Board, which are available on the tables in the foyer, and adhere to the instructions therein.

Individuals who require disability-related accommodations or modifications, including auxiliary aids and services, in order to participate in the Board meeting should contact the Superintendent or designee in writing at least two days before the meeting date. *(Board Bylaw 9320)*

I CALL TO ORDER

II ADOPT AGENDA

Motion made by ____ seconded by ____ vote ____

III OPPORTUNITY FOR PUBLIC COMMENT ON CLOSED SESSION AGENDA ITEMS

The Governing Board welcomes and encourages public comments. Members of the public commenting on items on this closed session agenda are asked to limit their comments to five (5) minutes so that as many as possible may be heard. *(Education Code §35145.5, Government Code §54954.3)*

CLOSED SESSION

A. PERSONNEL MATTERS

With respect to every item of business to be discussed in Closed Session pursuant to Government Code §54957:

1. Public Employee Discipline/Dismissal/Release

OPEN SESSION

IV REPORT OUT FROM CLOSED SESSION

V PLEDGE OF ALLEGIANCE

VI OPPORTUNITY FOR PUBLIC COMMENT ON NON-AGENDA ITEMS

At this time, members of the public may address the Board on items not on the agenda. When called for comment, please state your name at the podium and limit your remarks to five (5) minutes.

Speakers are cautioned that under California law no person is immune from liability for making intentionally false or defamatory comments regarding any person simply because those comments are made at a public meeting.

VII BARGAINING UNIT REPRESENTATIVES COMMENTS

VIII DISCUSSION/ACTION SESSION

Each district division with items for Board action, first reading, and second reading are listed in this section of the agenda. An individual motion will be taken on each item. Agenda materials that have been distributed to the Board less than 72 hours before each meeting will be available for public inspection at the address listed on the first page of this agenda during regular business hours, 8:00 a.m. to 5:00 p.m. Monday through Friday (holidays excepted).

A. BUSINESS SERVICES

2. Adopt Resolution (Ref. A)

DISCUSSION
and/or
ACTION

The Superintendent recommends that the Board of Education adopt Resolution No. 11-69 that will allow administration to proceed to the next step in the process and take part in this beneficial Program for schools; the District is not obligated to participate as a result of resolution adoption as the Resolution simply delegates to the administration the right to decide on participation prior to the time of Tax and Revenue Anticipation Notes (TRAN) issuance as submitted in Reference A of the agenda.

Motion made by ____ seconded by ____ vote ____

3. Adopt Resolution (Ref. B)

DISCUSSION
and/or
ACTION

The Superintendent recommends that the Board of Education adopt Resolution No. 11-70 that will allow administration to proceed to the next step in the process and take part in this beneficial Program for schools; the District is not obligated to participate as a result of resolution adoption as the Resolution simply delegates to the administration the right to decide on participation prior to the time of Tax and Revenue Anticipation Notes (TRAN) issuance as submitted in Reference B of the agenda.

Motion made by ____ seconded by ____ vote ____

4. Adopt Resolution (Ref. C)

DISCUSSION
and/or
ACTION

The Superintendent recommends that the Board of Education adopt Resolution No. 11-71 to designate personnel through the title of the positions that constitute the Retirement Board of Authority as submitted in Reference C of the agenda.

Motion made by ____ seconded by ____ vote ____

B. HUMAN RESOURCES

5. Adopt Proposed Decision (Ref. D)

DISCUSSION
and/or
ACTION

The Superintendent recommends that the Board of Education, as stated in Resolution No. 11-72, adopt the Proposed Decision of the Administrative Law Judge dated May 5, 2011, regarding the reduction in services of certificated employees, and direct the Superintendent, or Superintendent's designee to serve a Final Layoff Notice on the 121 certificated employees whose names were listed in Attachment D; all of whom received a preliminary Layoff Notice in March 2011 as submitted in Reference D of the agenda.

Motion made by ____ seconded by ____ vote ____

D. OTHER

6. Reduction In Force Criteria (Ref. E)

DISCUSSION
and/or
ACTION

This item is for the Board to discuss and consider voting to change the established reduction in force criteria for certificated employees as submitted in Reference E of the agenda.

Motion made by ____ seconded by ____ vote ____

XVII ADJOURNMENT

Motion made by ____ seconded by ____ vote ____

FONTANA UNIFIED SCHOOL DISTRICT
Fontana, California

Business Services

ITEM TITLE: Adopt Resolution

BOARD OF EDUCATION MEETING: 05/10/11
Discussion/Action Session

BACKGROUND:

By passing the resolution before the Board, the District will be able to issue a tax and revenue anticipation note to address cash flow needs at the end of the 2010/11 fiscal year caused by the deferral of state apportionment payments:

Tax and Revenue Anticipation Notes (TRANs): TRANs are short-term debt instruments issued by school districts throughout the State to create an additional reserve to the general fund. The cross-fiscal year TRAN is designed to address cash deficits caused by the state's deferral of apportionment payments.

TRANs Economics: The District will issue a tax-exempt note. The proceeds from the sale of this note, while not needed for cash flow, are invested in the San Bernardino County treasurer's investment pool. This may result in a positive spread between the borrowing rate and the investment return on the TRAN proceeds.

FISCAL IMPLICATION:

Based on current interest rates, the estimated potential cost of the TRAN to the District is approximately \$100,000. This cost will be offset by earnings from the funds while they are invested in the San Bernardino County Treasurer's Investment Pool. In March 2011 the pool earned an annualized rate of 0.84%.

RECOMMENDATION:

The Superintendent recommends that the Board of Education adopt Resolution No. 11-69 that will allow administration to proceed to the next step in the process and take part in this beneficial Program for schools; the District is not obligated to participate as a result of resolution adoption as the Resolution simply delegates to the administration the right to decide on participation prior to the time of Tax and Revenue Anticipation Notes (TRAN) issuance.

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Attachment

RESOLUTION NO. 11-69

RESOLUTION OF THE BOARD OF EDUCATION OF THE FONTANA UNIFIED SCHOOL DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF FONTANA UNIFIED SCHOOL DISTRICT 2010-2011 TAX AND REVENUE ANTICIPATION NOTES IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$10,000,000, REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BERNARDINO TO PROVIDE FOR THE ISSUANCE AND SALE OF SAID NOTES, AUTHORIZING THE EXECUTION AND DELIVERY OF A NOTE PURCHASE CONTRACT AND A CONTINUING DISCLOSURE CERTIFICATE AND APPROVING THE PREPARATION AND DISTRIBUTION OF AN OFFICIAL STATEMENT AND OTHER MATTERS RELATING THERETO

WHEREAS, pursuant to Sections 53850 and following of the California Government Code (being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 thereof), on or after the first day of any fiscal year (being July 1) a school district may borrow money by issuing temporary notes for any purpose for which the school district is authorized to expend moneys, including but not limited to current expenses, capital expenditures, investment and reinvestment and the discharge of any obligation or indebtedness of the school district;

WHEREAS, the Board of Education (the "Board") of the Fontana Unified School District (the "District") has determined that an amount not to exceed \$10,000,000 is needed to satisfy obligations payable or accruing during Fiscal Year 2010-2011 from the General Fund of the District, and that it is necessary that said amount be borrowed for such purpose at this time by the issuance of temporary notes in an aggregate principal amount not exceeding such amount in anticipation of the receipt by or accrual to the District during Fiscal Year 2010-2011 of taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys provided for such fiscal year for the General Fund of the District;

WHEREAS, said notes are to be denominated "Fontana Unified School District 2010-2011 Tax and Revenue Anticipation Notes" (the "Notes");

WHEREAS, the Board hereby finds and determines that said aggregate principal amount of the Notes, when added to the interest payable thereon, does not exceed 85% of the estimated amount of the uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys provided for Fiscal Year 2010-2011 which will be received by or which will accrue to the District during such fiscal year for the General Fund of the District and which will be available for the payment of the principal of and interest on the Notes;

WHEREAS, no money has heretofore been borrowed by or on behalf of the District through the issuance of tax anticipation notes or temporary notes in anticipation

of the receipt of, or payable from or secured by, taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys provided for Fiscal Year 2010-2011 which will be received by or will accrue to the District during such fiscal year for the General Fund of the District, and the Board does not contemplate such a financing through the issuance of any temporary notes, other than the Notes;

WHEREAS, pursuant to Section 53856 of the California Government Code, certain taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys which will be received by or accrue to the District during Fiscal Year 2010-2011 for the General Fund of the District are authorized to be pledged for the payment of the Notes and the interest thereon;

WHEREAS, the District has not been accorded fiscal accountability status under Section 42647 or Section 42650 of the California Education Code;

WHEREAS, Section 53853 of the California Government Code provides that notes of a school district that has not been so accorded fiscal accountability status must be issued in the name of the school district by the board of supervisors of the county, the county superintendent of which has jurisdiction over the district, as soon as possible following the receipt of a resolution of the governing board of the school district requesting the borrowing;

WHEREAS, the Superintendent of Schools of the County of San Bernardino (the "County") has jurisdiction over the District and, therefore, the Notes are to be issued in the name of the District by the Board of Supervisors of the County;

WHEREAS, Section 42133 of the California Education Code provides that a school district that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, tax anticipation notes, unless the county superintendent of schools determines, pursuant to criteria established by the Superintendent of Public Instruction of the State of California, that such school district's repayment of that indebtedness is probable;

WHEREAS, the District has received a qualified budget certification in Fiscal Year 2010-2011 and, therefore, the Superintendent of Schools of the County must make such determination in order for the Notes to be issued in the name of the District by the Board of Supervisors of the County;

WHEREAS, Piper Jaffray & Co. (the "Underwriter") has made a proposal to purchase the Notes, which proposal is in the form of a Note Purchase Contract to be entered into by the Underwriter, the District and the County (such Note Purchase Contract, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Purchase Contract");

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 Notes, the

Underwriter must have reasonably determined that the District or an obligated person has undertaken in a written agreement or contract for the benefit of the holders of the Notes to provide disclosure of certain material events on an ongoing basis;

WHEREAS, in order to cause such requirement to be satisfied, the District desires to execute and deliver a Continuing Disclosure Certificate (such Continuing Disclosure Certificate, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Continuing Disclosure Certificate");

WHEREAS, a Preliminary Official Statement to be used in connection with the offering and sale of the Notes has been prepared (such Preliminary Official Statement in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the "Preliminary Official Statement");

WHEREAS, there have been prepared and submitted to this meeting forms of:

- (a) the Notes;
- (b) the Purchase Contract;
- (c) the Continuing Disclosure Certificate; and
- (d) the Preliminary Official Statement;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Education of the Fontana Unified School District, as follows:

Section 1. Recitals. The above recitals are true and correct, and the Board so finds and determines.

Section 2. Request for Borrowing. For the purpose of satisfying obligations payable from the General Fund of the District, the Board hereby determines to borrow an aggregate principal amount not to exceed \$10,000,000, and hereby requests the Board of Supervisors of the County to issue in the name of the District, subject to the determination by the Superintendent of Schools of the County that the repayment thereof is probably pursuant to California Education Code Section 42133, such an aggregate principal amount of temporary notes pursuant to Sections 53850 and following of the California Government Code in anticipation of the receipt by or accrual to the District during Fiscal Year 2010-2011 of taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys provided for such fiscal year for the General Fund of the District.

The District acknowledges that the Notes do not constitute a debt of the County and that the County is not responsible for, and makes no assurance regarding, the use or application of the proceeds of the Notes by the District.

Section 3. Authorization of Notes; Terms. The issuance of the Notes, in the aggregate principal amount of not to exceed \$10,000,000, is hereby authorized and approved. The Notes shall be denominated the "Fontana Unified School District 2010-2011 Tax and Revenue Anticipation Notes." The Notes shall be dated the date of their delivery and shall be issued in fully registered form in denominations of \$5,000 principal amount or any integral multiple thereof. The Notes shall bear interest commencing on the date thereof, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Notes shall be payable only at the maturity thereof, without option of prior redemption. Interest on the Notes shall be payable at the maturity thereof. The Notes shall be issued in the aggregate principal amount, shall bear interest at the rate and shall mature on the date specified in the Purchase Contract, as the same shall be completed as provided in this Resolution; provided however, that (a) the aggregate principal amount of the Notes shall not exceed \$10,000,000, (b) the Notes shall mature on a date which is no more than 366 days subsequent to the date of their delivery, and (c) the interest rate to be borne by the Notes shall be such that the true interest cost of the Notes shall not exceed 6.0%.

Section 4. Pledge; Lien and Charge; Repayment Fund. (a) *Pledge.* The term "Unrestricted Revenues" shall mean the taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys provided for Fiscal Year 2010-2011 which will be received by or will accrue to the District during such fiscal year for the General Fund of the District and which are lawfully available for the payment of current expenses and other obligations of the District. The District hereby pledges to the payment of the Notes and the interest thereon the first Unrestricted Revenues to be received by the District in each period specified in the Purchase Contract, in an amount equal to the amount, or in the proportion of the total amount due, specified in the Purchase Contract, as the Purchase Contract shall be completed as provided in this Resolution (the "Pledged Revenues").

(b) *Lien and Charge.* As provided in Section 53856 of the California Government Code, the Notes and the interest thereon shall be a first lien and charge against, and shall be payable from the first moneys received by the District from, the Pledged Revenues.

(c) *General Obligation.* As provided in Section 53857 of the California Government Code, notwithstanding the provisions of Section 53856 of the California Government Code and of subsection (b) of this Section, the Notes shall be general obligations of the District and, to the extent not paid from the Pledged Revenues, shall be paid with interest thereon from any other Unrestricted Revenues.

(d) *Repayment Fund.* The Treasurer and Tax Collector of the County (the "County Treasurer") is hereby requested to establish and hold in the funds of the District in the County treasury a special fund denominated the "Fontana Unified School District 2010-2011 Tax and Revenue Anticipation Note Repayment Fund" (the "Repayment Fund"), and to maintain the Repayment Fund until the Notes and the interest thereon have been paid in full. As security for the payment of the Notes and the interest thereon, the District hereby covenants to deposit or cause to be deposited in the

Repayment Fund, in trust for the registered owners of the Notes, no later than the end of each period specified in the Purchase Contract, the amount of Unrestricted Revenues specified in the Purchase Contract to be so deposited, as the Purchase Contract shall be completed as provided in this Resolution. In the event that there have been insufficient Unrestricted Revenues received by the District by the end of any such period, then the amount of any deficiency in the Repayment Fund shall be satisfied and made up from the first Unrestricted Revenues thereafter received by the District. The amounts on deposit in the Repayment Fund are hereby pledged to the payment of the Notes and the interest thereon, and said amounts shall not be used for any other purpose until the Notes and the interest thereon have been paid in full or such payment has been duly provided for.

All Pledged Revenues and any other Unrestricted Revenues identified as such by the District and required to be deposited therein pursuant to this Resolution shall, as and when received, be deposited in the Repayment Fund. Any money deposited in the Repayment Fund shall be for the benefit of the registered owners of the Notes, and until the Notes and the interest thereon are paid or until provision has been made for the payment of the Notes at maturity and interest thereon to maturity, the money in the Repayment Fund shall be applied only for the purposes for which the Repayment Fund is established. The County Treasurer shall not be liable or responsible for the sufficiency of the Repayment Fund. On the date of maturity of the Notes, the money in the Repayment Fund shall be used, to the extent necessary, to pay the Notes and the interest thereon. Any money remaining in or accruing to the Repayment Fund after the Notes and the interest thereon have been paid in full, or provision for such payment has been made, shall be transferred to the General Fund of the District.

Section 5. Paying Agent. The County Treasurer is hereby requested and authorized to act as paying agent for the District with respect to the Notes.

Section 6. Proceeds Fund. The County Treasurer is hereby requested to establish and hold in the funds of the District in the County treasury a special fund denominated the "Fontana Unified School District 2010-2011 Tax and Revenue Anticipation Note Proceeds Fund" (the "Proceeds Fund"). The net proceeds of the sale of the Notes, including any premium, shall be deposited in the Proceeds Fund. Subject to Section 7, amounts in the Proceeds Fund may be withdrawn and expended by the District for any purpose for which the District is authorized to expend funds from its General Fund. The District acknowledges that neither the County nor the County Treasurer shall be responsible for the proper expenditure of proceeds of the Notes.

Section 7. Tax Covenants. (a) *General.* The District hereby covenants that it will 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 Notes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Without limiting the generality of the foregoing, the District hereby covenants that on the date of delivery of the Notes, it will deliver its Tax Certificate to the initial purchaser of the Notes containing representations and covenants with respect to such actions (the "Tax Certificate") and that it will comply with the requirements of the Tax

Certificate. The provisions of this Section shall survive payment in full or defeasance of the Notes.

(b) *Rebate Exception.* Amounts in the Proceeds Fund may be withdrawn and expended by the District for any purpose for which the District is authorized to expend funds from its General Fund, but only after exhausting funds otherwise available for such purposes (which are not restricted funds) and only to the extent that on any given day such other funds are not then available, and for purposes of this subsection, funds otherwise available excludes amounts that are held or set aside in a reasonable working capital reserve in the amount set forth in the Tax Certificate, which shall be no greater than 5% of the District's working capital expenditures from its available funds in Fiscal Year 2009-2010; provided, that if on the date that is six months from the date of issuance of the Notes, all amounts in the Proceeds Fund (including investment earnings thereon) shall not have been so withdrawn and spent, the District hereby covenants to promptly notify Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), and, to the extent of its power and authority, comply with the instructions from Bond Counsel as to the means of satisfying the rebate requirements of Section 148 of the Code. For purposes of this Section, the "proceeds" of the Notes are equal to the initial offering price of the Notes to the public, as certified by the Underwriter.

(c) *Rebate Calculation and Payment.* The District covenants that, in the event it is or becomes subject to the rebate requirements of Section 148 of the Code, it shall (i) make all calculations in a reasonable and prudent fashion relating to any rebate of excess investment earnings on the proceeds of the Notes due to the United States Treasury; (ii) cause the County Treasurer to segregate and set aside from lawfully available sources the amount such calculations indicate may be required to be paid to the United States Treasury; and (iii) otherwise at all times do and perform all acts and things necessary and within its power and authority, including complying with each applicable requirement of Section 103 and Sections 141 through 150 of the Code and complying with the instructions of Bond Counsel, to ensure that interest paid on the Notes shall, for the purposes of federal income taxes, be excludable from the gross income of the recipients thereof and exempt from such taxation. If such calculation is required, the District shall immediately cause the County Treasurer to set aside, from revenues received or accrued during Fiscal Year 2010-2011 or, to the extent not available from such revenues, from any other moneys lawfully available, the amount of any such rebate in a separate fund which the District hereby agrees to cause the County Treasurer to establish and maintain and designate as the "Fontana Unified School District 2010-2011 Tax and Revenue Anticipation Note Rebate Fund."

(d) *Remedies Limited to Note Owners.* Notwithstanding any other provision of this Resolution to the contrary, upon the District's failure to observe, or refusal to comply with, the covenants contained in this Section, no one other than the owners or former owners of the Notes shall be entitled to exercise any right or remedy under this Resolution on the basis of the District's failure to observe, or refusal to comply with, such covenants.

(e) *Reliance on Opinion of Bond Counsel.* Notwithstanding any provision of this Section, if the District shall obtain 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 gross income for federal income tax purposes of interest on the Notes, the District may conclusively rely on such opinion in complying with the requirements of this Section, and the covenants hereunder shall be deemed to be modified to that extent.

Section 8. Investment of Funds. All money held by the County Treasurer in the Proceeds Fund and in the Repayment Fund shall be invested to the greatest extent possible at the County Treasurer's discretion in the County's Pooled Investment Fund and as otherwise permitted by the California Government Code and the investment policy of the County, and the proceeds of such investments shall be retained in each such respective Fund; provided, however, that no portion of such money shall be invested for a term that exceeds the term of the Notes and, provided, further, that, at the written request of the District, all or any portion of such money may be invested on behalf of the District in investment agreements, including guaranteed investment contracts, which comply with the requirements of each rating agency then rating the Notes necessary in order to maintain the then-current rating on the Notes.

Section 9. Purchase Contract. The Purchase Contract, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, be and the same is hereby approved. Each of the President of the Board, or such other member of the Board as the President may designate, the Superintendent of the District and the Associate Superintendent, Business Services of the District, or such other officer or employee of the District as the Superintendent may designate (the "Authorized Officers"), is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the District, to execute and deliver the Purchase Contract in substantially said form, with such changes, insertions and omissions as the Authorized Officer executing the Purchase Contract shall approve, such approval to be conclusively evidenced by such Authorized Officer's execution and delivery of the Purchase Contract with such changes, insertions and omissions; provided however, that (a) the Purchase Contract shall specify the aggregate principal amount of the Notes, which amount shall not be in excess of \$10,000,000, (b) the Purchase Contract shall specify the maturity date of the Notes, which date shall be no later than 366 days subsequent to the date of delivery of the Notes, (c) the Purchase Contract shall specify the interest rate to be borne by the Notes, which rate shall be such that the true interest cost of the Notes shall not exceed 6.00%, (d) the Purchase Contract shall specify the dates of deposit and amounts or proportions of Unrestricted Revenues to be deposited in the Repayment Fund on each such date, provided that there shall be no more than five such dates of deposit, the last such deposit shall be made no later than the maturity date of the Notes, and the last such deposit shall be in an amount sufficient (when all previous deposits and earnings on the Repayment Fund are taken into account) to pay in full the principal of and interest on the Notes due and payable at maturity, and (e) the aggregate underwriter's discount (not including any original issue discount) from the principal amount of the Notes shall not be in excess of 0.25% of the aggregate principal amount of the Notes. The Board of Supervisors of the County is hereby requested to cause the Purchase Contract to be executed and delivered on behalf of the County, with such changes, insertions and omissions therein as may be acceptable to the County and the District.

Section 10. Form of Notes. The Notes shall be in substantially the form set forth in Exhibit A hereto, with such changes, insertions and omissions as may necessary to incorporate therein the terms thereof specified in the Purchase Contract, as the same shall be completed as provided in this Resolution, and as may otherwise be approved by an Authorized Officer.

Section 11. Official Statement. The Preliminary Official Statement, in substantially the form presented to this meeting and made a part hereof as though set forth in full herein, with such changes therein as may be approved by an Authorized Officer, be and the same is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Notes is hereby authorized and approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the District, to certify to the Underwriter that the Preliminary Official Statement has been "deemed final" for purposes of Rule 15c2-12.

The preparation and delivery of a final Official Statement (the "Official Statement"), and its use in connection with the offering and sale of the Notes, be and the same is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by such Authorized Officer's execution and delivery of the Official Statement with such changes, insertions and omissions. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the District, to execute and deliver the final Official Statement.

Section 12. Continuing Disclosure Certificate. The Continuing Disclosure Certificate, in substantially the form submitted to this meeting and made a part hereof as though set forth herein, be and the same is hereby approved. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed, for and in the name of the District, to execute and deliver the Continuing Disclosure Certificate in substantially said form, with such changes, insertions and omissions therein as the Authorized Officer executing the Continuing Disclosure Certificate shall approve, such approval to be conclusively evidenced by such Authorized Officer's execution and delivery of the Continuing Disclosure Certificate with such changes, insertions and omissions.

Section 13. Filing with Board of Supervisors. The Secretary/Clerk of the Board is hereby authorized and directed to file a certified copy of this Resolution with the Board of Supervisors of the County, which shall constitute the request of the Board that the Board of Supervisors of the County issue and sell the Notes on behalf of the District as soon as practicable, and to simultaneously provide certified copies of this Resolution to the Superintendent of Schools of the County and to the County Treasurer.

Section 14. Notice to California Debt and Investment Advisory Commission. Each of the Authorized Officers is hereby authorized, and any one of the Authorized Officers is hereby directed to cause notices of the proposed sale and final sale of the Notes to

be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to California Government Code Section 8855(g).

Section 15. Further Assurances. The District, and its appropriate officials, have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them, for the levy, collection and enforcement of the taxes, income, revenue, cash receipts and other moneys pledged hereunder in accordance with law and for carrying out the provisions of this Resolution and the Notes.

Section 16. Approval of Actions. The officers and employees of the District are, and each of them hereby is, authorized and directed to execute and deliver, for and on behalf of the District, any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the issuance and sale of the Notes and the transactions contemplated by this Resolution.

Section 17. Prior Actions. All actions heretofore taken by the officers and employees of the District with respect to the issuance and sale of the Notes, or in connection with or related to any of the agreements or documents referred to herein, are hereby approved, confirmed and ratified.

Section 18. Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Education on May 10, 2011.

BOARD OF EDUCATION OF THE
FONTANA UNIFIED SCHOOL DISTRICT

By: _____
BarBara L. Chavez, President

ATTEST:

Secretary/Clerk
Cali Olsen-Binks

EXHIBIT A

FORM OF NOTE

**UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF SAN BERNARDINO**

**FONTANA UNIFIED SCHOOL DISTRICT
2010-2011 TAX AND REVENUE ANTICIPATION NOTE**

INTEREST RATE	MATURITY DATE	DATED DATE	CUSIP
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REGISTERED OWNER:

PRINCIPAL AMOUNT:

FOR VALUE RECEIVED, the County of San Bernardino, State of California (the "County"), on behalf of the Fontana Unified School District (the "District"), located in the County, hereby promises to pay to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above the Principal Amount specified above in lawful money of the United States of America, together with interest thereon at the Interest Rate specified above (computed on the basis of a 360-day year of twelve 30-day months) in like lawful money. Interest on this Note shall be payable only at the maturity hereof. This Note shall not be subject to redemption prior to said Maturity Date.

Principal and interest due at maturity shall be paid to the registered Owner hereof only upon surrender hereof at the office of the Treasurer and Tax Collector of the County of San Bernardino (the "County"), as paying agent for the Notes (the "Paying Agent") in San Bernardino, California. No interest shall be payable for any period after maturity hereof during which the Registered Owner hereof fails to properly present this note for payment.

It is hereby certified, recited and declared that this Note is one of an authorized issue of notes denominated "Fontana Unified School District 2010-2011 Tax and Revenue Anticipation Notes" (the "Notes"), in the aggregate principal amount of \$_____, all of like date, tenor and effect, issued under and by authority of Title 5, Division 2, Part 1, Chapter 4, Article 7.6 (commencing with Section 53850) of the California Government Code, and made, executed and given pursuant to and by authority of a resolution of the Board of Supervisors of the County duly passed and adopted on _____, 2011 (the "County Resolution"), which resolution was adopted at the request of the District pursuant to a resolution of the Board of Education of the District duly passed and adopted on May 10, 2011 (the "District Resolution"), and it is hereby further certified, recited and declared that all acts, conditions and things

required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the County Resolution.

The term "Unrestricted Revenues" means the taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys provided for Fiscal Year 2010-2011 which will be received by or will accrue to the District during such fiscal year for the General Fund of the District and which are lawfully available for the payment of current expenses and other obligations of the District. In the District Resolution, the District has pledged to the payment of the Notes and the interest thereon [(a) an amount equal to ____ percent (___%) of the principal amount of the Notes [and the interest thereon] from the first Unrestricted Revenues to be received by the District during the period commencing on _____ and ending on _____[, (b) an amount equal to ____ percent (___%) of the principal amount of the Notes [and the interest thereon] from the first Unrestricted Revenues to be received by the District during the period commencing on _____ and ending on _____] [and (c) an amount equal to ____ percent (___%) of the principal amount of the Notes and the interest thereon from the first Unrestricted Revenues to be received by the District during the period commencing on _____ and ending on _____ ([collectively,] the "Pledged Revenues"). As provided in Section 53856 of the California Government Code, the Notes and the interest thereon shall be a first lien and charge against, and shall be payable from the first moneys received by the District from, the Pledged Revenues. As provided in Section 53857 of the California Government Code, notwithstanding the provisions of Section 53856 of the California Government Code and the foregoing, the Notes shall be general obligations of the District and, to the extent not paid from the Pledged Revenues, shall be paid with interest thereon from any other Unrestricted Revenues. As security for the payment of the Notes and the interest thereon, the District has covenanted in the District Resolution to deposit or cause to be deposited in the Repayment Fund, in trust for the registered owners of the Notes, no later than the end of each period specified above, the amount of Unrestricted Revenues specified above. In the event that there have been insufficient Unrestricted Revenues received by the District by the end of any such period, then the amount of any deficiency in the Repayment Fund shall be satisfied and made up from the first Unrestricted Revenues thereafter received by the District. The amounts on deposit in the Repayment Fund are pledged to the payment of the Notes and the interest thereon, and said amounts shall not be used for any other purpose until the Notes and the interest thereon have been paid in full or such payment has been duly provided for.

This Note is transferable by the Registered Owner hereof in person or by such Registered Owner's attorney duly authorized in writing at the office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the County Resolution, and upon surrender and cancellation of this Note. Upon such transfer a new Note or Notes of authorized denominations and for the same aggregate principal amount and the same rate of interest will be issued to the

transferees in exchange herefor. The District, the County and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and the District, the County and the Paying Agent shall not be affected by any notice to the contrary.

The Notes are not a debt or obligation of the County and no money, fund or part of any fund of the County is pledged or obligated to the payment of the Notes.

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

This Note shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Paying Agent.

IN WITNESS WHEREOF, the Board of Supervisors of the County of San Bernardino has caused this Note to be executed on behalf of the County by the manual or facsimile signature of the Treasurer and Tax Collector of the County, and to be attested by the manual or facsimile signature of its Clerk, all as of the Dated Date specified above.

COUNTY OF SAN BERNARDINO

By: _____
Treasurer and Tax Collector of the
County of San Bernardino

ATTEST:

Clerk of the Board of Supervisors
of the County of San Bernardino

CERTIFICATE OF AUTHENTICATION

This is one of the Notes described in the within-mentioned County Resolution and registered on the date set forth below.

Date: _____, 2011

Treasurer and Tax Collector of the
County of San Bernardino, as Paying
Agent

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto _____ whose address and social security or other tax identifying number is _____, the within-mentioned Note and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Paying Agent with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

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

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

SECRETARY'S CERTIFICATE

I, Cali Olsen-Binks, Secretary/Clerk of the Board of Education of the Fontana Unified School District, County of San Bernardino, California, hereby certify that he attached is a full, true and correct copy of Resolution No. 11-69 duly adopted at a special meeting of the Board of Education of said District duly and regularly held at the regular meeting place thereof on May 10, 2011, of which meeting all of the members of said Board of Education had due notice and at which a quorum thereof was present; and at said meeting said Resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

An agenda of said meeting was posted at least 24 hours before said meeting at 9680 Citrus Avenue, Fontana, California, a location freely accessible to members of the public, and a brief description of said Resolution appeared on said agenda. A copy of said agenda is attached hereto.

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; that the foregoing Resolution is a full, true and correct copy of the original Resolution adopted at said meeting and entered in said minutes; and that said Resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

I further certify that, pursuant to Section 11 of said Resolution, I have caused a certified copy thereof to be filed with the Secretary/Clerk of the Board of Supervisors of the County and copies thereof to be delivered to the Superintendent of Schools of the County and to the County Treasure.

Dated: May 10, 2011

Secretary/Clerk
Cali Olsen-Binks

FONTANA UNIFIED SCHOOL DISTRICT
Fontana, California

Business Services

ITEM TITLE: Adopt Resolution

BOARD OF EDUCATION MEETING: 05/10/11
Discussion/Action Session

BACKGROUND:

By passing the resolution before the Board, the District will have the opportunity to participate in the California School Cash Reserve Program sponsored by California School Boards Association Finance Corporation. In July 2010, over 139 school districts, community college districts, and county offices of education were involved in the issuance of more than \$612 million of notes issued through the Program. This participation represents a significant majority of schools that issue *Tax and Revenue Anticipation Notes* (TRANs). The 2011/12 Program will be the 24th year of the Program.

Through participation in the Cash Reserve Program, the District will be able to issue a tax and revenue anticipation note as part of this cost-effective pooled structure. An overview of this cash management concept and the Program is provided below:

Tax and Revenue Anticipation Notes (TRANs): TRANs are short-term debt instruments issued by school districts throughout the State to create an additional reserve to the general fund. In the District, this reserve will act as a cushion to the general fund in the event that we experience temporary cash flow needs. These cash flow needs may occur as a result of the timing mismatch between the receipt of revenues (generally received in an uneven fashion) and the expenditure of general fund moneys (generally paid out in a more level fashion).

TRANs Economics: Through our participation in the Program, the District will issue a tax-exempt note. The proceeds from the sale of this note, while not needed for cash flow, are invested in a taxable investment. This may result in a positive spread between the borrowing rate and the investment return on the TRAN proceeds.

Cash Reserve Program Background: The first Cash Reserve Program was issued in June of 1988 for six districts with an aggregate issue amount of \$9.6 million. Since that time the Program has grown dramatically in size, servicing the majority of California school district TRAN issuers, issuing more than \$612 million for the 2010/11 fiscal year. Each year the Program has resulted in a significant benefit to the participants. The highlights of the Program are as follows:

- ◆ Participants benefit from a cost-effective and administratively simple method to issue their TRANs
- ◆ Documentation is streamlined for governing board approval
- ◆ Participants benefit from year-round administrative assistance

Cash Reserve Program Process:

The Cash Reserve Program involves the following key steps in order to participate:

1. ***Adoption of Resolution:*** Adoption of the resolution does not obligate the District to participate in the Program. The resolution simply delegates to the administration the right to decide on participation.
2. ***Cash Flow and Credit Background Process:*** Participants submit a completed credit questionnaire and financial information (including audits, budget, and second period interim cash flow report) that is used to develop an initial pro-forma cash flow statement for 2011/12. Participants review, revise, and approve their cash flow statement. The cash flows are reviewed by Orrick, Herrington & Sutcliffe, the Program's Bond Counsel.
3. ***Pricing:*** The pricing of the issue is anticipated to occur in early June. At that time the interest rate on the notes will be locked-in. The District is not obligated to participate until it acknowledges issuance prior to the sale of notes.
4. ***Closing:*** Closing of the issue will occur in early July. The District will have access to the proceeds of the TRAN available to meet temporary cash flow needs.

FISCAL IMPLICATION:

The size of the 2011/12 TRAN has not yet been finalized. Based on a TRAN amount of \$60,000,000 and current interest rates, the estimated potential cost of the TRAN to the District is approximately \$400,000. This cost will be offset by earnings from the funds while they are invested in the San Bernardino County Treasurer's Investment Pool. In March 2011 the pool earned a rate of 0.84%.

RECOMMENDATION:

The Superintendent recommends that the Board of Education adopt Resolution No. 11-70 that will allow administration to proceed to the next step in the process and take part in this beneficial Program for schools; the District is not obligated to participate as a result of resolution adoption as the Resolution simply delegates to the administration the right to decide on participation prior to the time of Tax and Revenue Anticipation Notes (TRAN) issuance.

SKillian

Attachment

THIS RESOLUTION MUST BE DISCUSSED, CONSIDERED AND DELIBERATED BY THE GOVERNING BOARD AS A SEPARATE ITEM OF BUSINESS ON THE GOVERNING BOARD'S AGENDA IN ACCORDANCE WITH CALIFORNIA GOVERNMENT CODE SECTION 53635.7.

**DISTRICT RESOLUTION
RESOLUTION NO. 11-70**

NAME OF DISTRICT: FONTANA UNIFIED SCHOOL DISTRICT *

LOCATED IN: COUNTY OF SAN BERNARDINO

MAXIMUM AMOUNT OF BORROWING: \$60,000,000

RESOLUTION OF THE GOVERNING BOARD AUTHORIZING THE BORROWING OF FUNDS FOR FISCAL YEAR 2011-2012 AND THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF 2011-2012 TAX AND REVENUE ANTICIPATION NOTES THEREFOR AND PARTICIPATION IN THE CALIFORNIA SCHOOL CASH RESERVE PROGRAM AND REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY TO ISSUE AND SELL SAID SERIES OF NOTES

WHEREAS, school districts, community college districts and county boards of education are authorized by Sections 53850 to 53858, both inclusive, of the California Government Code (the "Act") (being Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code) to borrow money by the issuance of temporary notes; and

WHEREAS, the governing board (the "Board") has determined that, in order to satisfy certain obligations and requirements of the school district, community college district or county board of education specified above (the "District"), a public body corporate and politic located in the County designated above (the "County"), it is desirable that a sum (the "Principal Amount"), not to exceed the Maximum Amount of Borrowing designated above, be borrowed for such purpose during its fiscal year ending June 30, 2012 ("Fiscal Year 2011-2012") by the issuance of its 2011-2012 Tax and Revenue Anticipation Notes (the first series of which shall be referred to herein as the "Series A Notes" and any subsequent series of which shall be referred to herein as "Additional Notes," and collectively with the Series A Notes, the "Notes"), in one or more series (each a "Series"), therefor in anticipation of the receipt by or accrual to the District during Fiscal

* If the Name of the District indicated on the face hereof is not the correct legal name of the District which adopted this Resolution, it shall nevertheless be deemed to refer to the District which adopted this Resolution, and the Name of the District indicated on the face hereof shall be treated as the correct legal name of said District for all purposes in connection with the Program (as hereinafter defined).

Year 2011-2012 of taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys provided for such fiscal year for the general fund and, if so indicated in a Pricing Confirmation (as defined in Section 4 hereof), capital fund and/or special revenue fund (or similarly named fund or funds as indicated in such Pricing Confirmation) of the District; and

WHEREAS, the Principal Amount may, as determined by the Authorized Officer (as hereinafter defined), be divided into two or more portions evidenced by two or more Series of Notes, which Principal Amount is to be confirmed and set forth in the Pricing Confirmation if one Series of Notes is issued, or if more than one Series of Notes are issued, such Principal Amount will be equal to the sum of the Series Principal Amounts (as defined in Section 2 hereof) as confirmed and set forth in the Pricing Confirmation applicable to each Series of Notes; and

WHEREAS, the District hereby determines to borrow, for the purposes set forth above, the Principal Amount by the issuance, in one or more Series, of the Notes; ^{**} and

WHEREAS, because the District does not have fiscal accountability status pursuant to Section 42650 or Section 85266 of the California Education Code, it requests the Board of Supervisors of the County to borrow, on the District's behalf, the Principal Amount by the issuance of the Notes in one or more Series; and

WHEREAS, pursuant to Section 53853 of the Act, if the Board of Supervisors of the County fails or refuses to authorize the issuance of the Notes within the time period specified in said Section 53853, following receipt of this Resolution, and the Notes, in one or more series, are issued in conjunction with tax and revenue anticipation notes, in one or more series, of other Issuers (as hereinafter defined), the District may issue the Notes, in one or more series, in its name pursuant to the terms stated herein; and

WHEREAS, it appears, and this Board hereby finds and determines, that the Principal Amount, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys provided for Fiscal Year 2011-2012 which will be received by or which will accrue to the District during such fiscal year for the general fund and, if so indicated in a Pricing Confirmation, capital fund and/or special revenue fund (or similarly named fund or funds as indicated in such Pricing Confirmation) of the District and which will be available for the payment of the principal of each Series of Notes and the interest thereon; and

WHEREAS, no money has heretofore been borrowed by or on behalf of the District through the issuance of tax anticipation notes or temporary notes in anticipation of the receipt of, or payable from or secured by, taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys provided for Fiscal Year 2011-2012 which will be received by or will accrue to the District during such fiscal year

^{**} Unless the context specifically requires otherwise, all references to "Series of Notes" herein shall be deemed to refer, to (i) the Note, if issued in one series by the County (or the District, as applicable) hereunder, or (ii) each individual Series of Notes severally, if issued in two or more series by the County (or the District, as applicable) hereunder.

for the general fund and, if so indicated in a Pricing Confirmation, capital fund and/or special revenue fund (or similarly named fund or funds as indicated in such Pricing Confirmation) of the District; and

WHEREAS, pursuant to Section 53856 of the Act, certain taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys which will be received by or accrue to the District during Fiscal Year 2011-2012 are authorized to be pledged for the payment of the principal of each Series of Notes (as applicable) and the interest thereon (as hereinafter provided); and

WHEREAS, the District has determined that it is in the best interests of the District to participate in the California School Cash Reserve Program (the "Program"), whereby participating school districts, community college districts and county boards of education (collectively, the "Issuers") will simultaneously issue tax and revenue anticipation notes; and

WHEREAS, due to uncertainties existing in the financial markets, the Program has been designed with alternative structures, each of which the District desires to approve; and

WHEREAS, under the first structure (the "Certificate Structure"), the District would issue one or more Series of Notes, each Series of Notes to be marketed with some or all of the notes issued simultaneously by other Issuers participating in the Program, and Piper Jaffray & Co., as underwriter for the Program (the "Underwriter"), would form one or more pools of notes or series of certificates (the "Certificates") of participation (the "Series of Certificates") distinguished by (i) whether and what type(s) of Credit Instrument (as hereinafter defined) secures notes comprising each Series of Certificates, and (ii) possibly other features, all of which the District hereby authorizes the Underwriter to determine; and

WHEREAS, the Certificate Structure requires the Issuers participating in any particular Series of Certificates to deposit their applicable series of tax and revenue anticipation notes with U.S. Bank National Association, as trustee (the "Trustee"), pursuant to a trust agreement between such Issuers and the Trustee (the trust agreement applicable to each Series of Certificates, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein collectively as, the "Trust Agreement"), and requires the Trustee, pursuant to the Trust Agreement, to execute and deliver the Certificates evidencing and representing proportionate undivided interests in the payments of principal of and interest on the tax and revenue anticipation notes issued by the Issuers comprising such Series of Certificates; and

WHEREAS, if the Certificate Structure is implemented, the District desires to have the Trustee execute and deliver a Series of Certificates which evidences and represents interests of the owners thereof in each Series of Notes issued by the District and the notes issued simultaneously by other Issuers participating in such Series of Certificates; and

WHEREAS, as additional security for the owners of each Series of Certificates, all or a portion of the payments by all of the Issuers of their respective series of notes comprising such Series of Certificates may or may not be secured by an irrevocable letter (or letters) of credit or policy (or policies) of insurance or other credit instrument (or instruments) (collectively, the

“Credit Instrument”) issued by the credit provider (or credit providers) (collectively, the “Credit Provider”) designated in the applicable Trust Agreement, as finally executed, pursuant to a credit agreement (or agreements) or commitment letter (or letters) (such credit agreement (or agreements) or commitment letter (or letters), if any, in the forms presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein collectively as, the “Credit Agreement”) identified in the applicable Trust Agreement, as finally executed, between, in the case of an irrevocable letter (or letters) of credit or policy (or policies) of insurance or other credit instrument (or instruments), the Issuers and the corresponding Credit Provider; and

WHEREAS, pursuant to the Certificate Structure, the Underwriter will submit an offer to purchase each Series of Notes issued by the District and the notes issued by other Issuers participating in the same Series of Certificates all as evidenced and represented by such Series of Certificates (which offer will specify, as designated in the Pricing Confirmation applicable to the sale of such Series of Notes to be sold by the District, the principal amount, interest rate and Credit Instrument (if any)), and has submitted a form of certificate purchase agreement (such certificate purchase agreement, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as, the “Certificate Purchase Agreement”) to the Board; and

WHEREAS, pursuant to the Certificate Structure each participating Issuer will be responsible for its share of (i) the fees of the Trustee and the costs of issuing the applicable Series of Certificates, (ii) if applicable, the fees of the Credit Provider(s), and (iii) if applicable, the Issuer’s allocable share of all Predefault Obligations and the Issuer’s Reimbursement Obligations, if any (each as defined in the Trust Agreement); and

WHEREAS, the Certificate Structure requires that each participating Issuer approve the Trust Agreement, the alternative Credit Instruments and Credit Agreements, if any, and the Certificate Purchase Agreement in substantially the forms presented to the Board, with the final type of Credit Instrument and corresponding Credit Agreement determined in the Pricing Confirmation applicable to the sale of each Series of Notes to be sold by the District; and

WHEREAS, under the second structure (the “Bond Pool Structure”), participating Issuers would be required to sell each series of their tax and revenue anticipation notes to the California School Cash Reserve Program Authority (the “Authority”) pursuant to note purchase agreements (such note purchase agreements, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as, the “Note Purchase Agreements”), each between such individual Issuer and the Authority, and dated as of the date of the Pricing Confirmation applicable to the sale of the individual Issuer’s series of notes to be sold, a form of which has been submitted to the Board; and

WHEREAS, the Authority, pursuant to advice of the Underwriter, will form one or more pools of notes of each participating Issuer (the “Pooled Notes”) and assign each respective series of notes to a particular pool (the “Pool”) and sell a series of senior bonds (each a “Series of Senior Bonds”) and, if desirable, a corresponding series of subordinate bonds (each a “Series of Subordinate Bonds” and collectively with a Series of Senior Bonds, a “Series of Pool Bonds”)

secured by each Pool pursuant to an indenture and/or a supplement thereto (the original indenture and each supplement thereto applicable to a Series of Pool Bonds to which the Note shall be assigned is hereinafter collectively referred to as the “Indenture”) between the Authority and the Trustee, each Series of Pool Bonds distinguished by (i) whether or what type(s) of Credit Instrument(s) secure(s) such Series of Pool Bonds, (ii) the principal amounts or portions of principal amounts of the notes of such respective series assigned to the Pool, or (iii) other factors, and the District hereby acknowledges and approves the discretion of the Authority, acting upon the advice of the Underwriter, to assign the District’s Notes of such respective Series to such Pool and such Indenture as the Authority may determine; and

WHEREAS, at the time of execution of the Pricing Confirmation applicable to the sale of each Series of Notes to be sold by the District, the District will (in such Pricing Confirmation) request the Authority to issue a Series of Pool Bonds pursuant to an Indenture to which such Series of Notes identified in such Pricing Confirmation will be assigned by the Authority in its discretion, acting upon the advice of the Underwriter, which Series of Pool Bonds will be payable from payments of all or a portion of principal of and interest on such Series of Notes and the other respective series of notes of other participating Issuers assigned to the same Pool and assigned to the same Indenture to which the District’s Series of Notes is assigned; and

WHEREAS, as additional security for the owners of each Series of Pool Bonds, all or a portion of the payments by all of the Issuers of the respective series of notes assigned to such Series of Pool Bonds may or may not be secured (by virtue or in form of the Series of Pool Bonds, as indicated in the Pricing Confirmation applicable to such Series of Pool Bonds, being secured in whole or in part) by one or more Credit Instruments issued by one or more Credit Providers designated in the applicable Indenture, as finally executed, pursuant to a Credit Agreement, if any, identified in the applicable Indenture, as finally executed, between, in the case of an irrevocable letter (or letters) of credit or policy (or policies) of insurance or other credit instrument (or instruments), the Issuers and the corresponding Credit Provider; and

WHEREAS, pursuant to the Bond Pool Structure each Issuer, whose series of notes is assigned to a Pool as security for a Series of Pool Bonds, will be responsible for its share of (i) the fees of the Trustee and the costs of issuing the applicable Series of Pool Bonds, (ii), if applicable, the fees of the Credit Provider(s), and (iii) if applicable, the Issuer’s allocable share of all Predefault Obligations and the Issuer’s Reimbursement Obligations, if any (each as defined in the Indenture) applicable to such Series of Pool Bonds; and

WHEREAS, the Bond Pool Structure requires that each participating Issuer approve the Indenture, the alternative Credit Instruments and Credit Agreements, if any, and the Note Purchase Agreement in substantially the forms presented to the Board, with the final type of Credit Instrument and corresponding Credit Agreement, if any, to be determined in the Pricing Confirmation applicable to the sale of each Series of Notes to be sold by the District; and

WHEREAS, pursuant to the Bond Pool Structure, the Underwriter will submit an offer to the Authority to purchase, in the case of each Pool of notes, the Series of Pool Bonds which will be secured by the Indenture to which such Pool will be assigned; and

WHEREAS, all or portions of the net proceeds of each Series of Notes issued by the District, may be invested in one or more Permitted Investments (as defined in the Trust Agreement or the Indenture, as applicable), including under one or more investment agreements with one or more investment providers (if any), the initial investment of which is to be determined in the Pricing Confirmation related to such Series of Notes; and

WHEREAS, it is necessary to engage the services of certain professionals to assist the District in its participation in the Program;

NOW, THEREFORE, the Board hereby finds, determines, declares and resolves as follows:

Section 1. Recitals. All the above recitals are true and correct and this Board so finds and determines.

Section 2. Issuance of Notes.

(A) Initial Issuance of Notes. This Board hereby determines to borrow, and hereby requests the Board of Supervisors of the County to borrow for the District, in anticipation of the receipt by or accrual to the District during Fiscal Year 2011-2012 of taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys provided for such fiscal year for the general fund and, if so indicated in the applicable Pricing Confirmation, the capital fund and/or special revenue fund (or similarly named fund or funds as indicated in such Pricing Confirmation)* of the District, and not pursuant to any common plan of financing of the District, by the issuance by the Board of Supervisors of the County, in the name of the District, of Notes under Sections 53850 *et seq.* of the Act, designated generally as the District's "2011-2012 [Subordinate]** Tax and Revenue Anticipation Notes, Series ___" in one or more of the following Series, in order of priority of payment as described herein:

(1) the Series A Notes, being the initial Series of Notes issued under this Resolution, together with one or more Series of Additional Notes issued in accordance with the provisions of Section 2(B) hereof and payable on a parity with the Series A Notes (collectively, the "Senior Notes"); and

(2) one or more Series of Additional Notes issued in accordance with the provisions of Section 2(B) hereof and payable on a subordinate basis to (i) any Senior Notes, and (ii) any previously issued Subordinate Notes if so specified in the related Pricing Confirmation (collectively, the "Subordinate Notes"), which Subordinate Notes shall be identified as such.

Each such Series of Notes shall be issued in the form of one registered note at the principal amount thereof (the "Series Principal Amount") as set forth in the applicable Pricing Confirmation and all such Series Principal Amounts aggregating to the Principal Amount set forth in such Pricing Confirmations, in each case, to bear a series designation, to be dated the

* For purposes of this Resolution, such funds shall be referred to as the "capital fund" and "special revenue fund."

** A Series of Notes shall bear the "Subordinate" designation if it is a Series of Subordinate Notes.

date of its respective delivery to the respective initial purchaser thereof, to mature (without option of prior redemption) not more than thirteen (13) months thereafter on a date indicated on the face thereof and determined in the Pricing Confirmation applicable to such Series of Notes (collectively, the "Maturity Date"), and to bear interest, payable at the applicable maturity (and, if the maturity is longer than twelve (12) months, an additional interest payment shall be payable within twelve (12) months of the issue date, as determined in the applicable Pricing Confirmation) and computed upon the basis of a 360-day year consisting of twelve 30-day months, at a rate not to exceed twelve percent (12%) per annum as determined in the Pricing Confirmation applicable to such Series of Notes and indicated on the face of such Series of Notes (collectively, the "Note Rate").

With respect to the Certificate Structure, if a Series of Notes as evidenced and represented by the corresponding Series of Certificates is secured in whole or in part by a Credit Instrument and is not paid at maturity or is paid (in whole or in part) by a draw under, payment by or claim upon a Credit Instrument which draw, payment or claim is not fully reimbursed on such date, such Series of Notes shall become a Defaulted Note (as defined in the Trust Agreement), and the unpaid portion thereof with respect to which a Credit Instrument applies for which reimbursement on a draw, payment or claim has not been fully made shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate (as defined in the Trust Agreement). If a Series of Notes as evidenced and represented by the corresponding Series of Certificates is unsecured in whole or in part and is not fully paid at the Maturity Date, the unpaid portion thereof (or the portion thereof to which no Credit Instrument applies which is unpaid) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate.

With respect to the Bond Pool Structure, if a Series of Pool Bonds issued in connection with a Series of Notes is secured in whole or in part by a Credit Instrument or such Credit Instrument secures the Series of Notes in whole or in part and all principal of and interest on such Series of Notes is not paid in full at maturity or payment of principal of and interest on such Series of Notes is paid (in whole or in part) by a draw under, payment by or claim upon a Credit Instrument which draw, payment or claim is not fully reimbursed on such date, such Series of Notes shall become a Defaulted Note (as defined in the Indenture), and the unpaid portion thereof with respect to which a Credit Instrument applies for which reimbursement on a draw, payment or claim has not been fully made shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate (as defined in the Indenture). If a Series of Notes or the Series of Pool Bonds issued in connection therewith is not so secured in whole or in part and such Series of Notes is not fully paid at the Maturity Date, the unpaid portion thereof (or the portion thereof to which no Credit Instrument applies which is unpaid) shall be deemed outstanding and shall continue to bear interest thereafter until paid at the Default Rate.

In each case set forth in the preceding two paragraphs, the obligation of the District with respect to such Defaulted Note or unpaid Series of Notes shall not be a debt or liability of the District prohibited by Article XVI, Section 18 of the California Constitution and the District shall not be liable thereon except to the extent of the income and revenue provided for Fiscal Year 2011-2012 within the meaning of Article XVI, Section 18 of the California Constitution, as provided in Section 8 hereof.

Both the principal of and interest on each Series of Notes shall be payable in lawful money of the United States of America, but only upon surrender thereof, at the corporate trust office of U.S. Bank National Association in Los Angeles, California, or as otherwise indicated in the Trust Agreement or the Indenture, as applicable. The Principal Amount may, prior to the issuance of any Series of Notes, be reduced from the Maximum Amount of Borrowing specified above, in the discretion of the Underwriter upon consultation with the Authorized Officer. The Principal Amount shall, prior to the issuance of the last Series of Notes, be reduced from the Maximum Amount of Borrowing specified above if and to the extent necessary to obtain an approving legal opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”) as to the legality thereof or, if applicable, the exclusion from gross income for federal tax purposes of interest thereon (or on any Series of Pool Bonds related thereto). The Principal Amount shall, prior to the issuance of the last Series of Notes, also be reduced from the Maximum Amount of Borrowing specified above, and other conditions shall be met by the District prior to the issuance of each Series of Notes, if and to the extent necessary to obtain from the Credit Provider that issues the Credit Instrument securing the corresponding Series of Certificates evidencing and representing such Series of Notes or the related Series of Pool Bonds to which such Series of Notes is assigned its agreement to issue the Credit Instrument securing such Series of Certificates or Series of Pool Bonds, as the case may be. Notwithstanding anything to the contrary contained herein, if applicable, the approval of the corresponding Credit Provider of the issuance of such Series of Notes and the decision of the Credit Provider to deliver the Credit Instrument shall be in the sole discretion of the Credit Provider, and nothing herein shall be construed to require the Credit Provider to issue a Credit Instrument or to approve the issuance of such Series of Notes.

In the event the Board of Supervisors of the County fails or refuses to authorize the issuance of the Notes within the time period specified in Section 53853 of the Act, following receipt of this Resolution, this Board hereby authorizes issuance of such Notes, in the District’s name, in one or more series, pursuant to the terms stated in this Section 2 and the terms stated hereafter. The Notes, in one or more series, shall be issued in conjunction with the note or notes (in each case, in one or more series) of one or more other Issuers as part of the Program and within the meaning of Section 53853 of the Act.

(B) Issuance of Additional Notes. The District (or the County on its behalf, as applicable) may at any time issue pursuant to this Resolution, one or more Series of Additional Notes consisting of Senior Notes or Subordinate Notes (including Subordinate Notes that are further subordinated to previously issued Subordinate Notes, as provided in the applicable Pricing Confirmation), subject in each case to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Series of Additional Notes:

(1) The District shall not have issued any tax and revenue anticipation notes relating to the 2011-2012 fiscal year except (a) in connection with the Program under this Resolution, or (b) notes secured by a pledge of its Unrestricted Revenues (as defined in Section 8) that is subordinate in all respects to the pledge of its Unrestricted Revenues hereunder; the District shall be in compliance with all agreements and covenants contained herein; and no Event of Default shall have occurred and be continuing with respect to any such outstanding previously issued notes or Series of Notes.

(2) The aggregate Principal Amount of Notes issued and at any time outstanding hereunder shall not exceed any limit imposed by law, by this Resolution or by any resolution of the Board amending or supplementing this Resolution (each a “Supplemental Resolution”).

(3) Whenever the District shall determine to issue, execute and deliver any Additional Notes pursuant to this Section 2(B), the Series Principal Amount of which, when added to the Series Principal Amounts of all Series of Notes previously issued by the District, would exceed the Maximum Amount of Borrowing authorized by this Resolution, the District shall adopt a Supplemental Resolution amending this Resolution to increase the Maximum Amount of Borrowing as appropriate and shall submit such Supplemental Resolution to the Board of Supervisors of the County as provided in Section 53850 *et seq.* of the Act with a request that the County issue such Series of Additional Notes in the name of the District as provided in Sections 2(A) and 9 hereof. The Supplemental Resolution may contain any other provision authorized or not prohibited by this Resolution relating to such Series of Additional Notes.

(4) The District may issue a Series of Additional Notes that are Senior Notes payable on a parity with all other Series of Senior Notes of the District or that are Subordinate Notes payable on a parity with one or more Series of outstanding Subordinate Notes, only if it obtains (a) the consent of each Credit Provider relating to each previously issued Series of Notes that will be on a parity with such Series of Additional Notes, and (b) evidence that no rating then in effect with respect to any outstanding Series of Certificates or Series of Bonds, as applicable, from a Rating Agency will be withdrawn, reduced, or suspended solely as a result of the issuance of such Series of Additional Notes (a “Rating Confirmation”). Except as provided in Section 8, the District may issue one or more Series of Additional Notes that are subordinate to all previously issued Series of Notes of the District without Credit Provider consent or a Rating Confirmation. The District may issue tax and revenue anticipation notes other than in connection with the Program under this Resolution only if such notes are secured by a pledge of its Unrestricted Revenues that is subordinate in all respects to the pledge of its Unrestricted Revenues hereunder.

(5) Before such Additional Notes shall be issued, the District shall file or cause to be filed the following documents with the Trustee:

(a) An Opinion of Counsel to the District to the effect that (A) such Additional Notes constitute the valid and binding obligations of the District, (B) such Additional Notes are special obligations of the District and are payable from the moneys pledged to the payment thereof in this Resolution, and (C) the applicable Supplemental Resolution, if any, has been duly adopted by the District.

(b) A certificate of the District certifying as to the incumbency of its officers and stating that the requirements of this Section 2(B) have been met.

(c) A certified copy of this Resolution and any applicable Supplemental Resolution.

(d) If this Resolution was amended by a Supplemental Resolution to increase the Maximum Amount of Borrowing, the resolution of the County Board of Supervisors approving such increase in the Maximum Amount of Borrowing and the issuance of such Additional Notes, or evidence that the County Board of Supervisors has elected to not issue such Additional Notes.

(e) An executed counterpart or duly authenticated copy of the applicable Certificate Purchase Agreement or Note Purchase Agreement.

(f) A Pricing Confirmation relating to the Series of Additional Notes duly executed by an Authorized Officer (as defined in Section 4).

(g) The Series of Additional Notes duly executed by the applicable County representatives as provided in Section 9 hereof, or executed by the applicable Authorized Officers if the County shall have declined to issue the Series of Additional Notes in the name of the District, either in connection with the initial issuance of the Series A Notes or in connection with any Supplemental Resolution increasing the Maximum Amount of Borrowing.

(h) If the Additional Notes are to be parity Senior Notes or parity Subordinate Notes, the Credit Provider consent(s) and Rating Confirmation(s) required pursuant to paragraph (4) above.

Upon the delivery to the Trustee of the foregoing instruments and, if the Bond Pool Structure is implemented, satisfaction of the provisions of Section 2.12 of the Indenture with regard to the issuance of a corresponding Series of Additional Bonds (as defined therein), the Trustee shall authenticate and deliver said Additional Notes to, or upon the written request of, the District. Upon execution and delivery by the District and authentication by the Trustee, said Additional Notes shall be valid and binding obligations of the District notwithstanding any defects in satisfying any of the foregoing requirements.

Section 3. Form of Notes. Each Series of the Notes shall be issued in fully registered form without coupons and shall be substantially in the form and substance set forth in Exhibit A, attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures.

Section 4. Sale of Notes; Delegation. Any one of the President or Chairperson of the Board, the Superintendent, the Assistant Superintendent for Business, the Assistant Superintendent for Administrative Services, the business manager, director of business or fiscal services or chief financial/business officer of the District, as the case may be, or, in the absence of said officer, his or her duly appointed assistant (each an "Authorized Officer"), is hereby authorized and directed to negotiate, with the Underwriter (if the Certificate Structure is implemented) or the Authority (if the Bond Pool Structure is implemented), an interest rate or rates on each Series of the Notes to the stated maturity or maturities thereof, which shall not, in any individual case, exceed twelve percent (12%) per annum (per Series of Notes), and the purchase price to be paid by the Underwriter or the Authority, as applicable, for the respective Series of the Notes, which purchase price shall be at a discount which when added to the

District's share of the costs of issuance shall not be more than the greater of (a) one percent (1%) of (i) the Principal Amount of the Note, if only one Series of Notes is issued or (ii) the Series Principal Amount of each individual Series of Notes, if more than one series is issued, or (b) two thousand five hundred dollars (\$2,500). If such interest rate and price and other terms of the sale of the Series of Notes set out in the Pricing Confirmation applicable to such Series of Notes are acceptable to said Authorized Officer, said Authorized Officer is hereby further authorized and directed to execute and deliver the pricing confirmation supplement applicable to such Series of Notes to be delivered by the Underwriter (on behalf of itself, if the Certificate Structure is implemented and on behalf of the Authority, if the Bond Pool Structure is implemented) to the District on a date within five (5) days, or such longer period of time as agreed by the Underwriter or the Authority, as applicable, of said negotiation of interest rates and purchase price during the period from May 1, 2011 through June 15, 2012 (the "Pricing Confirmation"), substantially in the form presented to this meeting as Schedule I to the Certificate Purchase Agreement or the Note Purchase Agreement, as applicable, with such changes therein as said Authorized Officer shall require or approve, and such other documents or certificates required to be executed and delivered thereunder or to consummate the transactions contemplated hereby or thereby, for and in the name and on behalf of the District, such approval by this Board and such officer to be conclusively evidenced by such execution and delivery. In the event more than one Series of Notes are issued, a separate Pricing Confirmation shall be executed and delivered corresponding to each Series of Notes. Any Authorized Officer is hereby further authorized to execute and deliver, prior to the execution and delivery of the Pricing Confirmation applicable to a Series of Notes, the Certificate Purchase Agreement or the Note Purchase Agreement applicable to such Series of Notes, substantially in the forms presented to this meeting, which forms are hereby approved, with such changes therein as said officer shall require or approve, such approval to be conclusively evidenced by such execution and delivery; provided, however, that any such Certificate Purchase Agreement or Note Purchase Agreement shall not be effective and binding on the District until the execution and delivery of the corresponding Pricing Confirmation. Delivery of a Pricing Confirmation by fax or telecopy of an executed copy shall be deemed effective execution and delivery for all purposes. If requested by said Authorized Officer at his or her option, any duly authorized deputy or assistant of such Authorized Officer may approve said interest rate or rates and price by execution of the Certificate Purchase Agreement or the Note Purchase Agreement(s), as applicable, and/or the corresponding Pricing Confirmation(s).

Section 5. Program Approval. The District hereby delegates to the Authority the authority to select which structure (*i.e.*, the Certificate Structure or the Bond Pool Structure) shall be implemented, with the Authorized Officer of the District accepting and approving such selection by execution of the applicable Pricing Confirmation.

(A) Certificate Structure. If the Certificate Structure is implemented, each Series of Notes of the District shall be combined with notes of other Issuers into a Series of Certificates as set forth in general terms in the Pricing Confirmation (which need not include specific information about such other notes or Issuers) applicable to such Series of Notes, and shall be marketed and sold simultaneously with such other notes of that Series with such credit support (if any) referred to in the Pricing Confirmation, and shall be evidenced and represented by the Certificates which shall evidence and represent proportionate, undivided interests in such Series of Notes in the proportion that the face amount of such Series of Notes bears to the total

aggregate face amount of such Series of Notes and the notes issued by other Issuers which the Series of Certificates represent. Such Certificates may be delivered in book-entry form.

The District hereby delegates to the Authority the authority to select the Credit Instrument(s), Credit Provider(s) and Credit Agreement(s), if any, for each Series of Certificates which evidences and represents interests of the owners thereof in the related Series of Notes of the District and the notes issued by other Issuers evidenced and represented by such Series of Certificates, all of which shall be identified in, and approved by the Authorized Officer of the District executing, the Pricing Confirmation for such Series of Notes, the Trust Agreement and the Credit Agreement(s) (if any), for and in the name and on behalf of the District, such approval of such officer to be conclusively evidenced by the execution of the Pricing Confirmation, the Trust Agreement and the Credit Agreement(s) (if any).

The form of Trust Agreement, alternative general types of Credit Instruments and forms of Credit Agreements, if any, presented to this meeting are hereby approved, and each Authorized Officer is hereby authorized and directed to execute and deliver the Trust Agreement and the Credit Agreement(s), if applicable, which shall be identified in the Pricing Confirmation for the related Series of Notes, in substantially one or more of said forms (a substantially final form of Credit Agreement to be delivered to such Authorized Officer concurrent with the Pricing Confirmation), with such changes therein as said officer shall require or approve, such approval of this Board and such officer to be conclusively evidenced by the execution of the Trust Agreement, Credit Agreement(s) and Pricing Confirmation, respectively.

The form of the Preliminary Official Statement presented to this meeting is hereby approved, and the Underwriter is hereby authorized to distribute the Preliminary Official Statement in connection with the offering and sale of each Series of Certificates. Each Authorized Officer is hereby authorized and directed to provide the Underwriter with such information relating to the District as the Underwriter shall reasonably request for inclusion in the Preliminary Official Statement for each Series of Certificates. Upon inclusion of the information relating to the District therein, the Preliminary Official Statement for the applicable Series of Certificates shall be, except for certain omissions permitted by Rule 15c2-12 of the Securities Exchange Act of 1934, as amended (the "Rule"), deemed final within the meaning of the Rule; provided that no representation is made as to the information contained in a Preliminary Official Statement relating to the other Issuers or any Credit Provider, and the Authority is hereby authorized to certify on behalf of the District that each Preliminary Official Statement is, as of its date, deemed final within the meaning of the Rule. If, at any time prior to the execution of a Pricing Confirmation, any event occurs as a result of which the information contained in the related Preliminary Official Statement relating to the District might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the District shall promptly notify the Underwriter. The Authority is hereby authorized and directed, at or after the time of the sale of any Series of Certificates, for and in the name and on behalf of the District, to execute a final Official Statement in substantially the form of the Preliminary Official Statement presented to this meeting, with such additions thereto or changes therein as the Authority may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

The Trustee is authorized and directed to execute each Series of Certificates on behalf of the District pursuant to the terms and conditions set forth in the related Trust Agreement, in the aggregate principal amount specified in the Trust Agreement, and substantially in the form and otherwise containing the provisions set forth in the form of the Certificate contained in the Trust Agreement. When so executed, each Series of Certificates shall be delivered by the Trustee to the Underwriter upon payment of the purchase price thereof, pursuant to the terms of the Trust Agreement and the applicable Certificate Purchase Agreement.

Subject to Section 8 hereof, the District hereby agrees that if a Series of Notes as evidenced and represented by a Series of Certificates shall become a Defaulted Note, the unpaid portion thereof or the portion to which a Credit Instrument applies for which full reimbursement on a draw, payment or claim has not been made by the Maturity Date shall be deemed outstanding and shall not be deemed to be paid until (i) the Credit Provider providing a Credit Instrument with respect to such Series of Certificates, and therefore, if applicable, all or a portion of such Series of Notes, if any, has been reimbursed for any drawings, payments or claims made under the Credit Instrument with respect to such Series of Notes, including interest accrued thereon, as provided therein and in the applicable Credit Agreement, and (ii) the holders of the Series of Certificates which evidence and represent such Series of Notes are paid the full principal amount represented by the unsecured portion of such Series of Notes plus interest accrued thereon (calculated at the Default Rate) to the date of deposit of such aggregate required amount with the Trustee. For purposes of clause (ii) of the preceding sentence, holders of the applicable Series of Certificates will be deemed to have received such principal amount and such accrued interest upon deposit of such moneys with the Trustee.

The District agrees to pay or cause to be paid, in addition to the amounts payable under each Series of Notes, any fees or expenses of the Trustee and, to the extent permitted by law, if such Series of Notes as evidenced and represented by the related Series of Certificates is secured in whole or in part by a Credit Instrument, any Predefault Obligations and Reimbursement Obligations (to the extent not payable under such Series of Notes), (i) arising out of an "Event of Default" hereunder or (ii) arising out of any other event (other than an event arising solely as a result of or otherwise attributable to a default by any other Issuer). In the case described in (ii) above with respect to Predefault Obligations, the District shall owe only the percentage of such fees, expenses and Predefault Obligations equal to the ratio of the Principal Amount (or Series Principal Amount as applicable) of its Series of Notes over the aggregate Principal Amounts (or Series Principal Amounts, as applicable) of all series of notes, including such Series of Notes, of the Series of Certificates of which such Series of Notes is a part, at the time of original issuance of such Series of Certificates. Such additional amounts will be paid by the District within twenty-five (25) days of receipt by the District of a bill therefor from the Trustee.

If the Certificate Structure is implemented, any Authorized Officer is hereby authorized to execute and deliver any Information Return for Tax-Exempt Governmental Obligations, Form 8038-G of the Internal Revenue Service ("Form 8038-G"), in connection with the issuance of a Tax-Exempt (as defined in Section 7) Series of Notes and the related Series of Certificates. To the extent permitted by law, the Authority, the Trustee, the Underwriter and Bond Counsel are each hereby authorized to execute and deliver any Form 8038-G for and on behalf of the District in connection with the issuance of a Tax-Exempt Series of Notes and the related Series of Certificates, as directed by an Authorized Officer of the District.

(B) Bond Pool Structure. If the Bond Pool Structure is implemented, the Pricing Confirmation for a Series of Notes may, but shall not be required to, specify the Series of Pool Bonds to which such Series of Notes will be assigned (but need not include information about other series of notes assigned to the same pool or their Issuers).

The District hereby delegates to the Authority the authority to select the Credit Instrument(s), Credit Provider(s) and Credit Agreement(s), if any, for each Series of Senior Bonds and corresponding Series of Subordinate Bonds, if any, to which each Series of Notes issued by the District will be assigned, all of which shall be identified in, and approved by the Authorized Officer of the District executing, the Pricing Confirmation for such Series of Notes and the Credit Agreement(s) (if any), for and in the name and on behalf of the District, such approval of such officer to be conclusively evidenced by the execution of the Pricing Confirmation and the Credit Agreement(s) (if any).

The alternative general types of Credit Instruments and the forms of Credit Agreements, if any, presented to this meeting are hereby approved, and each Authorized Officer is hereby authorized and directed to execute and deliver a Credit Agreement(s), if any, which shall be identified in the Pricing Confirmation for the related Series of Notes, in substantially one or more of said forms (a substantially final form of Credit Agreement to be delivered to such Authorized Officer concurrent with the Pricing Confirmation), with such changes therein as said officer shall require or approve, such approval of this Board and such officer to be conclusively evidenced by the execution of the Credit Agreement and Pricing Confirmation, respectively.

The form of Indenture presented to this meeting is hereby acknowledged and approved, and it is acknowledged that the Authority will execute and deliver the Indenture and one or more Supplemental Indentures, which shall be identified in the Pricing Confirmation applicable to the Series of Notes to be issued, in substantially one or more of said forms with such changes therein as the Authorized Officer who executes such Pricing Confirmation shall require or approve (substantially final forms of the Indenture and the Supplemental Indenture (if applicable) to be delivered to the Authorized Officer concurrently with the Pricing Confirmation applicable to the Series of Notes to be issued), such approval of such Authorized Officer and this Board to be conclusively evidenced by the execution of the Pricing Confirmation applicable to such Series of Notes. It is acknowledged that the Authority is authorized and requested to issue one or more Series of Pool Bonds (consisting of a Series of Senior Bonds and, if desirable, a corresponding Series of Subordinate Bonds) pursuant to and as provided in the Indenture as finally executed and, if applicable, each Supplemental Indenture as finally executed.

Each Authorized Officer is hereby authorized and directed to provide the Underwriter with such information relating to the District as the Underwriter shall reasonably request for inclusion in the Preliminary Official Statement(s) and Official Statement(s) of the Authority relating to a Series of Pool Bonds. If, at any time prior to the execution of a Pricing Confirmation, any event occurs as a result of which the information contained in the corresponding Preliminary Official Statement or other offering document relating to the District might include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the District shall promptly notify the Underwriter.

Subject to Section 8 hereof, the District hereby agrees that if a Series of Notes shall become a Defaulted Note, the unpaid portion thereof or the portion to which a Credit Instrument applies for which full reimbursement on a draw, payment or claim has not been made by the Maturity Date shall be deemed outstanding and shall not be deemed to be paid until (i) any Credit Provider providing a Credit Instrument with respect to such Series of Notes or the Series of Pool Bonds issued in connection with such Series of Notes, has been reimbursed for any drawings, payments or claims made under the Credit Instrument with respect to such Series of Notes, including interest accrued thereon, as provided therein and in the applicable Credit Agreement, and (ii) the holders of such Series of Notes or the Series of the Pool Bonds issued in connection with such Series of Notes are paid the full principal amount represented by the unsecured portion of such Series of Notes plus interest accrued thereon (calculated at the Default Rate) to the date of deposit of such aggregate required amount with the Trustee. For purposes of clause (ii) of the preceding sentence, holders of such Series of Pool Bonds will be deemed to have received such principal amount and such accrued interest upon deposit of such moneys with the Trustee.

The District agrees to pay or cause to be paid, in addition to the amounts payable under each Series of Notes, any fees or expenses of the Trustee and, to the extent permitted by law, if such Series of Notes is secured in whole or in part by a Credit Instrument (by virtue of the fact that the corresponding Series of Pool Bonds is secured by a Credit Instrument), any Predefault Obligations and Reimbursement Obligations (to the extent not payable under such Series of Notes), (i) arising out of an "Event of Default" hereunder or (ii) arising out of any other event (other than an event arising solely as a result of or otherwise attributable to a default by any other Issuer). In the case described in (ii) above with respect to Predefault Obligations, the District shall owe only the percentage of such fees, expenses and Predefault Obligations equal to the ratio of the Principal Amount (or Series Principal Amount as applicable) of its Series of Notes over the aggregate Principal Amounts (or Series Principal Amounts, as applicable) of all series of notes, including such Series of Notes, assigned to the Series of Pool Bonds issued in connection with such Series of Notes, at the time of original issuance of such Series of Pool Bonds. Such additional amounts will be paid by the District within twenty-five (25) days of receipt by the District of a bill therefor from the Trustee.

(C) Appointment of Professionals. Piper Jaffray & Co. (and/or such other firm or firms as shall be selected by the Authority as designated in the applicable Pricing Confirmation and approved and accepted by an Authorized Officer by the execution of such Pricing Confirmation) is hereby appointed and/or approved as underwriter for the Program, the law firm of Orrick, Herrington & Sutcliffe LLP (and/or such other firm or firms as shall be selected by the Authority as designated in the applicable Pricing Confirmation and approved and accepted by an Authorized Officer by the execution of such Pricing Confirmation) is hereby appointed and/or approved as bond counsel for the Program, and the law firm of Kutak Rock LLP (and/or such other firm or firms as shall be selected by the Authority as designated in the applicable Pricing Confirmation and approved and accepted by an Authorized Officer by the execution of such Pricing Confirmation) is hereby appointed and/or approved as special counsel to the District in connection with the Program.

Section 6. No Joint Obligation.

(A) Certificate Structure. If the Certificate Structure is implemented, each Series of Notes of the District shall be marketed and sold simultaneously with the notes of other Issuers and shall be aggregated and combined with such notes of other Issuers participating in the Program into a Series of Certificates evidencing and representing an interest in several, and not joint, obligations of each Issuer. The obligation of the District to owners of a Series of Certificates is a several and not a joint obligation and is strictly limited to the District's repayment obligation under this Resolution, the resolution of the County providing for the issuance of the Note, if applicable, and the applicable Series of Notes as evidenced and represented by such Series of Certificates. Owners of Certificates, to the extent of their interest in a Series of Notes, shall be treated as owners of such Series of Notes and shall be entitled to all the rights and security thereof; including the right to enforce the obligations and covenants contained in this Resolution and such Series of Notes. The District hereby recognizes the right of the owners of a Series of Certificates acting directly or through the Trustee to enforce the obligations and covenants contained in the Series of Notes evidenced and represented thereby, this Resolution and the Trust Agreement. The District shall be directly obligated to each owner of a Series of Certificates for the principal and interest payments on the Series of Notes evidenced and represented by such Certificates without any right of counterclaim or offset arising out of any act or failure to act on the part of the Trustee.

(B) Bond Pool Structure. If the Bond Pool Structure is implemented, each Series of Notes will be issued in conjunction with a series of notes of one or more other Issuers and will be assigned to a Pool in order to secure a corresponding Series of Pool Bonds. In all cases, the obligation of the District to make payments on or in respect to each Series of its Notes is a several and not a joint obligation and is strictly limited to the District's repayment obligation under this Resolution, the resolution of the County providing for the issuance of the Note, if applicable, and such Series of Notes.

Section 7. Disposition of Proceeds of Notes. The moneys received from the sale of each Series of Notes evidenced and represented by a Series of Certificates or each Series of Pool Bonds issued in connection with a Series of Notes, as the case may be, allocable to the District's share of the costs of issuance (which shall include any fees and expenses in connection with the related Credit Instrument(s) applicable to such Series of Notes or Series of Pool Bonds) shall be deposited in an account in the Costs of Issuance Fund established for such Series of Notes or such Series of Pool Bonds, as applicable, and held and invested by the Trustee under the Trust Agreement or the Indenture, as applicable, and expended as directed by the Underwriter (if the Certificate Structure is implemented) or the Authority (if the Bond Pool Structure is implemented) on Costs of Issuance as provided in the Trust Agreement or the Indenture, as applicable. The moneys allocable to each Series of Notes from the sale of the corresponding Series of Certificates or Pool Bonds, as applicable, net of the District's share of the costs of issuance, is hereby designated the "Deposit to Proceeds Subaccount" and shall be deposited in the District's Proceeds Subaccount attributed to such Series of Notes hereby authorized to be created pursuant to, and held and invested by the Trustee under, the Trust Agreement or the Indenture, as applicable, for the District and said moneys may be used and expended by the District for any purpose for which it is authorized to use and expend moneys, upon requisition from such Proceeds Subaccount as specified in the Trust Agreement or the Indenture, as

applicable. The Pricing Confirmation applicable to each Series of Notes shall set forth such amount of the Deposit to Proceeds Subaccount. Each Authorized Officer is hereby authorized to approve the amount of such Deposit to Proceeds Subaccount. Subject to Section 8 hereof, the District hereby covenants and agrees to replenish amounts on deposit in each Proceeds Subaccount attributed to a Series of its Note to the extent practicable from any source of available funds up to an amount equal to the unreplenished withdrawals from such Proceeds Subaccount.

The Trustee shall transfer to each Payment Account (hereinafter defined) relating to a Series of Notes from amounts on deposit in the related Proceeds Subaccount attributed to such Series of Notes on the first day of each Repayment Period (as defined hereinafter) (or such other day of each Repayment Period designated in the Pricing Confirmation applicable to a Series of Notes), amounts which, taking into consideration anticipated earnings thereon to be received by the Maturity Date, are equal to the percentages of the principal and interest due with respect to such Series of Notes at maturity for the corresponding Repayment Period set forth in such Pricing Confirmation; provided, however, that on the twentieth date of the next to last Repayment Period designated in such Pricing Confirmation (or such other day designated in the Pricing Confirmation applicable to a Series of Notes), or, if only one Repayment Period is applicable to a Series of Notes, on the twentieth day of the month preceding the Repayment Period designated in such Pricing Confirmation (or such other day designated in the Pricing Confirmation applicable to a Series of Notes), the Trustee shall transfer all remaining amounts in the Proceeds Subaccount attributed to the Series of Notes to the related Payment Account all as and to the extent provided in the Trust Agreement or the Indenture, as applicable; provided, however, that with respect to the transfer in or prior to any such Repayment Period, as applicable, if said amount in the Proceeds Subaccount attributed to a Series of Notes is less than the corresponding percentage set forth in the Pricing Confirmation applicable to the related Series of Notes of the principal and interest due with respect to such Series of Notes at maturity, the Trustee shall transfer to the related Payment Account attributed to such Series of Notes of the District all amounts on deposit in the Proceeds Subaccount attributed to such Series of Notes on the day designated for such Repayment Period.

For Notes issued in calendar 2011, in the event either (A) the Series Principal Amount of any Tax-Exempt Series of Notes, together with the aggregate amount of all tax-exempt obligations (including any tax-exempt leases, but excluding private activity bonds), issued and reasonably expected to be issued by the District (and all subordinate entities of the District) during calendar year 2011, will, at the time of the issuance of such Tax-Exempt Series of the Notes (as indicated in the certificate of the District executed as of the date of issuance of such Tax-Exempt Series of Notes (each "District Certificate")) exceed fifteen million dollars (\$15,000,000), or (B) the Series Principal Amount of any Tax-Exempt Series of Notes, together with the aggregate amount of all tax-exempt obligations not used to finance school construction (including any tax-exempt leases, but excluding private activity bonds), issued and reasonably expected to be issued by the District (and all subordinate entities of the District) during calendar year 2011, will, at the time of the issuance of such Tax-Exempt Series of Notes (as indicated in the related District Certificate), exceed five million dollars (\$5,000,000), the second following paragraph will apply. In such case, the District shall be deemed a "Safe Harbor Issuer" with respect to such Tax-Exempt Series of Notes.

For Notes issued in calendar year 2012, in the event either (A) the Series Principal Amount of any Tax-Exempt Series of Notes, together with the aggregate amount of all tax-exempt obligations (including any tax-exempt leases, but excluding private activity bonds), issued and reasonably expected to be issued by the District (and all subordinate entities of the District) during calendar year 2012, will, at the time of the issuance of such Tax-Exempt Series of the Notes (as indicated in the certificate of the District executed as of the date of issuance of such Tax-Exempt Series of Notes (each “District Certificate”)) exceed fifteen million dollars (\$15,000,000), or (B) the Series Principal Amount of any Tax-Exempt Series of Notes, together with the aggregate amount of all tax-exempt obligations not used to finance school construction (including any tax-exempt leases, but excluding private activity bonds), issued and reasonably expected to be issued by the District (and all subordinate entities of the District) during calendar year 2012, will, at the time of the issuance of such Tax-Exempt Series of Notes (as indicated in the related District Certificate), exceed five million dollars (\$5,000,000), the following paragraph will apply. In such case, the District shall be deemed a “Safe Harbor Issuer” with respect to such Tax-Exempt Series of Notes.

Amounts in any Proceeds Subaccount relating to a Tax-Exempt Series of Notes of the District and attributable to cash flow borrowing shall be withdrawn and expended by the District for any purpose for which the District is authorized to expend funds from the general fund of the District, but, with respect to general fund expenditures, only to the extent that on the date of any withdrawal no other funds are available for such purposes without legislation or judicial action or without a legislative, judicial or contractual requirement that such funds be reimbursed. If on no date that is within six months from the date of issuance of each Tax-Exempt Series of Notes, the balance in the related Proceeds Subaccount attributable to cash flow borrowing and treated for federal tax purposes as proceeds of such Tax-Exempt Series of Notes is low enough so that the amounts in the Proceeds Subaccount attributable to such Tax-Exempt Series of Notes qualify for an exception from the rebate requirements (the “Rebate Requirements”) of Section 148 of the Internal Revenue Code of 1986 (the “Code”), the District shall promptly notify the Trustee in writing and, to the extent of its power and authority, comply with instructions from Orrick, Herrington & Sutcliffe LLP, Bond Counsel, supplied to it by the Trustee as the means of satisfying the Rebate Requirements.

The term “Tax-Exempt” shall mean, with respect to interest on any obligations of a state or local government, that such interest is excluded from the gross income of the holders thereof for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code. Each Series of Notes issued hereunder (or any Series of Pool Bonds related thereto) may be issued as a Tax-Exempt Series of Notes or such that the interest on such Series of Notes is not Tax-Exempt.

Section 8. Source of Payment.

(A) Pledge. The term “Unrestricted Revenues” shall mean the taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys provided for Fiscal Year 2011-2012 which will be received by or will accrue to the District during such fiscal year for the general fund and, if so indicated in a Pricing Confirmation, capital fund and/or special revenue fund (or similarly named fund or funds as

indicated in such Pricing Confirmation) of the District and which are lawfully available for the payment of current expenses and other obligations of the District. As security for the payment of the principal of and interest on all Series of Notes issued hereunder, subject to the payment priority provisions of Section 17 hereof and this Section 8, the District hereby pledges the first Unrestricted Revenues to be received by the District in the periods specified in each Pricing Confirmation as Repayment Periods (each individual period a “Repayment Period” and collectively “Repayment Periods”), in an amount equal to the percentages of the principal and interest due with respect to each Series of Notes at maturity for the corresponding Repayment Period specified in such Pricing Confirmations (the “Pledged Revenues”).

(B) Lien and Charge. As provided in Section 53856 of the Act, all Series of Notes issued hereunder and the interest thereon, subject to the payment priority provisions of Section 17 hereof and this Section 8, shall be a first lien and charge against, and shall be payable from the first moneys received by the District from, the Pledged Revenues.

(C) General Obligation. As provided in Section 53857 of the Act, notwithstanding the provisions of Section 53856 of the Act and of subsection (B) of this Section, all Series of Notes issued hereunder shall be general obligations of the District and, in the event that on the tenth Business Day (as defined in the Trust Agreement or the Indenture, as applicable) of each such Repayment Period (or such other day of each Repayment Period designated in the Pricing Confirmation applicable to a Series of Notes) the District has not received sufficient Unrestricted Revenues to permit the deposit into each Payment Account of the full amount of Pledged Revenues to be deposited therein from said Unrestricted Revenues in such Repayment Period, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the payment of the principal of all Series of Notes and the interest thereon, as and when such other moneys are received or are otherwise legally available, in the following order of priority: first, to satisfy pro-rata any deficiencies attributable to any Series of Senior Notes; second, to satisfy pro-rata any deficiencies attributable to any Series of Subordinate Notes (except for any Series of Subordinate Notes described in the next clause); and thereafter, to satisfy any deficiencies attributable to any other Series of Subordinate Notes that shall have been further subordinated to previously issued Series of Subordinate Notes in the applicable Pricing Confirmation, in such order of priority.

(D) Payment Accounts. In order to effect, in part, the pledge provided for in subsection (A) of this Section, the District agrees to the establishment and maintenance as a special fund of the District of a separate Payment Account for each Series of Notes issued hereunder (each a “Payment Account”) by the Trustee under the Trust Agreement or the Indenture, as applicable, and the Trustee is hereby appointed as the responsible agent to maintain such fund until the payment of the principal of the corresponding Series of Notes and the interest thereon, and the District hereby covenants and agrees to cause to be deposited directly in each Payment Account (and shall request specific amounts from the District’s funds on deposit with the County Treasurer for such purpose) a pro-rata share (as provided below) of the first Unrestricted Revenues received in each Repayment Period specified in the Pricing Confirmation(s) and any Unrestricted Revenues received thereafter until the amount on deposit in each Payment Account, taking into consideration anticipated investment earnings thereon to be received by the Maturity Date applicable to the respective Series of Notes (as set forth in a certificate from the Underwriter to the Trustee) is equal in the respective Repayment Periods

identified in the Pricing Confirmation applicable to such Series of Notes to the percentages of the principal of and interest due with respect to such Series of Notes at maturity specified in the Pricing Confirmation applicable to such Series of Notes; provided that such deposits shall be made in the following order of priority: first, pro-rata to the Payment Account(s) attributable to any applicable Series of Senior Notes; second, pro-rata to the Payment Account(s) attributable to any applicable Series of Subordinate Notes (except for any Series of Subordinate Notes described in the next clause); and thereafter, to the Payment Account(s) attributable to any other applicable Series of Subordinate Notes that shall have been further subordinated to previously issued Series of Subordinate Notes in the applicable Pricing Confirmation, in such order of priority.

Subject to the payment priority provisions of Section 17 hereof and this Section 8, any moneys placed in the Payment Account attributed to a Series of Notes shall be for the benefit of (i) the owners of the applicable Series of Certificates if the Certificate Structure is implemented and the holders of the Series of Pool Bonds issued in connection with the Pool of which such Series of Notes is a part if the Bond Pool Structure is implemented, and (ii) (to the extent provided in the Trust Agreement or the Indenture, as applicable) the Credit Provider(s), if any. Subject to the payment priority provisions of Section 17 hereof and this Section 8, the moneys in the Payment Account attributed to the Series of Notes shall be applied only for the purposes for which the Payment Account is created until the principal of such Series of Notes and all interest thereon are paid or until provision has been made for the payment of the principal of such Series of Notes at maturity of such Series of Notes with interest to maturity (in accordance with the requirements for defeasance of the related Series of Certificates or Series of Bonds, as applicable, as set forth in the Trust Agreement or the Indenture, as applicable) and, if applicable (to the extent provided in the Trust Agreement or the Indenture, as applicable, and, if applicable, the corresponding Credit Agreement), the payment of all Predefault Obligations and Reimbursement Obligations owing to the corresponding Credit Provider.

(E) Determination of Repayment Periods. With respect to each Series of Notes, the length of any individual Repayment Period determined in the related Pricing Confirmation shall not exceed the greater of three (3) consecutive calendar months or ninety (90) days and the number of Repayment Periods determined in the related Pricing Confirmation shall not exceed six (6); provided, however, that (1) the first Repayment Period of any Series of Subordinate Notes shall not occur prior to the end of the last Repayment Period of any outstanding Series of Notes of a higher priority without the consent of each Credit Provider for such outstanding Notes; and (2) if the first Repayment Period of any Series of Subordinate Notes overlaps the last Repayment Period of any outstanding Series of Notes of a higher priority, no deposits shall be made in the Payment Account of such Subordinate Notes until all required amounts shall have been deposited into the Payment Account(s) of all outstanding Series of Notes of a higher priority without the consent of each Credit Provider for such outstanding Notes. Any Authorized Officer is hereby authorized to approve the determination of the Repayment Periods and percentages of the principal and interest due with respect to each Series of Notes at maturity required to be on deposit in the related Payment Account in each Repayment Period, all as specified in the Pricing Confirmation applicable to such Series of Notes, by executing and delivering the Pricing Confirmation applicable to such Series of Notes, such execution and delivery to be conclusive evidence of approval by this Board and such Authorized Officer.

(F) Application of Moneys in Payment Accounts. On any interest payment date (if different from the Maturity Date) and on the Maturity Date of a Series of Notes, the moneys in the Payment Account attributed to such Series of Notes shall be transferred by the Trustee, to the extent necessary, to pay, in the case of an interest payment date, the interest, and in the case of the Maturity Date, the principal of and interest with respect to such Series of Notes or to reimburse the Credit Provider(s) for payments made under or pursuant to the Credit Instrument(s), subject to the payment priority provisions of Section 17 hereof and this Section 8. In the event that moneys in the Payment Account attributed to any Series of Notes are insufficient to pay the principal of and/or interest with respect to such Series of Notes in full on an interest payment date and/or the Maturity Date, moneys in such Payment Account together with moneys in the Payment Accounts of all other outstanding Series of Notes issued by the District shall be applied in the following priority:

- (1) with respect to all Series of Senior Notes:
 - a. first, to pay interest with respect to all Series of Senior Notes pro-rata;
 - b. second, (if on the Maturity Date) to pay principal of all Series of Senior Notes pro-rata;
 - c. third, to reimburse each Credit Provider for payment, if any, of interest with respect to all Series of Senior Notes pro-rata (or on such other basis as set for in the Trust Agreement or the Indenture, as applicable);
 - d. fourth, to reimburse each Credit Provider for payment, if any, of principal with respect to all Series of Senior Notes pro-rata (or on such other basis as set for in the Trust Agreement or the Indenture, as applicable);
 - e. fifth, to pay pro-rata (or on such other basis as set for in the Trust Agreement or the Indenture, as applicable) any Reimbursement Obligations of the District and any of the District's pro rata share of Predefault Obligations owing to each Credit Provider relating to all Series of Senior Notes, as applicable;
- (2) then, with respect to all Series of Subordinate Notes (except for any Series of Subordinate Notes described in paragraph (3) below), to make the pro-rata payments corresponding to each such Series of Subordinate Notes equivalent to the payments described above in paragraphs (1)(a) through (e), in such order;
- (3) then, with respect to all other Series of Subordinate Notes that have been further subordinated to previously issued Series of Subordinate Notes in the applicable Pricing Confirmation, to make the pro-rata payments corresponding to each such Series of Subordinate Notes equivalent to the payments described above in paragraphs (1)(a) through (e), in such order; and
- (4) lastly, to pay any other Costs of Issuance not previously disbursed.

Any moneys remaining in or accruing to the Payment Account attributed to each such Series of Notes after the principal of all the Series of Notes and the interest thereon and any Predefault Obligations and Reimbursement Obligations, if applicable, and obligation, if any, to pay any rebate amounts in accordance with the provisions of the Trust Agreement or the Indenture, as applicable, have been paid, or provision for such payment has been made, if any, shall be transferred by the Trustee to the District, subject to any other disposition required by the Trust Agreement, the Indenture or the related Credit Agreement(s), as applicable.

Nothing herein shall be deemed to relieve the District from its obligation to pay its Note of any Series in full on the applicable Maturity Date(s).

(G) Financial Reports and Deficiency Reports. If, as of the first Business Day (as defined in the Trust Agreement or the Indenture, as applicable) of each Repayment Period (or such other day of each Repayment Period designated in the Pricing Confirmation applicable to a Series of Notes), beginning in the Repayment Period designated in Section 3.03 of the Trust Agreement or the Indenture, as applicable, the total amount on deposit in the District's Payment Account applicable to any Series of Notes and the Proceeds Subaccount applicable to such Series of Notes, taking into consideration anticipated earnings thereon to the Maturity Date of such Series of Notes, is less than the amount required to be on deposit in the Payment Account attributed to such Series of Notes in such Repayment Period (as specified in the Pricing Confirmation applicable to the Series of Notes) and any outstanding Predefault Obligations and Reimbursement Obligations (if any), the District shall promptly file with the Trustee, the Underwriter and the corresponding Credit Provider, if any, a Financial Report, and on the tenth Business Day of such Repayment Period (or such other day of each Repayment Period designated in the Pricing Confirmation applicable to a Series of Notes), if applicable, a Deficiency Report, in substantially the forms set forth as Exhibits C and D to the Trust Agreement or the Indenture, as applicable, and shall provide such other information as the corresponding Credit Provider(s), if any, shall reasonably request. In the event of such deficiency, the District shall have no further right to requisition any moneys from any Proceeds Subaccount applicable to any Series of its Notes issued pursuant to this Resolution.

(H) Investment of Moneys in Proceeds Subaccounts and Payment Accounts. Moneys in the Proceeds Subaccount attributed to each Series of Notes and the Payment Account attributed to such Series of Notes shall be invested by the Trustee pursuant to the Trust Agreement or the Indenture, as applicable, in an investment agreement or agreements and/or other Permitted Investments as described in and under the terms of the Trust Agreement or the Indenture, as applicable, and as designated in the Pricing Confirmation applicable to such Series of Notes. The type of initial investments to be applicable to the proceeds of the Series of Notes shall be determined by the District as designated in the Pricing Confirmation applicable to such Series of Notes. In the event the District designates an investment agreement or investment agreements as the investments, the District hereby appoints the bidding agent designated in the Pricing Confirmation (the "Bidding Agent") as its designee as a party authorized to solicit bids on or negotiate the terms of the investment agreement or investment agreements and hereby authorizes and directs the Trustee to invest such funds pursuant to such investment agreement or investment agreements (which (i) shall be with a provider or providers, or with a provider or providers whose obligations are guaranteed or insured by a financial entity, the senior debt or investment contracts or obligations under its investment contracts of which are rated in one of

the two highest long-term rating categories by the rating agency or agencies then rating the applicable Series of Certificates or Series of Pool Bonds (each, a “Rating Agency”), or whose commercial paper rating is in the highest rating category (with regard to any modifiers) of each such Rating Agencies, or (ii) shall be fully collateralized by investments listed in subsection (1) of the definition of Permitted Investments set forth in the Trust Agreement or the Indenture, as applicable, as required by such Rating Agencies to be rated in one of the two highest rating categories, and shall be acceptable to the corresponding Credit Provider, and the particulars of which pertaining to interest rate or rates and investment provider or providers will be set forth in the Pricing Confirmation applicable to such Series of Notes) and authorizes the Trustee to enter into such investment agreement or agreements on behalf of the District. The Bidding Agent, on behalf of itself and any investment broker retained by it, is authorized to accept a fee from the investment provider in an amount not in excess of 0.2% of the amount reasonably expected, as of the date of acquisition of the investment contract, to be invested under the investment contract over its term. Each Authorized Officer is hereby authorized and directed to execute and deliver such side letter or letters as are reasonably required by an investment agreement provider, acknowledging such investment and making reasonable representations and covenants with respect thereto. The District’s funds in the Proceeds Subaccount attributed to each Series of Notes and the Payment Account attributed to such Series of Notes shall be accounted for separately. Any such investment by the Trustee shall be for the account and risk of the District, and the District shall not be deemed to be relieved of any of its obligations with respect to any Series of Notes, the Predefault Obligations or Reimbursement Obligations, if any, by reason of such investment of the moneys in its Proceeds Subaccount applicable to such Series of Notes or the Payment Account applicable to such Series of Notes.

Notwithstanding any other investment policy of the District heretofore or hereafter adopted, the investment policy of the District pertaining to each Series of Notes and all funds and accounts established in connection therewith shall be consistent with, and the Board hereby authorizes investment in, the Permitted Investments. Any investment policy adopted by the Board hereafter in contravention of the foregoing shall be deemed to modify the authorization contained herein only if it shall specifically reference this Resolution and Section.

Section 9. Execution of Note. Any one of the Treasurer of the County, or, in the absence of said officer, his or her duly appointed assistant, the Chairperson of the Board of Supervisors of the County or the Auditor (or comparable financial officer) of the County shall be authorized to execute each Note of any Series issued hereunder by manual or facsimile signature and the Clerk of the Board of Supervisors of the County or any Deputy Clerk shall be authorized to countersign each such Note by manual or facsimile signature and to affix the seal of the County to each such Note either manually or by facsimile impression thereof. In the event the Board of Supervisors of the County fails or refuses to authorize issuance of the Series of Notes as referenced in Section 2 hereof, any one of the President or Chairperson of the governing board of the District or any other member of such board shall be authorized to execute the Note by manual or facsimile signature and the Secretary or Clerk of the governing board of the District, the Superintendent of the District, the Assistant Superintendent for Business, the Assistant Superintendent for Administrative Services, the business manager, director of business or fiscal services or chief financial/business officer of the District, as the case may be, or any duly appointed assistant thereto, shall be authorized to countersign each such Note by manual or facsimile signature. Said officers of the County or the District, as applicable, are hereby

authorized to cause the blank spaces of each such Note to be filled in as may be appropriate pursuant to the applicable Pricing Confirmation. Said officers are hereby authorized and directed to cause the Trustee, as registrar and authenticating agent, to authenticate and accept delivery of each such Note pursuant to the terms and conditions of the corresponding Certificate Purchase Agreement or Note Purchase Agreement, as applicable, this Resolution and the Trust Agreement or Indenture, as applicable. In case any officer whose signature shall appear on any Series of Notes shall cease to be such officer before the delivery of such Series of Notes, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery. Each Series of the Notes shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Trustee and showing the date of authentication. Each Series of the Notes shall not be valid or obligatory for any purpose or be entitled to any security or benefit under this Resolution unless and until such certificate of authentication shall have been duly executed by the Trustee by manual signature, and such certificate of authentication upon any such Series of Notes shall be conclusive evidence that such has been authenticated and delivered under this Resolution. The certificate of authentication on a Series of Notes shall be deemed to have been executed by the Trustee if signed by an authorized officer of the Trustee. The Notes need not bear the seal of the District, if any.

Section 10. Note Registration and Transfer. (A) As long as any Series of the Notes remains outstanding, the District shall maintain and keep, at the principal corporate trust office of the Trustee, books for the registration and transfer of each Series of the Notes. Each Series of the Notes shall initially be registered in the name of the Trustee under the Trust Agreement or Indenture, as applicable, to which such Series of the Notes is assigned. Upon surrender of a Note of a Series for transfer at the office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the registered owner or its duly authorized attorney, and upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer, the County or the District, as applicable, shall execute and the Trustee shall authenticate and deliver, in the name of the designated transferee, a fully registered Note of the same Series. For every transfer of a Note of a Series, the District, the County or the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to the transfer, which sum or sums shall be paid by the person requesting such transfer as a condition precedent to the exercise of the privilege of making such transfer.

(B) Subject to Section 6 hereof, the County, the District and the Trustee and their respective successors may deem and treat the person in whose name a Note of a Series is registered as the absolute owner thereof for all purposes, and the County, the District and the Trustee and their respective successors shall not be affected by any notice to the contrary, and payment of or on account of the principal of such Note shall be made only to or upon the order of the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid.

(C) Any Note of a Series may, in accordance with its terms, be transferred upon the books required to be kept by the Trustee, pursuant to the provisions hereof by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in form approved by the Trustee.

(D) The Trustee or the Authorized Officer of the District, acting separately or together, are authorized to sign any letter or letters of representations which may be required in connection with the delivery of any Series of Certificates or Series of Pool Bonds (in each case, to which such Series of Notes is assigned), if such Series of Certificates and Series of Pool Bonds are delivered in book-entry form.

(E) The Trustee will keep or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of each Note of a Series issued, which shall be open to inspection by the County and the District during regular business hours. Upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, the Notes of a Series presented as hereinbefore provided.

(F) If any Note of a Series shall become mutilated, the County or the District, as applicable, at the expense of the registered owner of such Note of a Series, shall execute, and the Trustee shall thereupon authenticate and deliver a new Note of like tenor, series and number in exchange and substitution for the Note so mutilated, but only upon surrender to the Trustee of the Note so mutilated. Every mutilated Note so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the order of, the County or the District, as applicable. If any Note of a Series shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the County, the District and the Trustee and, if such evidence be satisfactory to them and indemnity satisfactory to them shall be given, the County or the District, as applicable, at the expense of the registered owner, shall execute, and the Trustee shall thereupon authenticate and deliver a new Note of like tenor, series and number in lieu of and in substitution for the Note so lost, destroyed or stolen (or if any such Note of a Series shall have matured (as of the latest maturity date indicated on the face thereof) or shall be about to mature (as of the latest maturity date indicated on the face thereof), instead of issuing a substitute Note, the Trustee may pay the same without surrender thereof). The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Note issued pursuant to this paragraph and of the expenses which may be incurred by the County or the District, as applicable, and the Trustee in such preparation. Any Note of a Series issued under these provisions in lieu of any Note of a Series alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the County (on behalf of the District) or on the part of the District, as applicable, whether or not the Note of a Series so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Resolution with all other Notes of the same Series secured by this Resolution.

Section 11. Covenants Regarding Transfer of Funds. It is hereby covenanted and warranted by the District that it will not request the County Treasurer to make temporary transfers of funds in the custody of the County Treasurer to meet any obligations of the District during Fiscal Year 2011-2012 pursuant to Article XVI, Section 6 of the Constitution of the State of California; provided, however, that the District may request the County Treasurer to make such temporary transfers of funds if all amounts required to be deposited into the Payment Account(s) of all outstanding Series of Notes (regardless of when due and payable) shall have been deposited into such Payment Account(s).

Section 12. Representations and Covenants.

(A) The District is a political subdivision duly organized and existing under and by virtue of the laws of the State of California and has all necessary power and authority to (i) adopt this Resolution and any supplement hereto, and enter into and perform its obligations under the Certificate Purchase Agreement(s) or the Note Purchase Agreement(s), as applicable, the Trust Agreement(s), if applicable, and the Credit Agreement(s), if applicable, and (ii) authorize the County to issue one or more Series of Notes on its behalf or, if applicable, issue one or more Series of Notes.

(B) (i) Upon the issuance of each Series of Notes, the District will have taken all action required to be taken by it to authorize the issuance and delivery of such Series of Notes and the performance of its obligations thereunder, (ii) the District has full legal right, power and authority to request the County to issue and deliver such Series of Notes on behalf of the District and to perform its obligations as provided herein and therein, and (iii) if applicable, the District has full legal right, power and authority to issue and deliver each Series of Notes.

(C) The issuance of each Series of Notes, the adoption of this Resolution and the execution and delivery of the Certificate Purchase Agreement(s) or the Note Purchase Agreement(s), as applicable, the Trust Agreement(s), if applicable, and the Credit Agreement(s), if applicable, and compliance with the provisions hereof and thereof will not conflict with, breach or violate any law, administrative regulation, court decree, resolution, charter, by-laws or other agreement to which the District is subject or by which it is bound.

(D) Except as may be required under blue sky or other securities law of any state or Section 3(a)(2) of the Securities Act of 1933, there is no consent, approval, authorization or other order of, or filing with, or certification by, any regulatory authority having jurisdiction over the District required for the issuance and sale of each Series of Notes or the consummation by the District of the other transactions contemplated by this Resolution except those the District shall obtain or perform prior to or upon the issuance of each Series of Notes.

(E) The District has (or will have prior to the issuance of the first Series of Notes) duly, regularly and properly adopted a budget for Fiscal Year 2011-2012 setting forth expected revenues and expenditures and has (or will have prior to the issuance of the first Series of Notes) complied with all statutory and regulatory requirements with respect to the adoption of such budget. The District hereby covenants that it will (i) duly, regularly and properly prepare and adopt its revised or final budget for Fiscal Year 2011-2012, (ii) provide to the Trustee, the Credit Provider(s), if any, and the Underwriter, promptly upon adoption, copies of such revised or final budget and of any subsequent revisions, modifications or amendments thereto and (iii) comply with all applicable law pertaining to its budget.

(F) The Principal Amount if only one Series of Notes is issued hereunder, and if more than one Series of Notes is issued hereunder, the sum of the Series Principal Amounts of all Series of Notes issued hereunder by or on behalf of the District, plus the interest payable thereon, on the date of issuance of each Series of Notes to be issued, shall not exceed fifty percent (50%) of the estimated amounts of uncollected taxes, income, revenue (including, but not limited to, revenue from the state and federal governments), cash receipts and other moneys provided for

Fiscal Year 2011-2012 which will be received by or will accrue to the District during such fiscal year for the general fund and, if applicable, capital fund and/or special revenue fund of the District, all of which will be legally available to pay principal of and interest on such Notes, less amounts, if any, on deposit, on the date of such issuance, in the Payment Accounts attributed to any Series of Notes.

(G) The County has experienced an *ad valorem* property tax collection rate of not less than eighty-five percent (85%) of the average aggregate amount of *ad valorem* property taxes levied within the District in each of the five fiscal years from Fiscal Year 2005-2006 through Fiscal Year 2009-2010, and the District, as of the date of adoption of this Resolution and on the date of issuance of each Series of Notes, reasonably expects the County to have collected and to collect at least eighty-five percent (85%) of such amount for Fiscal Years 2010-2011 and 2011-2012, respectively.

(H) The District (i) is not currently in default on any debt obligation, (ii) to the best knowledge of the District, has never defaulted on any debt obligation, and (iii) has never filed a petition in bankruptcy.

(I) The District's most recent audited financial statements present fairly the financial condition of the District as of the date thereof and the results of operation for the period covered thereby. Except as has been disclosed to the Underwriter and the Credit Provider(s), if any, there has been no change in the financial condition of the District since the date of such audited financial statements that will in the reasonable opinion of the District materially impair its ability to perform its obligations under this Resolution and each Series of Notes. The District agrees to furnish to the Underwriter, the Trustee and the Credit Provider(s), if any, promptly, from time to time, such information regarding the operations, financial condition and property of the District as such party may reasonably request, including the Financial Report and Deficiency Report, if appropriate, appearing as Exhibits C and D to the Trust Agreement or the Indenture, as applicable.

(J) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, arbitrator, governmental or other board, body or official, pending or, to the best knowledge of the District, threatened against or affecting the District questioning the validity of any proceeding taken or to be taken by the District in connection with each Series of Notes, the Certificate Purchase Agreement(s) or the Note Purchase Agreement(s), as applicable, the Trust Agreement or the Indenture, as applicable, the Credit Agreement(s), if any, or this Resolution, or seeking to prohibit, restrain or enjoin the execution, delivery or performance by the District of any of the foregoing, or wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the District's financial condition or results of operations or on the ability of the District to conduct its activities as presently conducted or as proposed or contemplated to be conducted, or would materially adversely affect the validity or enforceability of, or the authority or ability of the District to perform its obligations under, each Series of Notes, the Certificate Purchase Agreement(s) or the Note Purchase Agreement(s), as applicable, the Trust Agreement or the Indenture, as applicable, the Credit Agreement(s), if any, or this Resolution.

(K) The District will not directly or indirectly amend, supplement, repeal, or waive any portion of this Resolution (i) without the consents of the Credit Provider(s), if any, or (ii) in any way that would materially adversely affect the interests of any holder or owner of any Series of the Notes, Certificates or Pool Bonds, as applicable, issued in connection with any Series of the Notes; provided, however that, if the Program is implemented, the District may adopt one or more Supplemental Resolutions without any such consents in order to increase the Maximum Amount of Borrowing in connection with the issuance of one or more Series of Additional Notes as provided in Section 2(B)(4) hereof.

(L) Upon issuance of a Series of Notes, such Series of Notes, this Resolution and the corresponding Credit Agreement will constitute legal, valid and binding agreements of the District, enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy or other laws affecting creditors' rights generally, the application of equitable principles if equitable remedies are sought, the exercise of judicial discretion in appropriate cases and the limitations on legal remedies against school districts, community college districts and county boards of education, as applicable, in the State of California.

(M) It is hereby covenanted and warranted by the District that all representations and recitals contained in this Resolution are true and correct, and that the District and its appropriate officials have duly taken, or will take, all proceedings necessary to be taken by them, if any, for the levy, receipt, collection and enforcement of the Pledged Revenues in accordance with law for carrying out the provisions of this Resolution and each Series of Notes.

(N) The District shall not incur any indebtedness that is not issued in connection with the Program under this Resolution and that is secured by a pledge of its Unrestricted Revenues unless such pledge is subordinate in all respects to the pledge of Unrestricted Revenues hereunder.

(O) So long as any Credit Provider is not in default under the corresponding Credit Instrument, the District hereby agrees to pay its pro rata share of all Predefault Obligations and all Reimbursement Obligations attributable to the District in accordance with provisions of the applicable Credit Agreement, if any, and/or the Trust Agreement or Indenture, as applicable. Prior to the Maturity Date of a Series of Notes, moneys in the District's Payment Account attributed to such Series of Notes shall not be used to make such payments. The District shall pay such amounts promptly upon receipt of notice from the Credit Provider that such amounts are due to it by instructing the Trustee to pay such amounts to the Credit Provider on the District's behalf by remitting to the Credit Provider moneys held by the Trustee for the District and then available for such purpose under the Trust Agreement or the Indenture, as applicable. If such moneys held by the Trustee are insufficient to pay the District's pro rata share of such Predefault Obligations and all Reimbursement Obligations attributable to the District (if any), the District shall pay the amount of the deficiency to the Trustee for remittance to the Credit Provider.

(P) So long as any Series of Certificates or Pool Bonds executed or issued in connection with a Series of Notes are Outstanding, or any Predefault Obligation or Reimbursement Obligation is outstanding, the District will not create or suffer to be created any

pledge of or lien on such Series of Notes other than the pledge and lien of the Trust Agreement or the Indenture, as applicable.

(Q) As of the date of adoption of this Resolution, based on the most recent report prepared by the Superintendent of Public Instruction of the State of California, the District does not have a negative certification (or except as disclosed in writing to the Underwriter and the Credit Provider(s), if any, a qualified certification) applicable to the fiscal year ending June 30, 2011 (the "Fiscal Year 2010-2011") within the meaning of Section 42133 of the California Education Code. The District covenants that it will immediately deliver a written notice to the Authority, the Underwriter, the Credit Provider(s), if any, and Bond Counsel if it (or, in the case of County Boards of Education, the County Superintendent of Schools) files with the County Superintendent of Schools, the County Board of Education or the State Superintendent of Public Instruction or receives from the County Superintendent of Schools or the State Superintendent of Public Instruction a qualified or negative certification applicable to Fiscal Year 2010-2011 or Fiscal Year 2011-2012 prior to the respective Closing Date referenced in each Pricing Confirmation or the Maturity Date of each Series of Notes.

(R) Except as otherwise approved by the Credit Provider that issued the applicable Credit Instrument, to the extent required by law and by the State Superintendent of Public Instruction, the District fully funded its Reserve for Economic Uncertainties for Fiscal Year 2010-2011 and will fully fund its Reserve for Economic Uncertainties for Fiscal Year 2011-2012.

(S) The District will maintain a positive general fund balance in Fiscal Year 2011-2012.

(T) The District will maintain an investment policy consistent with the policy set forth in Section 8(H) hereof.

(U) The District covenants that it will immediately deliver a written notice to the Authority, the Underwriter, the Credit Provider(s), if any, and Bond Counsel upon the occurrence of any event which constitutes an Event of Default hereunder or would constitute an Event of Default but for the requirement that notice be given, or time elapse, or both.

Section 13. Tax Covenants. (A) The District will 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 each Tax-Exempt Series of Notes (or on any Tax-Exempt Series of Pool Bonds related thereto) under Section 103 of the Code. Without limiting the generality of the foregoing, the District will not make any use of the proceeds of any Tax-Exempt Series of the Notes or any other funds of the District which would cause any Tax-Exempt Series of the Notes (or on any Tax-Exempt Series of Pool Bonds related thereto) to be an "arbitrage bond" within the meaning of Section 148 of the Code, a "private activity bond" within the meaning of Section 141(a) of the Code, or an obligation the interest on which is subject to federal income taxation because it is "federally guaranteed" as provided in Section 149(b) of the Code. The District, with respect to the proceeds of each Tax-Exempt Series of the Notes, will comply with all requirements of such sections of the Code and all regulations of the United

States Department of the Treasury issued or applicable thereunder to the extent that such requirements are, at the time, applicable and in effect.

(B) In the event the District is deemed a Safe Harbor Issuer (as defined in Section 7) with respect to a Tax-Exempt Series of Notes, this subsection (B) shall apply. The District covenants that it shall make all calculations in a reasonable and prudent fashion relating to any rebate of excess investment earnings on the proceeds of each such Tax-Exempt Series of Notes due to the United States Treasury, shall segregate and set aside from lawfully available sources the amount such calculations may indicate may be required to be paid to the United States Treasury, and shall otherwise at all times do and perform all acts and things necessary and within its power and authority, including complying with the instructions of Orrick, Herrington & Sutcliffe LLP, Bond Counsel referred to in Section 7 hereof to assure compliance with the Rebate Requirements. If the balance in the Proceeds Subaccount attributed to cash flow borrowing and treated for federal tax purposes as proceeds of the Tax-Exempt Series of Notes is not low enough to qualify amounts in the Proceeds Subaccount attributed to cash flow borrowing for an exception to the Rebate Requirements on at least one date within the six-month period following the date of issuance of the Tax-Exempt Series of Notes (calculated in accordance with Section 7), the District will reasonably and prudently calculate the amount, if any, of investment profits which must be rebated to the United States and will immediately set aside, from revenues attributable to the Fiscal Year 2011-2012 or, to the extent not available from such revenues, from any other moneys lawfully available, the amount of any such rebate in the Rebate Fund referred to in this Section 13(B). In addition, in such event, the District shall establish and maintain with the Trustee a fund (with separate subaccounts therein for each such Tax-Exempt Series of Notes if more than one series is issued) separate from any other fund established and maintained hereunder and under the Indenture or Trust Agreement, as applicable, designated as the “2011-2012 Tax and Revenue Anticipation Note Rebate Fund” or such other name as the Trust Agreement or the Indenture, as applicable, may designate. There shall be deposited in such Rebate Fund such amounts as are required to be deposited therein in accordance with the written instructions from Bond Counsel pursuant to Section 7 hereof.

(C) Notwithstanding any other provision of this Resolution to the contrary, upon the District’s failure to observe, or refusal to comply with, the covenants contained in this Section 13, no one other than the holders or former holders of each Tax-Exempt Series of Notes, the Certificate or the Bond owners, as applicable, the Credit Provider(s), if any, or the Trustee on their behalf shall be entitled to exercise any right or remedy under this Resolution on the basis of the District’s failure to observe, or refusal to comply with, such covenants.

(D) The covenants contained in this Section 13 shall survive the payment of all Series of the Notes.

Section 14. Events of Default and Remedies.

If any of the following events occurs, it is hereby defined as and declared to be and to constitute an “Event of Default”:

(A) Failure by the District to make or cause to be made the deposits to any Payment Account required to be made hereunder on or before the fifteenth (15th) day

after the date on which such deposit is due and payable, or failure by the District to make or cause to be made any other payment required to be paid hereunder on or before the date on which such payment is due and payable;

(B) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Resolution, for a period of fifteen (15) days after written notice, specifying such failure and requesting that it be remedied, is given to the District by the Trustee or any Credit Provider, unless the Trustee and such Credit Provider shall all agree in writing to an extension of such time prior to its expiration;

(C) Any warranty, representation or other statement by or on behalf of the District contained in this Resolution or the Certificate Purchase Agreement(s) or the Note Purchase Agreement(s), as applicable (including the Pricing Confirmation(s)), or the Credit Agreement(s) or in any requisition or any Financial Report or Deficiency Report delivered by the District or in any instrument furnished in compliance with or in reference to this Resolution or the Certificate Purchase Agreement(s) or the Note Purchase Agreement(s), as applicable, or the Credit Agreement(s) or in connection with any Series of the Notes, is false or misleading in any material respect;

(D) Any event of default constituting a payment default occurs in connection with any other bonds, notes or other outstanding debt of the District;

(E) A petition is filed against the District under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect and is not dismissed within 30 days after such filing, but the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Certificate or the Bond owners' (or Noteholders') interests;

(F) The District files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law;

(G) The District admits insolvency or bankruptcy or is generally not paying its debts as such debts become due, or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a custodian (including without limitation a receiver, liquidator or trustee) of the District or any of its property is appointed by court order or appointed by the State Superintendent of Public Instruction or takes possession thereof and such order remains in effect or such possession continues for more than 30 days, but the Trustee shall have the right to intervene in the proceedings prior to the expiration of such 30 days to protect its and the Certificate or the Bond owners' or Noteholders' interests; and

(H) An "Event of Default" under the terms of the resolution, if any, of the County providing for the issuance of the Notes (and any Series thereof).

Whenever any Event of Default referred to in this Section 14 shall have happened and be continuing, subject to the provisions of Section 17 hereof, the Trustee shall, in addition to any other remedies provided herein or by law or under the Trust Agreement or the Indenture, as applicable, have the right, at its option without any further demand or notice, to take one or any combination of the following remedial steps:

(1) Without declaring any Series of Notes to be immediately due and payable, require the District to pay to the Trustee, for deposit into the applicable Payment Account(s) of the District under the Trust Agreement or the Indenture, as applicable, an amount equal to all of the principal of all Series of Notes and interest thereon to the respective final maturity(ies) of such Series of Notes, plus all other amounts due hereunder, and upon notice to the District the same shall become immediately due and payable by the District without further notice or demand; and

(2) Take whatever other action at law or in equity (except for acceleration of payment on any Series of Notes) which may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

Notwithstanding the foregoing, and subject to the provisions of Section 17 hereof and to the terms of the Trust Agreement or the Indenture, as applicable, concerning exercise of remedies which shall control if inconsistent with the following, if any Series of Notes is secured in whole or in part by a Credit Instrument or if a Credit Provider is subrogated to rights under any Series of Notes, as long as each such Credit Provider has not failed to comply with its payment obligations under the corresponding Credit Instrument, each such Credit Provider shall have the right to direct the remedies upon any Event of Default hereunder, and as applicable, prior consent shall be required to any remedial action proposed to be taken by the Trustee hereunder, except that nothing contained herein shall affect or impair the right of action of any owner of a Certificate to institute suit directly against the District to enforce payment of the obligations evidenced and represented by such owner's Certificate.

If any Credit Provider is not reimbursed on any interest payment date applicable to the corresponding Series of Notes for the drawing, payment or claim, as applicable, used to pay principal of and interest on such Series of Notes due to a default in payment on such Series of Notes by the District, as provided in the Trust Agreement or in the Indenture, as applicable, or if any principal of or interest on such Series of Notes remains unpaid after the Maturity Date of such Series of Notes, such Series of Notes shall be a Defaulted Note, the unpaid portion thereof or the portion (including the interest component, if applicable) to which a Credit Instrument applies for which reimbursement on a draw, payment or claim has not been made shall be deemed outstanding and shall bear interest at the Default Rate until the District's obligation on the Defaulted Note is paid in full or payment is duly provided for, all subject to Section 8 hereof.

Section 15. Trustee. The Trustee is hereby appointed as paying agent, registrar and authenticating agent for any and all Series of Notes. The District hereby directs and authorizes the payment by the Trustee of the interest on and principal of any and all Series of Notes when such become due and payable from the corresponding Payment Account held by the Trustee in the name of the District in the manner set forth herein. The District hereby covenants to deposit

funds in each such Payment Account at the times and in the amounts specified herein to provide sufficient moneys to pay the principal of and interest on any and all Series of Notes on the day or days on which each such Series matures. Payment of any and all Series of Notes shall be in accordance with the terms of the applicable Series of Notes and this Resolution and any applicable Supplemental Resolution.

The District hereby agrees to maintain the Trustee under the Trust Agreement or the Indenture, as applicable, as paying agent, registrar and authenticating agent of any and all Series of Notes.

The District further agrees to indemnify, to the extent permitted by law and without making any representation as to the enforceability of this covenant, and save the Trustee, its directors, officers, employees and agents harmless against any liabilities which it may incur in the exercise and performance of its powers and duties under the Trust Agreement or the Indenture, as applicable, including but not limited to costs and expenses incurred in defending against any claim or liability, which are not due to its negligence or default.

Section 16. Sale of Notes. If the Certificate Structure is implemented, each Series of Notes as evidenced and represented by the applicable Series of Certificates shall be sold to the Underwriter, in accordance with the terms of the Certificate Purchase Agreement applicable to such Series of Notes, in each case as hereinbefore approved. If the Bond Pool Structure is implemented, each Series of Notes shall be sold to the Authority in accordance with the terms of the Note Purchase Agreement applicable to such Series of Notes, in each case as hereinbefore approved.

Section 17. Subordination. (a) Anything in this Resolution to the contrary notwithstanding, the indebtedness evidenced by each Series of Subordinate Notes shall be subordinated and junior in right of payment, to the extent and in the manner hereinafter set forth, to all principal of, premium, if any, and interest on each Series of Senior Notes and any refinancings, refundings, deferrals, renewals, modifications or extensions thereof.

In the event of (1) any insolvency, bankruptcy, receivership, liquidation, reorganization, readjustment, composition or other similar proceeding relating to the District or its property, (2) any proceeding for the liquidation, dissolution or other winding-up of the District, voluntary or involuntary, and whether or not involving insolvency or bankruptcy proceedings, (3) any assignment for the benefit of creditors, or (4) any distribution, division, marshalling or application of any of the properties or assets of the District or the proceeds thereof to creditors, voluntary or involuntary, and whether or not involving legal proceedings, then and in any such event, payment shall be made to the parties and in the priority set forth in Section 8(F) hereof, and each party of a higher priority shall first be paid in full before any payment or distribution of any character, whether in cash, securities or other property shall be made in respect of any party of a lower priority.

The subordination provisions of this Section have been entered into for the benefit of the holders of the Series of Senior Notes and any Credit Provider(s) that issues a Credit Instrument with respect to such Series of Senior Notes and, notwithstanding any provision of this

Resolution, may not be supplemented, amended or otherwise modified without the written consent of all such holders and Credit Provider(s).

Notwithstanding any other provision of this Resolution, the terms of this Section shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any Series of Senior Notes is rescinded, annulled or must otherwise be returned by any holder of Series of Senior Notes or such holder's representative, upon the insolvency, bankruptcy or reorganization of the District or otherwise, all as though such payment has not been made.

In no event may any holder of all or any part of the Series of Subordinate Notes, or the corresponding Credit Provider(s), exercise any right or remedy available to it on account of any Event of Default on the Series of Subordinate Notes, (1) at any time at which payments with respect thereto may not be made by the District on account of the terms of this Section, or (2) prior to the expiration of forty-five (45) days after the holders of the Series of Subordinate Notes, or the corresponding Credit Provider(s), shall have given notice to the District and to the holders of the Series of Senior Notes and the corresponding Credit Provider(s), of their intention to take such action.

The terms of this Section, the subordination effected hereby and the rights of the holders of the Series of Senior Notes shall not be affected by (a) any amendment of or addition or supplement to any Series of Senior Notes or any instrument or agreement relating thereto, including without limitation, this Resolution, (b) any exercise or non-exercise of any right, power or remedy under or in respect of any Series of Senior Notes or any instrument or agreement relating thereto, or (c) any waiver, consent, release, indulgence, extension, renewal, modification, delay or other action, inaction or omission, in respect of any Series of Senior Notes or any instrument or agreement relating thereto or any security therefor or guaranty thereof, whether or not any holder of any Series of Subordinate Notes shall have had notice or knowledge of any of the foregoing.

In the event that a Series of Additional Subordinate Notes is further subordinated in the applicable Pricing Confirmation, at the time of issuance thereof, to all previously issued Series of Subordinate Notes of the District, the provisions of this Section 17 relating to Series of Senior Notes shall be applicable to such previously issued Series of Subordinate Notes and the provisions of this Section 17 relating to Series of Subordinate Notes shall be applicable to such Series of Additional Subordinate Notes.

Section 18. Continuing Disclosure Undertaking. The provisions of this Section 18 shall be applicable only if the Certificate Structure is implemented.

(A) The District covenants, for the sole benefit of the owners of each Series of Certificates which evidence and represent the applicable Series of Notes (and, to the extent specified in this Section 18, the beneficial owners thereof), that the District shall:

(1) Provide in a timely manner not later than ten business days after the occurrence of the event, through the Trustee acting as dissemination agent (the "Dissemination Agent"), to the Municipal Securities Rulemaking Board, notice of any of the following events with respect to an outstanding Series of Notes of the District:

- a. Principal and interest payment delinquencies on such Series of Notes and the related Series of Certificates;
- b. Unscheduled draws on debt service reserves reflecting financial difficulties;
- c. Unscheduled draws on credit enhancements reflecting financial difficulties;
- d. Substitution of credit or liquidity providers, or their failure to perform;
- e. Issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- f. Tender offers;
- g. Defeasances;
- h. Rating changes; or
- i. Bankruptcy, insolvency, receivership or similar event of the obligated person.

For the purposes of the event identified in subsection i., the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(2) Provide in a timely manner not later than ten business days after the occurrence of the event, through the Dissemination Agent, to the Municipal Securities Rulemaking Board, notice of any of the following events with respect to an outstanding Series of Notes of the District, if material:

- a. Unless described in subsection (A)(1)e., adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of such Series of Notes and the related Series of Certificates or other material events affecting the tax status of such Series of Notes and the related Series of Certificates;

- b. Modifications to rights of owners and beneficial owners of the Series of Certificates which evidence and represent such Series of Notes;
- c. Optional, contingent or unscheduled bond calls;
- d. Release, substitution or sale of property securing repayment of such Series of Notes;
- e. Non-payment related defaults;
- f. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or
- g. Appointment of a successor or additional Trustee or the change of name of a Trustee.

Whenever the District obtains knowledge of the occurrence of an event described in subsection (A)(2) of this Section, the District shall determine if such event would be material under applicable federal securities laws. The Authority and the Dissemination Agent shall have no responsibility for such determination and shall be entitled to conclusively rely upon the District's determination.

If the District learns of the occurrence of an event described in subsection (A)(1) of this Section, or determines that the occurrence of an event described in subsection (A)(2) of this Section would be material under applicable federal securities laws, the District shall within ten business days of occurrence, through the Dissemination Agent, file a notice of such occurrence with the Municipal Securities Rulemaking Board. The District shall promptly provide the Authority and the Dissemination Agent with a notice of such occurrence which the Dissemination Agent agrees to file with the Municipal Securities Rulemaking Board.

All documents provided to the Municipal Securities Rulemaking Board shall be provided in an electronic format, as prescribed by the Municipal Securities Rulemaking Board, and shall be accompanied by identifying information, as prescribed by the Municipal Securities Rulemaking Board.

(B) In the event of a failure of the District to comply with any provision of this Section, any owner or beneficial owner of the related Series of Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. A default under this Section shall not be deemed an Event of Default under Section 14 hereof, and the sole remedy under this Section in the event of any failure of the District to comply with this Section shall be an action to compel performance.

(C) For the purposes of this Section, a "beneficial owner" shall mean any person which has the power, directly or indirectly, to make investment decisions concerning ownership

of any Certificates of the Series which evidences and represents such Series of Notes (including persons holding Certificates through nominees, depositories or other intermediaries and any Credit Provider as a subrogee).

(D) The District's obligations under this Section shall terminate upon the legal defeasance, prior redemption or payment in full of its Note. If such termination occurs prior to the final maturity of the related Series of Certificates, the District shall give notice of such termination in the same manner as for a listed event under subsection (A)(1) of this Section.

(E) The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Section. In no event shall the Dissemination Agent be responsible for preparing any notice or report or for filing any notice or report which it has not received in a timely manner and in a format suitable for reporting. Nothing in this Section shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Section or any other means of communication, or including any other notice of occurrence of a listed event under subsection (A)(1) or (A)(2) of this Section (each, a "Listed Event"), in addition to that which is required by this Section. If the District chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Section, the District shall have no obligation under this Section to update such information or include it in any future notice of occurrence of a Listed Event.

(F) Notwithstanding any other provision of this Resolution, the District with the consent of the Dissemination Agent and notice to the Authority may amend this Section, and any provision of this Section may be waived, provided that the following conditions are satisfied:

(1) If the amendment or waiver relates to the provisions of subsection (A) of this Section, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the applicable Series of Notes and the related Series of Certificates, or the type of business conducted;

(2) The undertaking, as amended or taking into account such waiver, would in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the applicable Series of Notes and the related Series of Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the owners or beneficial owners of the related Certificates. In the event of any amendment or waiver of a provision of this Section, notice of such change shall be given in the same manner as for an event listed under subsection (A)(1) of this Section, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver; provided, however, the District shall be responsible for preparing such narrative explanation.

(G) The Dissemination Agent shall have only such duties as are specifically set forth in this Section. The Dissemination Agent shall not be liable for the exercise of any of its rights hereunder or for the performance of any of its obligations hereunder or for anything whatsoever hereunder, except only for its own willful misconduct or gross negligence. Absent gross negligence or willful misconduct, the Dissemination Agent shall not be liable for an error of judgment. No provision hereof shall require the Dissemination Agent to expend or risk its own funds or otherwise incur any financial or other liability or risk in the performance of any of its obligations hereunder, or in the exercise of any of its rights hereunder, if such funds or adequate indemnity against such risk or liability is not reasonably assured to it. The District hereby agrees to compensate the Dissemination Agent for its reasonable fees in connection with its services hereunder, but only from the District's share of the costs of issuance deposited in the Costs of Issuance Fund held and invested by the Trustee under the Trust Agreement.

(H) This section shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriter, any Credit Provider and owners and beneficial owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Section 19. Approval of Actions. The aforementioned officers of the County or the District, as applicable, are hereby authorized and directed to execute each Series of Notes and to cause the Trustee to authenticate and accept delivery of each Series of Notes pursuant to the terms and conditions of the applicable Certificate Purchase Agreement and Trust Agreement or the applicable Note Purchase Agreement and the Indenture, as applicable. All actions heretofore taken by the officers and agents of the County, the District or this Board with respect to the sale and issuance of the Notes and participation in the Program are hereby approved, confirmed and ratified and the officers and agents of the County and the officers of the District are hereby authorized and directed, for and in the name and on behalf of the District, to do any and all things and take any and all actions and execute any and all certificates, requisitions, agreements, notices, consents, and other documents, including tax certificates, letters of representations to the securities depository, investment contracts (or side letters or agreements thereto), other or additional municipal insurance policies or credit enhancements or credit agreements or insurance commitment letters, if any, and closing certificates, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of each Series of Notes, execution or issuance and delivery of the corresponding Series of Certificates or Series of Pool Bonds, as applicable, and investment of the proceeds thereof, in accordance with, and related transactions contemplated by, this Resolution. The officers of the District referred to above in Section 4 hereof, and the officers of the County referred to above in Section 9 hereof, are hereby designated as "Authorized District Representatives" under the Trust Agreement or the Indenture, as applicable.

In the event that any Series of Notes or a portion thereof is secured by a Credit Instrument, the Authorized Officer is hereby authorized and directed to provide the applicable Credit Provider with any and all information relating to the District as such Credit Provider may reasonably request.

Section 20. Proceedings Constitute Contract. The provisions of each Series of Notes and of this Resolution shall constitute a contract between the District and the registered owner of such Series of Notes, the registered owners of the Series of Certificates or Bonds to which such

Series of Notes is assigned, and the corresponding Credit Provider(s), if any, and such provisions shall be enforceable by mandamus or any other appropriate suit, action or proceeding at law or in equity in any court of competent jurisdiction, and shall be irrevocable.

Section 21. Limited Liability. Notwithstanding anything to the contrary contained herein or in any Series of Notes or in any other document mentioned herein or related to any Series of Notes or to any Series of Certificates or Series of Pool Bonds to which such Series of Notes may be assigned, the District shall not have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby except to the extent payable from moneys available therefor as set forth in Section 8 hereof, and the County is not liable for payment of any Note or any other obligation of the District hereunder.

Section 22. Severability. In the event any provision of this Resolution shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 23. Submittal of Resolution to County. The Secretary or Clerk of the Board of the District is hereby directed to submit one certified copy each of this Resolution to the Clerk of the Board of Supervisors of the County, to the Treasurer of the County and to the County Superintendent of Schools.

EXHIBIT A
FORM OF NOTE

R-1

\$ _____

_____ DISTRICT/_____ BOARD OF EDUCATION
COUNTY OF _____, CALIFORNIA
2011-2012 [SUBORDINATE]* TAX AND REVENUE ANTICIPATION NOTE, SERIES __

Date of
Original Issue

REGISTERED OWNER: U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

SERIES PRINCIPAL AMOUNT: _____ DOLLARS

Interest Rate		Maturity Date		
___%		_____, 2012		
First Repayment Period	Second Repayment Period	Third Repayment Period	Fourth Repayment Period	Fifth Repayment Period
___% of the total of [principal] [interest] [principal and interest] due at maturity	___% of the total of [principal] [interest] [principal and interest] due at maturity	___% of the total of [principal] [interest] [principal and interest] due at maturity	___% of the total of [principal] [interest] [principal and interest] due at maturity	100% of the total of principal and interest due at maturity**

FOR VALUE RECEIVED, the District/Board of Education designated above (the “District”), located in the County designated above (the “County”), acknowledges itself indebted to and promises to pay on the maturity date specified above to the registered owner identified above, or registered assigns, the principal amount specified above, together with interest thereon from the date hereof until the principal amount shall have been paid, payable [on _____ 1, 2012 and] on the maturity date specified above in lawful money of the United States of America, at the rate of interest specified above (the “Note Rate”). Principal of and interest on this Note are payable in such coin or currency of the United States as at the time of payment is legal tender for payment of private and public debts, such principal and interest to be paid upon surrender hereof at the principal corporate trust office of U.S. Bank National Association in Los Angeles, California, or its successor in trust (the “Trustee”). Interest shall be calculated on the basis of a 360-day year, consisting of twelve 30-day months, in like lawful money from the date hereof until the maturity date specified above and, if funds are not provided for payment at the maturity, thereafter on the basis of a 360-day year for actual days elapsed until payment in full of said principal sum. Both the principal of and interest on this Note shall be payable only to the registered owner hereof upon surrender of this Note as the same shall fall due; provided, however, no interest shall be payable for any period after maturity during which the holder hereof fails to properly present this Note for payment. If the District fails to pay interest on this Note on any interest payment date or to pay the principal of or interest on this Note on the

* To bear this designation if this Note is a Series of Subordinate Notes.

** Length and number of Repayment Periods and percentages and amount of principal of Note shall be determined in Pricing Confirmation (as defined in the Resolution).

maturity date or the [Credit Provider(s)] (as defined in the Resolution hereinafter described), if any, is not reimbursed in full for the amount drawn on or paid pursuant to the [Credit Instrument(s)] (as defined in the Resolution) to pay all or a portion of the principal of and interest on this Note on the date of such payment, this Note shall become a Defaulted Note (as defined and with the consequences set forth in the Resolution).

[It is hereby certified, recited and declared that this Note (the “Note”) represents an authorized issue of the Note in the aggregate principal amount authorized, executed and delivered pursuant to and by authority of a resolution of the governing board of the District duly passed and adopted heretofore, under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (the “Resolution”), to all of the provisions and limitations of which the owner of this Note, by acceptance hereof, assents and agrees. Pursuant to and as more particularly provided in the Resolution, additional notes may be issued by the District secured by a lien on a parity with the lien securing this Note.]*

[It is hereby certified, recited and declared that this Note (the “Note”) represents an authorized issue of the Note in the aggregate principal amount authorized, executed and delivered pursuant to and by authority of certain resolutions of the governing boards of the District and the County duly passed and adopted heretofore, under and by authority of Article 7.6 (commencing with Section 53850) of Chapter 4, Part 1, Division 2, Title 5 of the California Government Code (collectively, the “Resolution”), to all of the provisions and limitations of which the owner of this Note, by acceptance hereof, assents and agrees. Pursuant to and as more particularly provided in the Resolution, additional notes may be issued by the District secured by a lien on a parity with the lien securing this Note.]**

The term “Unrestricted Revenues” means the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2011-2012 which will be received by or will accrue to the District during such fiscal year for the general fund [and capital fund and/or special revenue fund] of the District and which are lawfully available for the payment of current expenses and other obligations of the District. As security for the payment of the principal of and interest on the Note, subject to the payment priority provisions contained in the Resolution, the District has pledged the first Unrestricted Revenues of the District received in the Repayment Periods set forth on the face hereof in an amount equal to the corresponding percentages of principal of, and [in the final Repayment Period,] interest due on, the Note at maturity set forth on the face hereof (such pledged amounts being hereinafter called the “Pledged Revenues”). As provided in Section 53856 of the California Government Code, subject to the payment priority provisions contained in the Resolution, the Note and the interest thereon shall be a first lien and charge against, and shall be payable from the first moneys received by the District from, the Pledged Revenues. As provided in Section 53857 of the California Government Code, notwithstanding the provisions of Section 53856 of the California Government Code and the foregoing, the Note shall be a general obligation of the District and, in the event that on [the tenth business day of each such Repayment Period], the District has not received sufficient Unrestricted Revenues to permit the deposit into the payment account established for the Note of the full amount of Pledged

* This paragraph is applicable only if the Note is issued by the District.

** This paragraph is applicable only if the Note is issued by the County.

Revenues to be deposited therein from said Unrestricted Revenues in such Repayment Period as provided in the Resolution, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the payment of the principal of the Note and the interest thereon, as and when such other moneys are received or are otherwise legally available, as set forth in the Resolution and subject to the payment priority provisions contained therein. The full faith and credit of the District is not pledged to the payment of the principal of or interest on this Note. The County is not liable for payment of this Note.

This Note is transferable, as provided by the Resolution, only upon the books of the District kept at the office of the Trustee, by the registered owner hereof in person or by its duly authorized attorney, upon surrender of this Note for transfer at the office of the Trustee, duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Trustee duly executed by the registered owner hereof or its duly authorized attorney, and upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer, a fully registered Note will be issued to the designated transferee or transferees.

The [County, the]* District and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes, and [the County,]* the District and the Trustee shall not be affected by any notice to the contrary.

This Note shall not be valid or become obligatory for any purpose until the Certificate of Authentication and Registration hereon shall have been signed by the Trustee.

It is hereby certified that all of the conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Note 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 and that the amount of this Note, together with all other indebtedness of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

[IN WITNESS WHEREOF, the Board of Supervisors of the County has caused this Note to be executed by the manual or facsimile signature of a duly authorized officer of the County and countersigned by the manual or facsimile signature of its duly authorized officer and caused its official seal to be affixed hereto either manually or by facsimile impression hereon as of the date of authentication set forth below.]*

* Applicable only if the Note is issued by the County.

[IN WITNESS WHEREOF, the governing board of the District has caused this Note to be executed by the manual or facsimile signature of a duly authorized officer of the District and countersigned by the manual or facsimile signature of its duly authorized officer as of the date of authentication set forth below.]**

[COUNTY OF _____]*
[DISTRICT/_____
BOARD OF EDUCATION]**

By _____
Title:

[(SEAL)]

Countersigned

By _____
Title:

** This paragraph is applicable only if the Note is issued by the District.

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Note is the Note mentioned in the within-mentioned Resolution authenticated on the following date:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

BY _____
AUTHORIZED OFFICER

ASSIGNMENT

For Value Received, the undersigned, _____, hereby sells, assigns and transfers unto _____ (Tax Identification or Social Security No. _____) the within Note and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Note on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within Note in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

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

FONTANA UNIFIED SCHOOL DISTRICT
Fontana, California

Business Services

ITEM TITLE: Adopt Resolution

BOARD OF EDUCATION MEETING: 05/10/11
Discussion/Action Session

BACKGROUND:

The Board of Education has previously established a trust to be used for the purposes of: (i) investment and disbursement of funds irrevocably designated by the District for the payment of its obligations to eligible employees (and former employees) of the District and their eligible dependents and beneficiaries for life, sick, hospitalization, major medical, accident, disability, dental and other similar benefits (sometimes referred to as "Other Post-Employment Benefits," or "OPEB"), in compliance with Governmental Accounting Statement Nos. 43 and 45; and (ii) investment and disbursement of excess funds held by the District for future use in connection with any lawful purpose of the District.

By passing this resolution, the District will designate personnel through the title of the positions that constitute the Retirement Board of Authority.

FISCAL IMPLICATION:

None

RECOMMENDATION:

The Superintendent recommends that the Board of Education adopt Resolution No. 11-71 to designate personnel through the title of the positions that constitute the Retirement Board of Authority.

SKillian

Attachment

**FONTANA UNIFIED SCHOOL DISTRICT
RESOLUTION No. 11-71**

FUTURIS PUBLIC ENTITY INVESTMENT TRUST

**CERTIFIED RESOLUTION
OF THE BOARD OF EDUCATION**

WHEREAS, the Fontana Unified School District ("The District") currently provides certain of its eligible retirees with benefits categorized as "Other Post-Employment Benefits" ("**OPEB**") under the California School Accounting Manual and applicable standards;

WHEREAS, under applicable regulation, OPEB funds must be accounted for in a specific manner; and

WHEREAS, the Board has previously established a trust to be used for the purposes of: (i) investment and disbursement of funds irrevocably designated by the District for the payment of its obligations to eligible employees (and former employees) of the District and their eligible dependents and beneficiaries for life, sick, hospitalization, major medical, accident, disability, dental and other similar benefits (sometimes referred to as "Other Post-Employment Benefits," or "**OPEB**"), in compliance with Governmental Accounting Statement Nos. 43 and 45; and (ii) investment and disbursement of excess funds held by District for future use in connection with any lawful purpose of District, as further described herein;

WHEREAS, the Board established a Retirement Board of Authority for the Trust (the "**Retirement Board of Authority**"), which shall be appointed, terminated or replaced by the District at any time to serve at the pleasure of the Board, to have the authority to engage other necessary providers of services in connection with the Program, including the adoption of the Trust, the appointment of a fiduciary trustee and custodian, as well as to make any and all other decisions in the name of and on behalf of the District with regard to the Trust and other applicable agreements;

WHEREAS, the Retirement Board of Authority is comprised of the following positions:

President of Board of Education, Associate Superintendent of Business Services, Director of Fiscal Services, President of Fontana Teachers Association, President of United Steelworkers, President of Police Officers Association, President of Fontana Management Association

NOW THEREFORE, BE IT RESOLVED:

that the following positions will constitute the Retirement Board of Authority.

Title: President, Board of Education

Title: Associate Superintendent, Business Services (Chairman)

Title: Director, Fiscal Services

Title: President, Fontana Teacher's Association

Title: President, United Steel Workers

Title: President, Police Officers Association

Title: President, Fontana Management Association

I DO HEREBY CERTIFY that I am the Secretary of the Board, and that the foregoing is a true and correct copy of Resolution No. 11-71 of the Board of Education of the District, duly adopted and approved at a meeting which was duly called and held in accordance with all applicable provisions of law and of the District, on May, 10, 2011

I FURTHER CERTIFY that the above resolutions are presently in full force and effect and have not been amended or revoked.

IN WITNESS WHEREOF, this certificate has been executed on May 10, 2011.

PASSED AND ADOPTED by the Board of Education on May 10, 2011.

Secretary
Cali Olsen-Binks

FONTANA UNIFIED SCHOOL DISTRICT
Fontana, California

Human Resources

ITEM TITLE: Adopt Proposed Decision

BOARD OF EDUCATION MEETING: 05/10/11
Discussion/Action Session

BACKGROUND:

On March 2 and March 8, 2011, the Governing Board of the Fontana Unified School District adopted Resolution Nos. 11-13, 11-13(a), 11-36, 11-37, 11-38, 11-39 and 11-41, authorizing certificated employees who received a layoff notice to request a hearing. The Office of Administrative Hearings conducted their hearing in Fontana Unified School District on May 3, 2011.

FISCAL IMPLICATION:

TBD

RECOMMENDATION:

The Superintendent recommends that the Board of Education, as stated in Resolution No. 11-72, adopt the Proposed Decision of the Administrative Law Judge dated May 5, 2011, regarding the reduction in services of certificated employees, and direct the Superintendent, or Superintendent's designee to serve a Final Layoff Notice on the 121 certificated employees whose names were listed in Attachment D; all of whom received a preliminary Layoff Notice in March 2011.

WW/sv

Attachments

BEFORE THE GOVERNING BOARD OF THE
FONTANA UNIFIED SCHOOL DISTRICT

SAN BERNARDINO COUNTY, STATE OF CALIFORNIA

Resolution and Decision Not to)
Reemploy Certificated Employees)
_____)

RESOLUTION NO. 11-72

WHEREAS, the Governing Board of the Fontana Unified School District adopted Resolutions on March 2 and March 8, 2011, authorizing and directing the Superintendent, or Superintendent's designee, to initiate and pursue procedures necessary to not reemploy the equivalent of 128.9 full-time certificated employees of this District pursuant to Education Code sections 44949 and 44955 because of a reduction and discontinuance of particular kinds of services; and

WHEREAS, the certificated employees listed on Attachment "A" did request a hearing in a timely manner; and

WHEREAS, the March 15 initial layoff notices of the certificated employees listed on Attachment "B" have been rescinded;

WHEREAS, a layoff hearing was convened on May 3, 2011 by the Office of Administrative Hearings, State of California, for those certificated employees requesting a hearing; and

WHEREAS, a Proposed Decision has been submitted by Administrative Law Judge Alan S. Meth, Office of Administrative Hearings, in the matter of Accusations, a true and correct copy of which is marked Attachment "C", is attached hereto, and is by this reference made a part hereof; and

WHEREAS the Board has duly considered said Proposed Decision;

THE BOARD HEREBY FINDS that those matters found in said Proposed Decision do constitute sufficient cause for not reemploying the certificated employees listed on Attachment "D" and that not reemploying those employees does relate to the welfare of the schools of the Fontana Unified School District and the pupils thereof; and

THE BOARD FURTHER FINDS that said Decision, including Findings of Fact, Determination of Issues and Order, should be adopted as the decision of this Board;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED that the aforesaid Proposed Decision be, and it hereby is, adopted as the Decision of the Governing Board of the Fontana Unified School District and said Decision shall be effective immediately;

NOW, THEREFORE, BE IT RESOLVED AND ORDERED the certificated staff requirements of the Fontana Unified School District for the 2011-2012 school year, as well as the seniority and qualifications of each of the certificated employees of the District, it is necessary that the services of the certificated employees in Attachment "D" will not be required for the ensuing school year to the extent indicated in the March 2 and March 8, 2011 Resolutions and Notice to the employees;

BE IT FURTHER RESOLVED AND ORDERED that the District Superintendent of Fontana Unified School District, or Superintendent's designee, is authorized and directed to notify those certificated employees listed on Attachments "D", pursuant to Section 44949 and 44955 of the Education Code that their services will not be required by this District for the ensuing 2011-2012 school year. Said Notice shall be given by serving upon the certificated employees identified in Attachment "D" a true copy of this Resolution.

BE IT FURTHER RESOLVED AND ORDERED that the District Superintendent or Superintendent's designee, is authorized and directed to take any other actions necessary to effectuate the intent of this resolution and to finalize layoffs.

Duly and regularly adopted this 10th day of May, 2011, by the following vote:

AYES: _____
NOES: _____
ABSENT: _____

BarBara L. Chavez,
Board President
Governing Board
Fontana Unified School District
San Bernardino County, California

I, Cali L. Olsen-Binks, Secretary to the Governing Board of the Fontana Unified School District, do hereby certify that the foregoing Resolution was regularly introduced, passed, and adopted by the Governing Board at its Board of Education meeting held on May 10, 2011.

Cali L. Olsen-Binks,
Secretary to the Governing Board
Fontana Unified School District
San Bernardino County, California

Employees Who Requested a Hearing

	LAST NAME	FIRST NAME
1	AGUILAR	CRIS
2	ARROYO	DEBORAH
3	BAHLING	JESSICA
4	BAKSHI	REKHA
5	BRADSHAW	JESSICA
6	BRISTEL	RENEE
7	BRONGERSMA	ALBERT
8	BRUST	REGINA
9	BUNTEN	MICHAEL
10	BUOYE	DIANA
11	BURCIAGA	MARIA
12	CALLANTA	ANNA
13	CAMACHO	WENDY
14	CAMPBELL	KATHRYN
15	CARDOSI	WILLIAM
16	CHERNISS	REBEKAH
17	CIFELLI	JESSICA
18	CIPRIAN	ERENDIRA
19	CLARIDGE-WEBER	CYNTHIA
20	CRANE	JONATHAN
21	CRANE	RICHARD
22	CRISWELL-FISHER	KEYA
23	DE LA ROSA	EMMANUEL
24	DEGRAFFENREID	STEPHANIE
25	DEL CASTILLO-GARCIA	ANEL
26	DELA-PAUL	NINA
27	DERNE	JANICE
28	DICAMILLO	KIMBERLY
29	DRAGNA	DESIREE
30	DUFFIELD	ALLISON
31	EACRET	MEGAN
32	ECHAVARRIA	JOANN
33	EVANS	LYNN
34	EWERS	TRAVIS
35	FULLER	KRISTEN
36	GALDAMEZ	LILIANA
37	GALLARDO	RICHARD
38	GAXIOLA	REUBEN
39	GAY	AMBER
40	GEETER	LEDINA

Employees Who Requested a Hearing

	LAST NAME	FIRST NAME
41	GEPFORD	TIMOTHY
42	GONZALES	CHERYL
43	GONZALES	JESSICA
44	GOTTE	MARY
45	GROENHEIM	RUSSELL
46	HARRIGER	SUZANNE
47	HASENAUER-LOPEZ	REBECCA
48	HERRERA	GABRIEL
49	HICKE	HOLLY
50	HOMME	DOUGLAS
51	HORNADAY	DEBRA
52	HUTCHINGS	JENNY
53	IBARRA	MARCO
54	JOHNSON	MATTHEW
55	KAVIANIAN	REZA
56	KEELING	AMY
57	KIGGINS	MELIA
58	KING	LATEEFAH
59	KNOTT	JAMES
60	KOEHLERBROOKS	JANET
61	KOOLIS	STACIE
62	LASSONDE	KRISTIN
63	LEACH	CHRISTOPHER
64	LOPEZ	NICK
65	LUSZECK	REID
66	MAKKAWI	JIHAD
67	MARROQUIN	ERICK
68	MARTIN	DESIREE
69	MC CONNELL	BEVERLY
70	MONTIEL	SAMMY
71	MOORE	KENT
72	MORIN	ELIZABETH
73	MOYER	KIMBERLY
74	MURILLO	ALBERT
75	NAVA	ROBERT
76	NEGOSE	LAVERN
77	PACHOT	TABATHA
78	PARKER	ANNETTE
79	PASCUAL	EDWARD
80	PEREZ ZAMORA	NADINE

Employees Who Requested a Hearing

	LAST NAME	FIRST NAME
81	PILGRIM	JOANNE
82	QUICK	MARK
83	RANNIS	DINO
84	RASMUSSEN	DIANA
85	RENTERIA	SANDRA
86	RICKS	SHAUNA
87	RILEY	LORI
88	ROJAS	MELISSA
89	ROOKWOODBROOKS	JACQUELINE
90	SAHL	ERIC
91	SALAZAR	CELENA
92	SALAZAR	ROSALIE
93	SAMSON	HEATHER
94	SANCHEZ RAYGOZA	EDGAR
95	SANFORD	LAPRICE
96	SARREAL	RACHEL
97	SCHUSTER	JILL
98	SIMNJANOVSKI	RISTE
99	SIMPSON	SAMANTHA
100	ST ANDRE	VIRGINIA
101	SULLENGER	AMANDA
102	TOPOR	EMILY
103	TUTTLE	MICHELE
104	VALDEZ-FLYNN	VERONICA
105	VALENCIA	EDUARDO
106	VEDO	MICHAEL
107	WHITCOMB	KRISTI
108	YUMORI	NICOLE

Employees Who Received a
Rescission of Layoff Notice

	LAST NAME	FIRST NAME
1	MOYER	KIMBERLY
2	ROOKWOODBROOKS	JACQUELINE

BEFORE THE
GOVERNING BOARD
FONTANA UNIFIED SCHOOL DISTRICT
STATE OF CALIFORNIA

RECEIVED
MAY 06 2011
FUSD HUMAN RESOURCES

In the Matter of the Accusation Against:

CERTIFICATED EMPLOYEES OF THE
FONTANA UNIFIED SCHOOL DISTRICT
LISTED ON EXHIBIT A,

OAH No. 2011031169

Respondents.

PROPOSED DECISION

On May 3, 2011, in Fontana, California, Alan S. Meth, Administrative Law Judge, Office of Administrative Hearings, State of California, heard this matter.

Melanie A. Petersen and Kelly Anne Owens, Attorneys at Law, represented the Fontana Unified School District.

Marianne Reinhold, Attorney at Law, represented the respondents set forth on Exhibit A attached hereto.

At hearing, the District withdrew the layoff notices against Kimberly Moyer and Jacqueline Rookwood Brooks.

The matter was submitted on May 3, 2011.

FACTUAL FINDINGS

1. On April 6, 2011, William W. Wu, J.D., Assistant Superintendent Human Resources, of the Fontana Unified School District (hereafter, "the District"), made and filed the accusations against respondents in his official capacity.
2. Respondents are certificated employees of the District.
3. Before March 15, 2011, pursuant to Education Code sections 44949 and 44955, Mr. Wu notified the Governing Board (hereafter, "the Board") of the District of his

recommendation that respondents be notified their services will not be required for the ensuing school year. Mr. Wu's notification to the Board set forth the reasons for the recommendation.

4. On or before March 15, 2011, each respondent was given written notice that Mr. Wu had recommended that notice be given to respondents, pursuant to Education Code sections 44949 and 44955, that their services will not be required for the ensuing year. Each written notice set forth the reasons for the recommendation. The notices satisfied the requirements of sections 44949 and 44955. *San Jose Teachers Association, Inc. v. Allen* (1983) 144 Cal.App.3d 627, 632; *Campbell Elementary Teachers Association v. Abbott* (1978) 76 Cal.App.3d 796, 803-04, distinguishing *Karbach v. Board of Education* (1974) 39 Cal.App.3d 355, 360-63.

5. Each respondent timely requested in writing a hearing to determine if there is cause for not reemploying them for the ensuing school year. Accusations were timely served on respondents, and each respondent filed a timely Notice of Defense. All pre-hearing jurisdictional requirements have been met.

6. The Board took action in a series of resolution to discontinue the following services for the 2011-12 school year:

In Resolution No. 11-13:

<u>Services</u>	<u>Number of Full-Time Equivalent Positions</u>
1. Elementary Counselor	.50 FTE
2. Elementary Instructional Support Teacher	3.40 FTE
3. Middle School Counselor	.50 FTE
4. Middle School EL Intervention Teacher	1.00 FTE
5. Middle School Computers	1.00 FTE
6. Middle School English/Language Arts	3.00 FTE
7. Middle School Mathematics	5.00 FTE
8. Middle School Physical Education	1.00 FTE
9. Middle School Science	5.00 FTE
10. Middle School Social Science	4.00 FTE
11. High School Biology	2.00 FTE
12. High School Business	2.00 FTE
13. High School Chemistry	1.00 FTE
14. High School Computer Science	2.00 FTE
15. High School Earth Science	1.00 FTE
16. High School English	5.00 FTE
17. High School Foreign Language: Spanish	1.00 FTE
18. High School Mathematics	2.00 FTE

19.	High School Physical Education	1.00 FTE
20.	High School TEAM Academy: Education	1.00 FTE
21.	High School Smaller Learning Community Coordinator	1.00 FTE
22.	Continuation High School Mathematics	1.00 FTE
23.	Head Start Teacher	2.00 FTE
24.	Infant/Toddler Teacher	2.00 FTE
25.	Early Education Program Specialist	2.00 FTE

Total Full-Time Equivalent Reductions **50.40 FTE**

Also in Resolution No 11-13:

20.	High School TEAM Academy: Education	1.00 FTE
-----	-------------------------------------	----------

Total Full-Time Equivalent Reductions **1.00 FTE**

In Resolution No. 11-36:

1.	Adult Education Coordinator	1.0 FTE
2.	Adult Education Counselor	1.0 FTE
3.	Adult Education Special Education/SH Teacher	1.0 FTE

Total Full-Time Equivalent Reductions **3.0 FTE**

In Resolution No. 11-37:

1.	Teacher-Librarian	2.0 FTE
----	-------------------	---------

Total Full-Time Equivalent Reductions **2.0 FTE**

In Resolution No 11-38:

1.	Alternative Education Coordinator	1.0 FTE
2.	Independent Study Teacher	2.0 FTE

Total Full-Time Equivalent Reductions **3.0 FTE**

In Resolution No. 11-39:

1.	Alternative Education Coordinator	1.0 FTE
2.	Alternative Learning Center Teacher	2.0 FTE

Total Full-Time Equivalent Reductions **3.0 FTE**

In Resolution No. 11-41:

1. Elementary School Counselor	6.0 FTE
2. Middle School Counselor	20.0 FTE
3. High School Counselor	38.0 FTE
4. Continuation High School Counselor	4.0 FTE
5. Child Welfare & Attendance Counselor	.5 FTE
Total Full-Time Equivalent Reductions	68.5 FTE

There were several duplications in the above resolutions. After taking them into account, the total number of full-time equivalent reductions called for by the Board's resolutions is 128.9.

The services set forth above are particular kinds of services which may be reduced or discontinued within the meaning of Education Code section 44955. *California Teachers Association v. Board of Trustees of the Goleta Union School District* (1982) 132 Cal.App.3d 32, 34-37 and cases cited therein. See also *San Jose Teachers Association v. Allen, supra* at 635-38, in which the court specifically rejected the reasoning of *Burgess v. Board of Education* (1974) 41 Cal.App.3d 571; *Zalac v. Governing Board* (2002) 98 Cal.App.4th 838, 853-54.

Furthermore, these services may be reduced because of budgetary difficulties. *Zalac v. Governing Board, supra*, and cases cited therein. The decision to reduce or discontinue the services is neither arbitrary nor capricious but rather a proper exercise of the District's discretion.

7. No certificated employee junior to any respondent is retained to perform services which any respondent is certificated and competent to render.

8. The reduction or discontinuation of services is related to the welfare of the District and its pupils, and it has become necessary to decrease the number of certificated employees of the District as determined by the Board.

9. The Board considered all known attrition, resignations, retirements and requests for transfer in determining the actual number of necessary layoff notices to be delivered to its employees.

10. The Board established a tie-breaker rating system for determining the relative seniority of certificated employees who first rendered paid service on the same date. The Board provided the order of termination shall be based on the needs of the District and its students. The system provided:

“A. Total Number of Credentials, Subject Matter Authorizations and Supplemental Authorizations

B. Credential Status (Clear, Preliminary, Intern, Permit)

C. Total Number of Years of Teaching Experience in the Fontana Unified School District

D. Total Number of Verified Years of Teaching Experience post Bachelor's Degree

TIE-BREAKING PROCEDURE

In the event that common day hires have equal qualifications based on application of the above criteria, the District will then break ties by utilizing a lottery.”

11. The District created a Seniority List which contains employees' seniority dates (first date of paid service), status, location, position description, EL authorization, credential term, credential title, subject, supplemental authorizations and credentials, and notes. The District determined whether senior employees held credentials in another area and were entitled to “bump” other employees.

12. The District intends to eliminate the entire counselor program, and allowed senior counselors with teaching credentials to bump into teaching positions if the counselor had an authorization of some form to each English Learners (EL). In the District's view, allowing a teacher to teach in the classroom, without an appropriate EL authorization, given the large number of Hispanic students and EL students, would constitute a misassignment and a violation of Federal law, and subject the District to sanctions.

13. Eduardo Valencia (seniority date of 3/21/2003) is a counselor and works at two elementary schools. He has a clear PPS credential. He testified at the hearing that he can perform the functions of an ASB director because in the last five years, he has been in charge of ASB functions at the elementary school level. Those activities include attending pep rallies, assisting teachers, supervising career days, field trips and so forth. In addition, he has helped ASB keep track of the funds it raises from banquets and sales, and in the past, when he has worked at a high school in another school district, worked at the student store as well as coaching sports and assisting various clubs. He testified that he teaches leadership skills and he meets with students during lunch or after school.

Mr. Valencia pointed to the job Gary Gonzalez (seniority date of 8/18/10) held and testified he could perform that job. Mr. Gonzalez holds a single subject teaching credential in social science with a Crosscultural, Language, and Academic Development (CLAD), a supplemental in math, and an administrative services credential. He teaches at Fontana High School and his assignment is ASB. He is the full time ASB director and is responsible for funds that have been raised and the student store and all ASB activities at the school. He also teaches leadership.

Joan Fields has worked in human resources for the District for 13 years, has been involved in this and other layoffs, and is familiar with classroom assignments and the requirements of the California Commission on Teacher Credentialing (CTC). She pointed to the Administrator's Assignment Manual, C-11, revised in 2007, published by the CTC. The manual provides that where there is an elective class and no credential exists that authorizes the curriculum, then the District is required to select "the credentialed teacher whose knowledge and training best fulfills the needs of the students...Title 5 §80005(b) allows an employing agency to select an individual that holds a credential based on a bachelor's degree and a teacher preparation program including student teaching and approved subject area knowledge and training."

Ms. Fields testified that the District determined that the position of ASB director at the high school level required a teacher to be able to teacher leadership, and therefore required a teaching credential. Mr. Gonzalez works as the ASB director under his teaching credential. Mr. Valencia does not hold a teaching credential but rather a PPS credential. Ms. Fields testified he serves as a counselor at the elementary school and his work relating to ASB takes place outside the regular school day and is on a smaller scale than the position at the high school which is a full-time teaching position.

Based upon the administrative manual and Ms. Fields' testimony, the District established that it had the authority to determine that the position of ASB director at the high school level required a teaching credential, and that determination was not an arbitrary one but rather a reasonable one. Accordingly, the District established the Mr. Valencia was not competent to serve in that position, and he has no right to bump Mr. Gonzalez.

14. Cheryl Gonzales (seniority date of 3/21/2003) is a counselor at Fontana High School and holds a PPS Credential in school counseling. She also holds a PPS credential in school psychology and has two masters degrees, including one in educational psychology. Ms. Gonzales testified at the hearing that she worked as an intern in school psychology for the District for three months during the 2003-04 school year, and while in that position, tested students, wrote report, attended IEP meetings, presented information, and worked under the supervision of the school psychologist. She believes she can perform the duties of a school psychologist.

Richard Crane (seniority date 3/9/1987) is a counselor at AB Miller High School and holds a Basic PPS credential and a school psychology credential. He has a masters and Ph. D. He testified at the hearing that he interacts with the school psychologist daily and believes he could perform the functions of a school psychologist based on his training. He does not believe that the position of school psychologist is "management" because it is not part of a management team and there are no supervisory responsibilities such as evaluating teachers or staff.

Maria Burciaga (seniority date 2/20/2007) is a counselor at Citrus Continuation High School and holds PPS credentials in school counseling and school psychology. She has a masters degree in psychology. She performed her school psychology internship during the

summer of 2009 when she worked for the District evaluating and interviewing students, writing reports and evaluations, reviewing records including medical records, attending IEP meetings, working with the school psychologist, and so forth.

There are more than three school psychologists with the District who are less senior than Ms. Gonzales, Mr. Crane, and Ms. Burciaga. The less senior school psychologists have PPS credentials in school psychology and no other credentials.

The District did not contend that these counselors did not have the credentials necessary to serve as school psychologists.

15. The District considers the position of school psychologist a “management position.” In its July 19, 2010 “Job Vacancy” posting, the District described the position. It required a PPS credential authorizing school psychology and a masters degree. In its description of the position, the District indicated: “Utilize specialized training and diagnostic skills to provide psycho educational evaluations, consultations to staff and parents, and counseling support.” The posting contains a list of essential functions and additional qualifications. In none of the listed essential functions or qualifications is there a requirement that a candidate for the position have what would typically be considered managerial or administrative training or experience.

In the District’s view, school psychologists have been treated as management employees for many years and they are recruited and hired as management. As such, the District believes that others do not have the right to bump into this position.

16. Mark Quick (seniority date of 7/31/1989) has a PPS credential and a multiple subject teaching credential. He currently serves as a counselor, but worked as a teacher in the District for seven years, from 1989 to 1996. He does not have a CLAD but is working on it and expects to complete his coursework and take the examination in June. He began taking classes a week after the Board meeting in early March and informed his principal that he had begun taking classes.

Mr. Quick testified at the hearing that he was concerned about the elimination of all the counseling position and believed it would be illegal. He felt that the Board’s action would violate the No Child Left Behind Act of 2001 (Public Law 107-110) as well as other state and federal laws, and laws requiring the counselors perform certain services.

Mr. Wu testified at the hearing that there was no law that required a school district to employ counselors and that No Child Left Behind required that services be provided, but not necessarily by counselors. He testified the District expects to provide the requisite services in other ways, although the Board had not yet determined how.

17. Diana Rasmussen (seniority date of 8/30/89) is a counselor at Kaiser High School. In addition to a Basic PPS, she has a standard secondary teaching credential in history and English and taught English from 1989 to 1995. She testified at the hearing that

she has completed 42 hours of continuing education in preparation for taking the examination that, if she passed, would give her a CLAD authorization. The test is scheduled for June. She also testified that she met with Mr. Wu shortly before she received her layoff notice and asked him for an emergency waiver so she could return to the teaching pool. She testified he told her that was not possible.

In June 2010, the District obtained an emergency CLAD for Julie Emma Watanabe. Ms. Watanabe obtained a clear CLAD in September 2010 and is teaching this school year under the clear authorization. According to Mr. Wu, the District has the discretion whether to apply for an emergency CLAD and it has decided it will not apply for them for counselors with teaching credentials.

Ms. Fields explained that Ms. Watanabe had been teaching high school English with an ESL supplement but without a CLAD and she believed that was appropriate, but she was informed by the County Department of Education that it was a misassignment. As a result of that information, the District obtained the emergency CLAD

18. Rekha Bakshi (seniority date of April 27, 1998) is an elementary school counselor and also holds a multiple subject credential and a special education credential. She taught three years in special education starting in 1998 and then became a counselor. She completed her CLAD coursework on March 17 and received a CLAD authorization on March 24, 2011.

19. Amy Keeling (seniority date of 8/7/2008) has a single subject credential in English and teaches English at Kaiser High School. She received a layoff notice. There are two other teachers with the same seniority date who have similar credentials who were not laid off. The tie among them was broken on the basis of the tiebreaker criterion that ranks a clear credential higher than a preliminary credential. The District's records indicated that Ms. Keeling had a preliminary credential at the time the layoffs were made.

Ms. Keeling testified at the hearing that she completed the coursework necessary to obtain a clear credential in May 2010 and that upon completion of the program, the Beginning Teacher Support and Assistance (BTSA) office was supposed to submit a certain form to the human resources department showing completion of the program which in turn would submit the form to the state so that she could obtain her clear credential. Ms. Keeling testified that she did not know that the paperwork had not been properly submitted until after she received the layoff notice. In early April 2011, she went to the BTSA coordinator, showed her the information, the information was submitted to human resources, and on April 16, 2011, she obtained a clear credential. She indicated the process took 12 days.

Ms. Keeling received a draft of the seniority list in January 2011 and was asked, along with all other certificated employees of the District, to submit any information that might change the information contained on the list. Ms. Keeling did not submit any additional information. The draft seniority list indicates a seniority date of August 7, 2008

and under the heading "Cred Term" there is an entry of "P5" which indicates a five-year preliminary credential.

20. Lynn Evans (seniority date of 8/23/2010) teaches pre-school part-time. She has a multiple subject teaching credential. She also works as a substitute teacher for the District. By letter dated April 26, 2011, the District informed her that she had a reasonable assurance of returning to work in the 2011-12 school year in her usual capacity.

21. Sammy Montiel (seniority date of July 26, 2004) has a single subject teaching credential in biological science. He is a member of the California National Guard and has been serving on active duty intermittently since he was hired. According to the District's records, he is considered a probationary employee and the District proposes to lay him off. Ms. Fields compiled a list of all the days Mr. Montiel worked as a teacher for the District and the periods of time he was on military leave of absence. The records show that he worked 21 days during the 2004-05 school year, 91 days during the 2005-06 school year, 79 days during the 2006-07 school year, 169 in paid status during the 2008-09 school year, and 41 days during the 2010-11 school year.

LEGAL CONCLUSIONS

1. Jurisdiction in this matter relating to the elimination of 84.2 full-time equivalent positions exists under Education Code sections 44949 and 44955. All notices and jurisdictional requirements contained in those sections were satisfied.

2. Education Code section 44955 provides in relevant part:

“(b) [W]hen a particular kind of service is to be reduced or discontinued not later than the beginning of the following school year . . . and when in the opinion of the governing board of the district it shall have become necessary . . . to decrease the number of permanent employees in the district, the governing board may terminate the services of not more than a corresponding percentage of the certificated employees of the district, permanent as well as probationary, at the close of the school year. Except as otherwise provided by statute, the services of no permanent employee may be terminated under the provisions of this section while any probationary employee, or any other employee with less seniority, is retained to render a service which said permanent employee is certificated and competent to render. . . . As between employees who first rendered paid service to the district on the same date, the governing board shall determine the order of termination solely on the basis of needs of the district and the students thereof. Upon the request of any employee whose order of termination is so determined, the governing board shall furnish in writing no later than five days prior to the commencement of the hearing held in accordance with Section 44949, a statement of the specific criteria used in determining the order of termination and the application of the criteria in ranking each

employee relative to the other employees in the group. This requirement that the governing board provide, on request, a written statement of reasons for determining the order of termination shall not be interpreted to give affected employees any legal right or interest that would not exist without such a requirement.

(c) . . .

The governing board shall make assignments and reassignments in such a manner that the employees shall be retained to render any service which their seniority and qualifications entitle them to render. . .

. . .

(d) Notwithstanding subdivision (b), a school district may deviate from terminating a certificated employee in order of seniority for either of the following reasons:

(1) The district demonstrates a specific need for personnel to teach a specific course or course of study, or to provide services authorized by a services credential with a specialization in either pupil personnel services or health for a school nurse, and that the certificated employee has special training and experience necessary to teach that course or course of study or to provide those services, which others with more seniority do not possess.

(2) For purposes of maintaining or achieving compliance with constitutional requirements related to equal protection of the laws.”

To put it more succinctly, a senior teacher whose position is discontinued has the right to transfer to a continuing position which he or she is certificated and competent to fill. In doing so, the senior employee may displace or “bump” a junior employee who is filling that position. See *Lacy v. Richmond Unified School District* (1975) 13 Cal.3d 469. Junior teachers may be given retention priority over senior teachers if the junior teachers possess superior skills or capabilities which their more senior counterparts lack. See *Poppers v. Tamalpais Union High School District* (1986) 184 Cal.App.3d 399; see also *Santa Clara Federation of Teachers, Local 2393, v. Governing Board of Santa Clara Unified School District* (1981) 116 Cal.App.3d 831.

3. There are three counselors, Ms. Gonzales, Mr. Crane, and Ms. Burciaga, who are certificated and competent to fill the position of school psychologist for the District. Each has the same credential as junior school psychologists, and each satisfies the requirements for the job set forth by the District in its job vacancy posting. The District does not dispute that they hold the necessary credential to perform the job. Factual Findings 14 and 15.

The District argues that the seniority rules of section 44955, subdivision (b) should not apply because school psychologists are considered management employees and have been so considered for many years. As such, the District argues, others do not have the right to bump into this administrative position.

It is well established that a school district has broad discretion in defining positions and establishing requirements for employment, and this includes determining the training and experience necessary for particular positions. *Hidlebrand v. St. Helena Unified School District* (2009) 172 Cal. App. 4th 334, 343 and cases cited therein. But this discretion afforded to school districts is limited by the terms of section 44955, subdivision (b), which provides that “Except as otherwise provided by statute, the services of no permanent employee may be terminated under the provisions of this section while any probationary employee, or any other employee with less seniority, is retained to render a service which said permanent employee is certificated and competent to render...”

There is nothing in the District’s posted job description of school psychologist to suggest it is a position other than or more than a school psychologist. The credential required by the District is a PPS authorizing school psychology and the education required is a masters degree. There is no management component to this job, as shown on the posted vacancy, and the District offered no evidence to show that it was an administrative position or required administrative training or skills. On the contrary, Ms. Gonzales, Mr. Crane, and Ms. Burciaga all testified they knew the job and two of them had performed it as interns, they had contact with school psychologists, and knew of nothing in the job that made it a management or administrative position. It is not enough to put a label on a position and thereby shield it from the plain language of section 44955, subdivision (b). The District offered no authority to support its view that by calling the position of school psychologist a “management position,” the seniority provisions of section 44955, subdivision (b) did not apply. It is concluded that Ms. Gonzales, Mr. Crane, and Ms. Burciaga were certificated and competent to render the services of a school psychologist for the District and the District erroneously prevented them from bumping junior employees employed as school psychologists. Therefore, the layoffs of Ms. Gonzales, Mr. Crane, and Ms. Burciaga must be set aside and the accusations against them dismissed.

4. The District has chosen to eliminate all its counseling positions, and Mr. Wu testified that the District intends to provide the requisite services in ways other than through the use of employed counselors. Factual Finding 16. As noted in *Hidlebrand v. St. Helena Unified School District, supra*, “Similarly, school districts have the discretion to determine particular kinds of services that will be eliminated, “even though a service continues to be performed or provided in a different manner by the district.”

Mr. Wu’s testimony that there was no law which required a school district to employ counselors was more persuasive than the contrary testimony of Mr. Quick. Based upon Mr. Wu’s representation that the Board would provide the counseling services currently provided by its own employees, Mr. Quick’s argument is rejected.

5. It is well established that in considering a teacher's credentials and qualifications in a layoff proceeding, a District may ignore credentials acquired by an employee or registered by an employee after the March 15 deadline for issuing layoff notices. *Duax v. Kern Community College District* (1987) 196 Cal. App. 3rd 555, 567-68; *Campbell Elementary Teachers Assn. v. Abbott* (1978) 76 Cal. App. 3rd 796, 815.

Mr. Quick, Ms. Rasmussen, and Ms. Bakshi (Factual Findings 16, 17, and 18) seek to avoid the consequences of this rule for various reasons, but ultimately, their efforts must be rejected. The District was not required to obtain emergency CLADs for them, although it had the discretion to do so. The District was not required to hold open a teaching position for any counselor on the chance that some might obtain a CLAD. The District was not required to extend a helping hand to any of its counselors, even though some had worked for the District for more than 20 years. The layoffs of Mr. Quick, Ms. Rasmussen, and Ms. Bakshi must therefore be upheld.

Ms. Keeling (Factual Finding 19) is in a different position but the decision regarding her plight must be the same as the counselors. It appears that both she and the District are at fault for the negligent manner in which they handled her credential. Ms. Keeling cannot pass on the responsibility for the failure when she was notified by the District in the draft seniority list circulated in January that her credential was preliminary. If she had any questions, she could have asked at that time. The cases clearly place the burden on the teacher to ensure that the District is aware of all of his or her credentials and authorizations, and the failure to do so is placed on the teacher. Ms. Keeling's layoff must be upheld.

6. Mr. Montiel argues that the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), 38 U.S.C. sections 4313 et. seq., and the regulations implementing the Act, require the District to treat him as a permanent employee, not probationary, and if he were treated as a permanent employee, he would be senior to other employees with similar credentials who were not laid off. He argues that under USERRA, and in particular, sections 4313 and 4316, he should be treated as if he were not deployed, and if he were not deployed, he would have acquired tenure and would not be subject to layoff.

38 U.S.C. section 4313 provides in part:

“(a) Subject to subsection (b) (in the case of any employee) ... a person entitled to reemployment under section 4312, upon completion of a period of service in the uniformed services, shall be promptly reemployed in a position of employment in accordance with the following order of priority:

...

(2) Except as provided in paragraphs (3) and (4), in the case of a person whose period of service in the uniformed services was for more than 90 days--

(A) in the position of employment in which the person would have been employed if the continuous employment of such person with the employer had not been interrupted by such service, or a position of like seniority, status and pay, the duties of which the person is qualified to perform....”

38 U.S.C. section 4316 provides in part:

“(a) A person who is reemployed under this chapter is entitled to the seniority and other rights and benefits determined by seniority that the person had on the date of the commencement of service in the uniformed services plus the additional seniority and rights and benefits that such person would have attained if the person had remained continuously employed.

(b)(1) Subject to paragraphs (2) through (6), a person who is absent from a position of employment by reason of service in the uniformed services shall be--

(A) deemed to be on furlough or leave of absence while performing such service; and

(B) entitled to such other rights and benefits not determined by seniority as are generally provided by the employer of the person to employees having similar seniority, status, and pay who are on furlough or leave of absence under a contract, agreement, policy, practice, or plan in effect at the commencement of such service or established while such person performs such service.”

20 C.F.R. section 1002.210 provides:

“1002.210 What seniority rights does an employee have when reemployed following a period of uniformed service?”

The employee is entitled to the seniority and seniority-based rights and benefits that he or she had on the date the uniformed service began, plus any seniority and seniority-based rights and benefits that the employee would have attained if he or she had remained continuously employed. In determining entitlement to seniority and seniority-based rights and benefits, the period of absence from employment due to or necessitated by uniformed service is not considered a break in employment. The rights and benefits protected by USERRA upon reemployment include those provided by the employer and those required by statute. For example, under USERRA, a reemployed service member would be eligible for leave under the Family and Medical Leave Act of 1993, 29 U.S.C. 2601-2654 (FMLA), if the number of months and the number of hours of work for which the service member was employed by the civilian employer, together with the number of months and the number of hours of work for which the service member would have been employed by the civilian employer during the period of uniformed service, meet FMLA's eligibility requirements. In the event that a service member is denied FMLA leave for failing to

satisfy the FMLA's hours of work requirement due to absence from employment necessitated by uniformed service, the service member may have a cause of action under USERRA but not under the FMLA.”

20 C.F.R. section 1002.7 provides in part:

“§ 1002.7 How does USERRA relate to other laws, public and private contracts, and employer practices?”

(a) USERRA establishes a floor, not a ceiling, for the employment and reemployment rights and benefits of those it protects. In other words, an employer may provide greater rights and benefits than USERRA requires, but no employer can refuse to provide any right or benefit guaranteed by USERRA.

(b) USERRA supersedes any State law (including any local law or ordinance), contract, agreement, policy, plan, practice, or other matter that reduces, limits, or eliminates in any manner any right or benefit provided by USERRA, including the establishment of additional prerequisites to the exercise of any USERRA right or the receipt of any USERRA benefit. For example, an employment contract that determines seniority based only on actual days of work in the place of employment would be superseded by USERRA, which requires that seniority credit be given for periods of absence from work due to service in the uniformed services.”

The District points to the following relevant regulations contained in 20 C.F.R. in support of its position that Mr. Montiel should not be granted tenure:

“§ 1002.149 What is the employee's status with his or her civilian employer while performing service in the uniformed services?”

During a period of service in the uniformed services, the employee is deemed to be on furlough or leave of absence from the civilian employer. In this status, the employee is entitled to the non-seniority rights and benefits generally provided by the employer to other employees with similar seniority, status, and pay that are on furlough or leave of absence. Entitlement to these non-seniority rights and benefits is not dependent on how the employer characterizes the employee's status during a period of service. For example, if the employer characterizes the employee as “terminated” during the period of uniformed service, this characterization cannot be used to avoid USERRA's requirement that the employee be deemed on furlough or leave of absence, and therefore entitled to the non-seniority rights and benefits generally provided to employees on furlough or leave of absence.”

“§ 1002.150 Which non-seniority rights and benefits is the employee entitled to during a period of service?”

(a) The non-seniority rights and benefits to which an employee is entitled during a period of service are those that the employer provides to similarly situated employees by an employment contract, agreement, policy, practice, or plan in effect at the employee's workplace. These rights and benefits include those in effect at the beginning of the employee's employment and those established after employment began. They also include those rights and benefits that become effective during the employee's period of service and that are provided to similarly situated employees on furlough or leave of absence.

(b) If the non-seniority benefits to which employees on furlough or leave of absence are entitled vary according to the type of leave, the employee must be given the most favorable treatment accorded to any comparable form of leave when he or she performs service in the uniformed services. In order to determine whether any two types of leave are comparable, the duration of the leave may be the most significant factor to compare. For instance, a two-day funeral leave will not be "comparable" to an extended leave for service in the uniformed service. In addition to comparing the duration of the absences, other factors such as the purpose of the leave and the ability of the employee to choose when to take the leave should also be considered.

(c) As a general matter, accrual of vacation leave is considered to be a non-seniority benefit that must be provided by an employer to an employee on a military leave of absence only if the employer provides that benefit to similarly situated employees on comparable leaves of absence."

"§ 1002.151 If the employer provides full or partial pay to the employee while he or she is on military leave, is the employer required to also provide the non-seniority rights and benefits ordinarily granted to similarly situated employees on furlough or leave of absence?"

Yes. If the employer provides additional benefits such as full or partial pay when the employee performs service, the employer is not excused from providing other rights and benefits to which the employee is entitled under the Act."

In addition, the District points to Education Code section 44929.21 which provides in part:

"(b) Every employee of a school district of any type or class having an average daily attendance of 250 or more who, after having been employed by the district for two complete consecutive school years in a position or positions requiring certification qualifications, is reelected for the next succeeding school year to a position requiring certification qualifications shall, at the commencement of the succeeding school year be classified as and become a permanent employee of the district.

The governing board shall notify the employee, on or before March 15 of the employee's second complete consecutive school year of employment by the district in

a position or positions requiring certification qualifications, of the decision to reelect or not reelect the employee for the next succeeding school year to the position. In the event that the governing board does not give notice pursuant to this section on or before March 15, the employee shall be deemed reelected for the next succeeding school year.

This subdivision shall apply only to probationary employees whose probationary period commenced during the 1983-84 fiscal year or any fiscal year thereafter.”

Finally, Education Code section 44975 provides:

“No leave of absence when granted to a probationary employee shall be construed as a break in the continuity of service required for the classification of the employee as permanent. The time during which the leave of absence is taken shall not be considered as employment within the meaning of Sections 44882 to 44891, inclusive, Sections 44893 to 44900, inclusive, Sections 44901 to 44906, inclusive, and Sections 44908 to 44919, inclusive.”

USERRA is a many-faceted effort by Congress to prevent employment discrimination based upon military service. As it relates to this case, section 4316 is the most relevant, and in particular, the provision that grants a service member seniority and other rights and benefits, “...plus the additional seniority and rights and benefits that such person would have attained if the person had remained continuously employed.” Section 1002.210 of the regulations makes the same point. In addition, the provision in section 1002.210 that the period of absence from employment for to uniformed service is not considered a break in employment is consistent with Education Code section 44975.

In terms of Mr. Montiel’s seniority, the District satisfied the provisions of USERRA. His seniority date of July 26, 2004 is presumably his first date of paid service in a probationary position, and that has not changed despite the several leaves of absence that occurred as a result of his military service. The question presented in this case is whether USERRA requires that Mr. Montiel be considered a permanent employee, and that question is separate from seniority.

A probationary teacher in order to acquire tenure must first have worked a sufficient amount of time. *See generally Griego v. Los Angeles Unified School Dist.* (1994), 28 Cal. App. 4th 515 as to how Education Code sections 44929.21 and 44975 interact. Mr. Montiel, based upon the interaction of those two statutes, plus section 1002.210 of the federal regulations, satisfies the time component for the acquisition of tenure.

However, there is a performance component of tenure that vests in school districts the discretion to decide whether to reelect a probationary employee. As the court observed in *Summerfield v. Windsor Unified School Dist.* (2002) 95 Cal. App. 4th 1026, 1029:

“School districts have complete discretion regarding the reelection of probationary

employees. They may choose not to reelect a second-year probationary teacher without any showing of cause or statement of reasons, so long as they notify the teacher no later than March 15 of the teacher's second year of the decision not to reelect. (*Board of Education v. Round Valley Teachers Assn.* (1996) 13 Cal.4th 269, 279, 52 Cal.Rptr.2d 115, 914 P.2d 193; § 44929.21, subd. (b).) Any employee not given notice of non-reelection by March 15 “shall be deemed reelected for the next succeeding school year.” (§ 44929.21, subd. (b).)”

In order for a school district to properly exercise its discretion and determine whether to re-elect probationary teachers, it must have the ability to observe that teacher’s work in the classroom. The statutes give a school district two years to determine whether it will allow a teacher to achieve permanent status, and the district has opportunities at the end of the first probationary year and at the end of the second probationary year to make that decision.

In Mr. Montiel’s case, the District has not had two years to observe his work as a teacher nor has it exercised its discretion and decided whether to reelect him or not. If Mr. Montiel were given permanent status based on the amount of work he has performed as a teacher for the District in conjunction with USERRA, the effect would be that Mr. Montiel would not have been subjected to the scrutiny that other probationary teachers were subjected to and the District’s ability to decide whether to reelect him or not would have been circumvented. He would thus be in a better position for having worked less for the District than a teacher who did not serve in the military. USERRA contemplates that an employee serving in the military receive equal treatment, not be treated better than other employees.

Equality is particularly important in a layoff proceeding. Mr. Montiel’s status as a probationary or a permanent employee effects not only him and his relationship to his employer, it could have a direct bearing on whether another employee will keep his or her position. Giving Mr. Montiel tenure would place him far higher on the seniority list than he deserves. It is one thing to insure that an employee who serves intermittently in the military is accorded all the rights and benefits that employee would receive and would attain had he or she not served in the military, but it is quite another to accord that employee additional rights and benefits to which the employee is not entitled and which negatively impact another employee. Accordingly, it is concluded that Mr. Montiel has not achieved permanent status as a teacher for the District.

7. Any additional arguments offered by respondents have been considered and are rejected.

8. Cause exists under Education Code sections 44949 and 44955 for the District to discontinue particular kinds of services relating to 128.9 full-time equivalent positions. The cause for the reduction or discontinuation of particular kinds of services related solely to the welfare of the schools and the pupils thereof. A preponderance of the evidence sustained

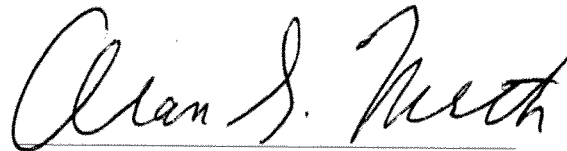
the charges set forth in the Accusation. It is recommended that the Board give respondents notice before May 15, 2011, that their services will no longer be required by the District.

ORDER

1. The Accusation served on respondents Kimberly Moyer and Jacqueline Rookwood Brooks are dismissed.
2. The Accusations served on respondents Cheryl Gonzales, Richard Crane, and Maria Burciaga are dismissed.
3. The Accusations served on the respondents listed on Exhibit A are sustained. Notice shall be given to each respondent before May 15, 2011 that his or her services will not be required for the 2011-12 school year pursuant to the Board's resolution because of the reduction of particular kinds of services.

Notice shall be given in inverse order of seniority.

DATED: May 5, 2011



ALAN S. METH
Administrative Law Judge
Office of Administrative Hearings

EXHIBIT "A"

FONTANA UNIFIED SCHOOL DISTRICT

FINAL LAYOFF LIST

The following certificated personnel will receive a final layoff notice:

LAST NAME	FIRST NAME	TEACHER/ COUNSELOR
AGUILAR	CRIS	TEACHER
ARROYO	DEBORAH	TEACHER
BAHLING	JESSICA	TEACHER
BAKSHI	REKHA	COUNSELOR
BRADSHAW	JESSICA	TEACHER
BRISTEL	RENEE	TEACHER
BRONGERSMA	ALBERT	TEACHER
BRUST	REGINA	COUNSELOR
BUNTEN	MICHAEL	TEACHER
BUOYE	DIANA	COUNSELOR
CALLANTA	ANNA	COUNSELOR
CAMACHO	WENDY	TEACHER
CAMPBELL	KATHRYN	TEACHER
CARDOSI	WILLIAM	TEACHER
CHERNISS	REBEKAH	TEACHER
CIFELLI	JESSICA	COUNSELOR
CIPRIAN	ERENDIRA	COUNSELOR
CLARIDGE-WEBER	CYNTHIA	COUNSELOR
CRANE	JONATHAN	TEACHER
CRISWELL-FISHER	KEYA	COUNSELOR
DE LA ROSA	EMMANUEL	TEACHER
DEGRAFFENREID	STEPHANIE	TEACHER
DEL CASTILLO-GARCIA	ANEL	TEACHER
DELA-PAUL	NINA	COUNSELOR
DERNE	JANICE	COUNSELOR
DICAMILLO	KIMBERLY	COUNSELOR
DRAGNA	DESIREE	TEACHER
DUFFIELD	ALLISON	TEACHER
EACRET	MEGAN	TEACHER
ECHAVARRIA	JOANN	TEACHER
EVANS	LYNN	TEACHER

EWERS	TRAVIS	TEACHER
FULLER	KRISTEN	TEACHER
GALDAMEZ	LILIANA	TEACHER
GALLARDO	RICHARD	TEACHER
GAXIOLA	REUBEN	TEACHER
GAY	AMBER	TEACHER
GEETER	LEDINA	TEACHER
GEPFORD	TIMOTHY	TEACHER
GONZALES	JESSICA	COUNSELOR
GOTTE	MARY	TEACHER
GROENHEIM	RUSSELL	COUNSELOR
HARRIGER	SUZANNE	COUNSELOR
HASENAUER-LOPEZ	REBECCA	TEACHER
HERRERA	GABRIEL	COUNSELOR
HICKE	HOLLY	TEACHER
HOMME	DOUGLAS	COUNSELOR
HORNADAY	DEBRA	COUNSELOR
HUTCHINGS	JENNY	TEACHER
IBARRA	MARCO	COUNSELOR
JOHNSON	MATTHEW	TEACHER
KAVIANIAN	REZA	TEACHER
KEELING	AMY	TEACHER
KIGGINS	MELIA	COUNSELOR
KING	LATEEFAH	TEACHER
KNOTT	JAMES	COUNSELOR
KOEHLERBROOKS	JANET	COUNSELOR
KOOLIS	STACIE	COUNSELOR
LASSONDE	KRISTIN	TEACHER
LEACH	CHRISTOPHER	TEACHER
LOPEZ	NICK	TEACHER
LUSZECK	REID	TEACHER
MAKKAWI	JIHAD	TEACHER
MARROQUIN	ERICK	TEACHER
MARTIN	DESIREE	COUNSELOR
MC CONNELL	BEVERLY	COUNSELOR
MONTIEL	SAMMY	TEACHER
MOORE	KENT	COUNSELOR
MORIN	ELIZABETH	TEACHER
MURILLO	ALBERT	COUNSELOR
NAVA	ROBERT	COUNSELOR
NEGOSE	LAVERN	COUNSELOR

PACHOT	TABATHA	COUNSELOR
PARKER	ANNETTE	COUNSELOR
PASCUAL	EDWARD	TEACHER
PEREZ ZAMORA	NADINE	COUNSELOR
PILGRIM	JOANNE	COUNSELOR
QUICK	MARK	COUNSELOR
RANNIS	DINO	TEACHER
RASMUSSEN	DIANA	COUNSELOR
RENTERIA	SANDRA	TEACHER
RICKS	SHAUNA	COUNSELOR
RILEY	LORI	COUNSELOR
ROJAS	MELISSA	TEACHER
SAHL	ERIC	TEACHER
SALAZAR	CELENA	TEACHER
SALAZAR	ROSALIE	COUNSELOR
SAMSON	HEATHER	TEACHER
SANCHEZ RAYGOZA	EDGAR	COUNSELOR
SANFORD	LAPRICE	COUNSELOR
SARREAL	RACHEL	TEACHER
SCHUSTER	JILL	TEACHER
SIMNJANOVSKI	RISTE	TEACHER
SIMPSON	SAMANTHA	TEACHER
ST ANDRE	VIRGINIA	TEACHER
SULLENGER	AMANDA	TEACHER
TOPOR	EMILY	COUNSELOR
TUTTLE	MICHELE	COUNSELOR
VALDEZ-FLYNN	VERONICA	COUNSELOR
VALENCIA	EDUARDO	COUNSELOR
VEDO	MICHAEL	TEACHER
WHITCOMB	KRISTI	TEACHER
YUMORI	NICOLE	TEACHER

Employees to Be Served Final Layoff Notices

	LAST NAME	FIRST NAME
1	AGUILAR	CRIS
2	ALANIS	LORRAINE
3	ALVARADO	SONIA
4	ARROYO	DEBORAH
5	BAHLING	JESSICA
6	BAKSHI	REKHA
7	BENAVIDES	RACHELLE
8	BRADSHAW	JESSICA
9	BRISTEL	RENEE
10	BRONGERSMA	ALBERT
11	BRUST	REGINA
12	BUNTEN	MICHAEL
13	BUOYE	DIANA
14	CALLANTA	ANNA
15	CAMACHO	WENDY
16	CAMPBELL	KATHRYN
17	CARDOSI	WILLIAM
18	CAVAZOS	BRIAN
19	CHERNISS	REBEKAH
20	CIFELLI	JESSICA
21	CIPRIAN	ERENDIRA
22	CLARIDGE-WEBER	CYNTHIA
23	COATES	MICHAEL
24	CRANE	JONATHAN
25	CRISWELL-FISHER	KEYA
26	DE LA ROSA	EMMANUEL
27	DEGRAFFENREID	STEPHANIE
28	DEL CASTILLO-GARCIA	ANEL
29	DELA-PAUL	NINA
30	DERNE	JANICE
31	DICAMILLO	KIMBERLY
32	DRAGNA	DESIREE
33	DUFFIELD	ALLISON
34	EACRET	MEGAN
35	ECHAVARRIA	JOANN
36	EDMISTON	LISA
37	EVANS	LYNN
38	EWERS	TRAVIS
39	FULLER	KRISTEN
40	GALDAMEZ	LILIANA
41	GALLARDO	RICHARD
42	GAXIOLA	REUBEN

Employees to Be Served Final Layoff Notices

	LAST NAME	FIRST NAME
43	GAY	AMBER
44	GEETER	LEDINA
45	GEPFORD	TIMOTHY
46	GONZALES	JESSICA
47	GOTTE	MARY
48	GROEBER	ERIC
49	GROENHEIM	RUSSELL
50	HARRIGER	SUZANNE
51	HASENAUER-LOPEZ	REBECCA
52	HERRERA	GABRIEL
53	HICKE	HOLLY
54	HOMME	DOUGLAS
55	HOONG	KEN
56	HORNADAY	DEBRA
57	HUTCHINGS	JENNY
58	IBARRA	MARCO
59	JOHNSON	MATTHEW
60	KAVIANIAN	REZA
61	KEELING	AMY
62	KIGGINS	MELIA
63	KIM	TAEMI
64	KING	LATEEFAH
65	KNOTT	JAMES
66	KOEHLERBROOKS	JANET
67	KONKEL	AUDREY
68	KOOLIS	STACIE
69	LASSONDE	KRISTIN
70	LEACH	CHRISTOPHER
71	LOPEZ	NICK
72	LUSZECK	REID
73	MAKKAWI	JIHAD
74	MARROQUIN	ERICK
75	MARTIN	DESIREE
76	MC CONNELL	BEVERLY
77	MONARREZ	GABRIELA
78	MONTIEL	SAMMY
79	MOORE	KENT
80	MORIN	ELIZABETH
81	MURILLO	ALBERT
82	NAVA	ROBERT
83	NEGOSE	LAVERN
84	PACHOT	TABATHA

Employees to Be Served Final Layoff Notices

	LAST NAME	FIRST NAME
85	PALEO	IDANELIS
86	PARKER	ANNETTE
87	PASCUAL	EDWARD
88	PEACH	JASON
89	PEREZ ZAMORA	NADINE
90	PHANEUF	ASHLEIGH
91	PILGRIM	JOANNE
92	QUICK	MARK
93	RANNIS	DINO
94	RASMUSSEN	DIANA
95	RENTERIA	SANDRA
96	RICKS	SHAUNA
97	RILEY	LORI
98	ROJAS	MELISSA
99	ROY	GAYLEEN
100	SAHL	ERIC
101	SALAZAR	CELENA
102	SALAZAR	ROSALIE
103	SAMSON	HEATHER
104	SANCHEZ RAYGOZA	EDGAR
105	SANFORD	LAPRICE
106	SARREAL	RACHEL
107	SCHUSSMAN	LISA
108	SCHUSTER	JILL
109	SHIPMAN	LIANA
110	SIMNJANOVSKI	RISTE
111	SIMPSON	SAMANTHA
112	ST ANDRE	VIRGINIA
113	SULLENGER	AMANDA
114	TOPOR	EMILY
115	TUTTLE	MICHELE
116	VALDEZ-FLYNN	VERONICA
117	VALENCIA	EDUARDO
118	VEDO	MICHAEL
119	WHITCOMB	KRISTI
120	WHITLEY	SYNTHIA
121	YUMORI	NICOLE

FONTANA UNIFIED SCHOOL DISTRICT
Fontana, California

Superintendent Office

ITEM TITLE: Reduction In Force Criteria

BOARD OF EDUCATION MEETING: 05/10/11
Discussion/Action Session

BACKGROUND:

The Fontana Unified School District Board of Education has set criteria to use for certificated reductions in force. The criteria was determined in 2009 and included lay off of certificated employees who did not possess a valid English Language Learners (ELL) authorization. The ELL authorization allows employees to teach second language learners.

The student population of Fontana USD consists of 38% English Language Learners. It is necessary for teachers to have the ELL authorization in order to meet the needs of District students. The county of San Bernardino provides the District with an assignment monitoring report yearly that indicates the number of teachers misassigned due to lack of ELL authorization. Thus, the prior Board established the criteria to include ELL authorization as criteria to establish layoffs.

FISCAL IMPLICATION:

Potential increase in personnel costs.

RECOMMENDATION:

This item is for the Board to discuss and consider voting to change the established reduction in force criteria for certificated employees.

CLOB:cs