
RESOLUTION OF THE BOARD OF EDUCATION OF
THE MT. DIABLO UNIFIED SCHOOL DISTRICT,
AUTHORIZING THE ISSUANCE AND SALE OF ITS
GENERAL OBLIGATION BONDS, 2010 ELECTION, 2010 SERIES A AND
GENERAL OBLIGATION BONDS, 2010 ELECTION, 2010 SERIES B (FEDERALLY
TAXABLE NEW CLEAN RENEWABLE ENERGY BONDS - DIRECT PAYMENT)
IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED
ONE HUNDRED TEN MILLION DOLLARS

TABLE OF CONTENTS

Page

SECTION 1.	DEFINITIONS:.....	2
SECTION 2.	RULES OF CONSTRUCTION.....	8
SECTION 3.	AUTHORITY FOR THIS RESOLUTION	8
SECTION 4.	RESOLUTION TO CONSTITUTE CONTRACT.....	8
SECTION 5.	TERMS AND CONDITIONS OF SALE.....	8
SECTION 6.	DESIGNATION OF FINANCE TEAM.....	9
SECTION 7.	TERMS OF BONDS.....	9
SECTION 8.	APPROVAL OF BOND PURCHASE AGREEMENT.	9
SECTION 9.	OFFICIAL STATEMENT.....	10
SECTION 10.	APPROVAL OF ESCROW AGREEMENT.....	10
SECTION 11.	AUTHORIZATION OF OFFICERS.....	11
SECTION 12.	USE OF BOND PROCEEDS.....	11
SECTION 13.	DESIGNATION AND FORM; PAYMENT.....	11
SECTION 14.	DESCRIPTION OF CURRENT INTEREST BONDS.....	11
SECTION 15.	DESCRIPTION OF CAPITAL APPRECIATION BONDS.....	12
SECTION 16.	DESCRIPTION OF CONVERTIBLE CABS.....	12
SECTION 17.	DESCRIPTION OF DIRECT PAYMENT BONDS.....	13
SECTION 18.	BOOK-ENTRY SYSTEM.....	13
SECTION 19.	EXECUTION OF THE BONDS.....	15
SECTION 20.	TRANSFER AND EXCHANGE.....	15
SECTION 21.	BONDS MUTILATED, DESTROYED, STOLEN OR LOST.....	16
SECTION 22.	BOND REGISTER.....	16
SECTION 23.	UNCLAIMED MONEY.....	16
SECTION 24.	APPLICATION OF PROCEEDS.....	17
SECTION 25.	PAYMENT AND SECURITY FOR THE BONDS.....	17
SECTION 26.	DEBT SERVICE FUND.....	17
SECTION 27.	ESTABLISHMENT AND APPLICATION OF EXCESS EARNINGS FUND.....	18
SECTION 28.	PAYMENT OF COSTS OF ISSUANCE.....	18
SECTION 29.	ESTABLISHMENT OF ADDITIONAL FUNDS AND ACCOUNTS.....	18
SECTION 30.	REDEMPTION.....	18
SECTION 31.	SELECTION OF BONDS FOR REDEMPTION.....	18
SECTION 32.	NOTICE OF REDEMPTION.....	19
SECTION 33.	PARTIAL REDEMPTION OF BONDS.....	20
SECTION 34.	EFFECT OF NOTICE OF REDEMPTION.....	20
SECTION 35.	PAYING AGENT, APPOINTMENT AND ACCEPTANCE OF DUTIES.....	20
SECTION 36.	LIABILITY OF PAYING AGENT.....	20
SECTION 37.	EVIDENCE ON WHICH PAYING AGENT MAY ACT.....	20
SECTION 38.	COMPENSATION.....	21
SECTION 39.	OWNERSHIP OF BONDS PERMITTED.....	21
SECTION 40.	RESIGNATION OR REMOVAL OF PAYING AGENT AND APPOINTMENT OF SUCCESSOR.....	21
SECTION 41.	INVESTMENT OF CERTAIN FUNDS.....	21
SECTION 42.	VALUATION AND SALE OF INVESTMENTS.....	22

TABLE OF CONTENTS

	<u>Page</u>
SECTION 43. SUPPLEMENTAL RESOLUTIONS WITH CONSENT OF OWNERS.....	22
SECTION 44. SUPPLEMENTAL RESOLUTIONS EFFECTIVE WITHOUT CONSENT OF OWNERS	23
SECTION 45. EFFECT OF SUPPLEMENTAL RESOLUTION.....	23
SECTION 46. DEFEASANCE.....	24
SECTION 47. BOND INSURANCE.	24
SECTION 48. CONTINUING DISCLOSURE.....	24
SECTION 49. TAX COVENANTS.	24
EXHIBIT A-1 FORM OF CURRENT INTEREST BOND.....	A-1-1
EXHIBIT A-2 FORM OF CAPITAL APPRECIATION BOND.....	A-2-1
EXHIBIT A-3 FORM OF CONVERTIBLE CAB.....	A-3-1
EXHIBIT A-4 FORM OF DIRECT PAYMENT BOND.....	A-4-1
EXHIBIT B FORM OF BOND PURCHASE AGREEMENT.....	B-1

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WHEREAS, the issuance of not to exceed \$348,000,000 aggregate principal amount of general obligation bonds (the “Authorization”) of the Mt. Diablo Unified School District (the “District”), County of Contra Costa (the “County”), State of California was authorized at an election (the “Election”) held in said District on June 8, 2010 at which the qualified electors of the District were presented with the following bond proposition:

“To improve education quality, modernize, replace, and repair school facilities; improve energy efficiency, including solar panels; health and safety improvements; construct new classrooms and restrooms; infrastructure repairs; repair and replace heating, ventilation and air conditioning; and upgrade technology. Shall Mt. Diablo Unified School District acquire, construct, repair and equip school facilities by issuing \$348,000,000 of bonds at legal interest rates, have an independent oversight committee and have NO money used for administrative or teacher salaries?”

WHEREAS, , the proceeds of the Election are to be used for the financing of the acquisition, construction, equipping, furnishing and improvement of certain capital facilities of the District and the payment and prepayment of certain lease purchase obligations of the District (collectively, the “Project”)

WHEREAS, the Contra Costa County Elections Division certified to the effect that the official canvass of returns for the Election reflected that more than 55% of the votes cast on the District’s bond measure submitted to the voters at the Election (the “Measure”) were cast in favor of the Measure, and such result has been entered in the minutes of the Board of Education of the District (the “Board”); and

WHEREAS, the District has not previously issued any general obligation bonds under the Authorization; and

WHEREAS, the District received allocation from the Internal Revenue Service (the “Allocation”) of new clean renewable energy bonds pursuant to Section 54C of the Internal Revenue Code of 1986, as amended, to finance certain solar energy projects of the District; and

WHEREAS, the District has previously entered into that certain Lease/Purchase Agreement, dated as of April 1, 1998 (the “1998 Lease Purchase Agreement”), by and between the District and the Mt. Diablo Unified School District Education Facilities Financing

Corporation (the “Corporation”), in connection with which the District caused to be executed and delivered \$7,760,000 aggregate principal amount of its 1998 Refunding Certificates of Participation (Refunding and Capital Projects) (the “1998 COPs”); and

WHEREAS, the District has previously entered into that certain Lease Purchase Agreement, dated as of September 1, 2006 (the “2006 Lease Purchase Agreement”), by and between the District and the Corporation; and

WHEREAS, the District has previously entered into that certain Lease Purchase Agreement, dated as of September 1, 2007 (the “2007 Lease Purchase Agreement”), by and between the District and the Corporation; and

WHEREAS, the Board has determined the need for issuance of one or more series of its general obligation bonds under the Authorization in an aggregate principal amount not to exceed One Hundred Ten Million Dollars (\$110,000,000) in order to finance certain costs of the Project; and

WHEREAS, the Board intends for one series of bonds issued hereunder, to wit, the District’s General Obligation Bonds, 2010 Election, 2010 Series B (Federally Taxable New Clean Renewable Energy Bonds-Direct Payment) to qualify as New Clean Renewable Energy Bonds for purposes of Section 54C of the Code; and

WHEREAS, subject to market conditions, the Board intends to use proceeds of the bonds issued hereunder to pay or prepay (i) certain outstanding lease payments under the 2006 Lease Purchase Agreement, (ii) certain outstanding lease payments under the 2007 Lease Purchase Agreement and (iii) certain outstanding lease payments under the 1998 Lease Purchase Agreement and, as a result, the prepayment of principal and interest with respect to the outstanding 1998 COPs; and

WHEREAS, the Board has elected to proceed under Section 53506 *et seq.* of the Government Code of the State of California; and

NOW THEREFORE, IT IS ORDERED by the Board of Education of the Mt. Diablo Unified School District as follows:

SECTION 1. Definitions. The following terms shall for all purposes of this Resolution have the following meanings:

“Accreted Value” shall mean with respect to any Capital Appreciation Bond, as of any date of calculation, the sum of the Principal Amount thereof and the interest accrued thereon to such date of calculation, compounded from the date of initial issuance at the stated accretion rate thereof on each February 1 and August 1, or as otherwise set forth in the Bond Purchase Agreement (defined below), assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on the basis of a 360-day year of twelve 30-day months.

“ARRA” shall mean the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009), together with such rules, regulations and guidance from the United

States Department of the Treasury and the Internal Revenue Service, as may be promulgated from time to time.

“Authorized Investments” shall mean legal investments authorized by Section 53601 of the Government Code of the State of California, but only to the extent that the same are acquired at Fair Market Value.

“Authorizing Law” shall mean, collectively, (i) Section 53506 *et seq.* of the Government Code of the State of California, as amended, (ii) Article XIII A of the California Constitution and (iii) as to Build America Bonds and New Clean Renewable Energy Bonds only, ARRA.

“Available Project Proceeds” means, with respect to the Direct Payment Build America Bonds or the Direct Payment New Clean Renewable Energy Bonds, as applicable, (i) the proceeds from the sale of such Bonds, (ii) less costs of issuing such Bonds paid from proceeds of the sale of such Bonds (not exceeding 2% of the proceeds of the sale of such Bonds), plus (iii) investment earnings on the difference between (i) - (ii).

“Beneficial Owner” means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories including, but not limited to, through the Nominee.

“Board of Supervisors” means the Board of Supervisors of the County.

“Bond Counsel” and “Disclosure Counsel” means the law firm of Matt Juhl Darlington & Associates, as Bond Counsel to the District and a firm of nationally recognized standing with respect to the issuance of municipal obligations.

“Bond Insurer” shall mean any financial guaranty company that guarantees the scheduled payments of principal, and maturity value of, and interest on the Bonds when due.

“Bond Insurance Policy” shall mean a policy of municipal bond insurance which guarantees the scheduled payments of principal, and maturity value of, and interest on the Bonds when due.

“Bond Obligation” shall mean from time to time as of the date of calculation, with respect to any Current Interest Bond, the Principal Amount thereof and, with respect to any Capital Appreciation Bond, the Accreted Value thereof.

“Bond Purchase Agreement” shall mean the Bond Purchase Agreement, by and between the District and the Underwriters, relating to the Bonds.

“Bonds” shall mean the Mt. Diablo Unified School District General Obligation Bonds, 2010 Election, 2010 Series A (the “Series A Bonds”) and the Mt. Diablo Unified School District General Obligation Bonds, 2010 Election, 2010 Series B (Federally Taxable New Clean Renewable Energy Bonds-Direct Payment) (the “Series B Bonds”), each as further designated as one or more series of Bonds, issued and delivered pursuant to this Resolution.

“Bond Year” shall mean the twelve-month period commencing August 1 in any year and ending on the last day of July in the next succeeding year, both dates inclusive, or as otherwise set forth in the Bond Purchase Agreement; provided, however, that the first Bond Year shall commence on the day the Bonds are issued and shall end on July 31, 2011, both dates inclusive, or as otherwise set forth in the Bond Purchase Agreement.

“Build America Bonds” shall mean bonds described in subsection 54AA(d) of the Code issued under pertinent provisions of ARRA which qualify as “Build America Bond” under Code Section 54AA(d).

“Business Day” shall mean a day that is not a Saturday, Sunday or a day on which banking institutions in the State or the State of New York and the New York Stock Exchange are authorized or required to be closed.

“Capital Appreciation Bonds” shall mean the Bonds designated as such in Section 13 of this Resolution.

“Code” shall mean the Internal Revenue Code of 1986, as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds.

“Continuing Disclosure Agreement” shall mean the Continuing Disclosure Agreement of the District for the benefit of the Owners of the Bonds.

“Conversion Date” shall mean the date upon which the Convertible CABs will convert from Capital Appreciation Bonds to Current Interest Bonds, which date shall be set forth in the Bond Purchase Agreement.

“Conversion Value” shall mean, for each Convertible CAB, the accumulation of earned interest from their initial principal amount on the date of delivery thereof to the Conversion Date.

“Convertible CABs” shall mean bonds which, by their terms, comprise Capital Appreciation Bonds for a term of years, whereupon they convert to Current Interest Bonds at a stated Conversion Value and date.

“Costs of Issuance” shall mean all of the costs of issuing the Bonds, including but not limited to, all printing and document preparation expenses in connection with this Resolution, the Bonds and the Official Statement pertaining to the Bonds and any and all other agreements, instruments, certificates or other documents prepared in connection therewith; financial advisor fees; underwriter’s discount; rating agency fees and related travel expenses; auditor’s fees; CUSIP service bureau charges; legal fees and expenses of counsel with respect to the financing; the initial fees and expenses of the Paying Agent; fees of the Escrow Agent; fees of the verification agent, expenses of the County and the District relating to the Election, fees for credit enhancement relating to the Bonds, if any; and other fees and expenses incurred in connection with the issuance of the Bonds or the payment or prepayment of the 1998 Lease Purchase Agreement, the 2006 Lease Purchase Agreement and/or the 2007 Lease Purchase Agreement, to the extent such fees and expenses are approved by the District.

“County” shall mean the County of Contra Costa, California.

“County Office of Education” shall mean the Office of Education of the County and such other persons as may be designated by the County Office of Education to perform the operational and disbursement functions hereunder.

“Current Interest Bonds” shall mean the Bonds designated as such in Section 14 of this Resolution.

“Debt Service” shall have the meaning given to that term in Section 26(c) of this Resolution.

“Debt Service Fund” shall mean the Debt Service Fund established pursuant to Section 26(a) of this Resolution.

“Depository” shall mean DTC and its successors and assigns or if (a) the then Depository resigns from its functions as securities depository of the Bonds, or (b) the County discontinues use of the Depository pursuant to this Resolution, any other securities depository that agrees to follow procedures required to be followed by a securities depository in connection with the Bonds and that is selected by the Treasurer.

“Direct Payment Bonds” means, collectively, Direct Payment Build America Bonds and Direct Payment New Clean Renewable Energy Bonds.

“Direct Payment Build America Bonds” means those certain Current Interest Bonds issued in the form of Build America Bonds under the provisions of ARRA which, by their terms, include a taxable interest component and as to which the District is entitled to receive a direct payment from the federal government in connection with each Interest Payment Date, as provided under Section 54AA of the Code.

“Direct Payment New Clean Renewable Energy Bonds” means those certain Current Interest Bonds issued in the form of New Clean Renewable Energy Bonds under the provisions of ARRA which, by their terms, include a taxable interest component and as to which the District is entitled to receive a direct payment from the federal government in connection with each Interest Payment Date, as provided under Section 6431 of the Code.

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

“Escrow Agent” shall mean Wells Fargo Bank National Association.

“Escrow Agreement” shall mean that Escrow Deposit and Trust Agreement by and between the District and Wells Fargo Bank National Association, as Escrow Agent.

“Excess Earnings Fund” shall mean the Excess Earnings Fund established pursuant to Section 27 of this Resolution.

“Expenditure Period” means the “expenditure period” defined in Section 54A(d)(2)(B)(ii) of the Code, which consists of the period beginning on the date of issue and ending on the later of the date three years after the date of issue or such later date, if any, as permitted by the Internal Revenue Service in response to a request to extend the Expenditure Period.

“Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the Regulations, the term “investment” will include a hedge.

“Fiscal Year” shall mean the twelve-month period commencing on July 1 of each year and ending on the following June 30 or any other fiscal year in effect for the District.

“Interest Payment Date” shall mean with respect to (i) any Current Interest Bond, February 1 and August 1 in each year, or as otherwise specified in the Bond Purchase Agreement, commencing on the date specified in the Bond Purchase Agreement, (ii) any Capital Appreciation Bond, the maturity or earlier redemption date thereof and (iii) any Convertible CAB, the Conversion Date thereof and each subsequent February 1 and August 1 in each year, or as specified in the Bond Purchase Agreement.

“Maturity Value” shall mean the Accreted Value of any Capital Appreciation Bond on its maturity date.

“Moody’s” shall mean Moody’s Investors Service, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

“New Clean Renewable Energy Bonds” shall mean bonds issued under pertinent provisions of ARRA which qualify as “New Clean Renewable Energy Bonds” under Code Section 54C.

“Nominee” shall mean the nominee of the Depository which may be the Depository, as determined from time to time by the Depository.

“Outstanding” when used with reference to the Bonds, shall mean, as of any date, Bonds theretofore issued or thereupon being issued under this Resolution except:

- (i) Bonds canceled at or prior to such date;
- (ii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Section 20 hereof;
- (iii) Bonds for the payment or redemption of which funds or eligible securities in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Bonds), in accordance with Section 46 of this Resolution.

“Owner” shall mean the registered owner, as indicated in the Bond Register, of any Bond.

“Participant” shall mean a member of or participant in the Depository.

“Paying Agent” shall mean Wells Fargo Bank National Association, its successors or assigns, acting in the capacity of paying agent, registrar, authenticating agent and transfer agent.

“Pledged Moneys” shall have the meaning given to that term in Section 25 of this Resolution.

“Principal” or “Principal Amount” shall mean, as of any date of calculation, with respect to (i) any Current Interest Bond, the principal amount thereof, and (ii) any Capital Appreciation Bond, the Accreted Value thereof.

“Principal Payment Date” shall mean August 1 in each year, or as otherwise specified in the Bond Purchase Agreement, commencing on the date specified in the Bond Purchase Agreement.

“Qualified Purpose” means capital expenditures for one or more qualified renewable energy facilities as described in section 54C(a)(1) and 54C(d)(1) of the Code.

“Record Date” shall mean the close of business on the fifteenth calendar day of the month next preceding an Interest Payment Date.

“Regulations” shall mean applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Resolution” shall mean this Resolution of the Board providing for the issuance and sale of the Bonds.

“S&P” shall mean Standard & Poor’s, a division of the McGraw-Hill Companies, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

“Securities Depositories” shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041, Fax (212) 855-1000; and, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the County may designate in a certificate of the County delivered to the Paying Agent.

“State” shall mean the State of California.

“Superintendent” shall mean the Superintendent of the District.

“Superintendent of Schools” shall mean the Superintendent of Schools of the County.

“Supplemental Resolution” shall mean any resolution supplemental to or amendatory of this Resolution, adopted by the Board in accordance with Section 44 or Section 45 hereof.

“Tax Certificate” shall mean a certificate as to arbitrage of the District delivered in connection with the issuance of the Bonds.

“Transfer Amount” shall mean, with respect to (i) any Outstanding Current Interest Bond, the aggregate Principal Amount thereof, and (ii) any Outstanding Capital Appreciation Bond, the Maturity Value thereof.

“Treasurer” shall mean the Treasurer and Tax Collector of the County or any authorized deputy thereof.

“Underwriter or Underwriters” shall mean Stone & Youngberg LLC as representative (the “Representative”) of itself and as senior underwriter and George K. Baum & Co. and Brandis Tallman LLC, or any successor thereto as co-managing underwriters.

SECTION 2. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and vice versa. Except where the context otherwise requires, words importing the singular shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

SECTION 3. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Authorizing Law.

SECTION 4. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall own the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the District and the Owners from time to time of the Bonds; and the pledge made in this Resolution shall be for the equal benefit, protection and security of the Owners of any and all of the Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof.

SECTION 5. Terms and Conditions of Sale. The Board hereby approves of the sale of the Bonds on a negotiated basis to the Underwriters. The District has determined that conditions

in the municipal marketplace are sufficiently complex that the increased flexibility the Underwriters can provide in structuring and planning the sale of the Bonds dictates sale on a negotiated basis. The Bonds shall be sold at a negotiated sale upon the direction of the Superintendent (the “Superintendent”) or the Chief Financial Officer (the “Chief Financial Officer”) of the District or any designee thereof (each, an “Authorized Officer”). The costs of sale of the Bonds, consisting of Costs of Issuance, are estimated at 1.25% of the principal amount of the Bonds. The Bonds shall be sold pursuant to the terms and conditions set forth in the Bond Purchase Agreement, as described below.

SECTION 6. Designation of Finance Team. The Board hereby confirms the designation of Stone & Youngberg LLC., as senior underwriter and Representative of itself, George K. Baum & Co. and Brandis Tallman LLC as co-managing underwriters, Isom Advisors, a Division of Urban Futures Incorporated, Walnut Creek, California, as Financial Advisor, the law firm of Matt Juhl Darlington & Associates, Chico, California, as Bond Counsel and Disclosure Counsel to the District and Jones Hall, a Professional Law Corporation, as Special Tax Counsel to the District in connection with the authorization and issuance of the Bonds. An Authorized Officer is hereby authorized to execute a legal services agreement with members of the finance team.

SECTION 7. Terms of Bonds. The Bonds shall be dated their date of delivery (or such other date as may be designated in the Bond Purchase Agreement). The Bonds shall bear or accrete interest at rates not to exceed the maximum rate permitted by law, or in the case of taxable bonds described in ARRA, at rates not to exceed 12.0% per annum, payable on any Bonds bearing current interest on the dates as may be set forth in the Bond Purchase Agreement, and accreting with respect to any Bonds which are issued as capital appreciation bonds or Convertible CABS, payable upon maturity or payable on a current basis following or conversion to current interest Bonds, shall mature on August 1 of each of the years as set forth in the Bond Purchase Agreement, or such other maturity date as may be set forth in the Bond Purchase Agreement, through a date no later than 40 years after the date of issuance of the Bonds, or otherwise upon such other terms and conditions as shall be established for the Bonds by the Bond Purchase Agreement. The Bond Purchase Agreement may provide for Bonds to be issued as current interest bonds, capital appreciation bonds, Convertible CABS, Build America Bonds or New Clean Renewable Energy Bonds, as authorized under ARRA. The Bond Purchase Agreement may provide for the purchase of Bonds in any combination of the foregoing structures and shall provide for optional, mandatory sinking fund and other types and terms of redemption for the Bonds as shall prove most advantageous in marketing said Bonds for the District.

In the event the District issues Direct Payment Build America Bonds or Direct Payment New Clean Renewable Energy Bonds pursuant to this Resolution, prior to each Interest Payment Date (as defined in the Bond Purchase Agreement), the District shall submit or cause to be submitted a payment reimbursement request to the United States Treasury, in accordance with applicable federal regulations and sufficiently in advance of such Interest Payment Date that the federal payment is received on or prior to such Interest Payment Date.

SECTION 8. Approval of Bond Purchase Agreement. The Superintendent or any Authorized Officer, in consultation with Bond Counsel and such other officers of the District as shall be authorized by the Board, are hereby authorized and directed to issue and deliver the

Bonds and to establish the final Principal Amount thereof, provided, however, that such combined Principal Amount (in one or more series) shall not exceed the maximum aggregate Principal Amount of \$110,000,000.00. The form of the Bond Purchase Agreement attached hereto as Exhibit B is hereby approved. The Authorized Officers, or any authorized deputy, and such other officers of the District as may be authorized by the Board are, and each of them acting alone is, authorized and directed to execute and deliver the Bond Purchase Agreement for and in the name and on behalf of the District, with such additions, changes or corrections therein as the officer executing the same on behalf of the District may approve, in his/her discretion, as being in the best interests of the District, such approval to be conclusively evidenced by such officer's execution thereof, and any other documents required to be executed thereunder, and to deliver the same to the Representative. The Authorized Officers, or any authorized deputy, and such other officers of the District as may be authorized by the Board are, and each of them acting alone hereby is authorized and directed to negotiate with the Representative the interest rates on the Bonds and the purchase price of the Bonds to be paid by the Representative, which purchase price shall reflect an Underwriter's discount of not to exceed eight tenths of one percent (0.80%) (not including original issue discount or any costs of issuance to be paid by the Underwriter) of the Principal Amount thereof. Final terms of the Bonds shall be as set forth in the Bond Purchase Agreement.

SECTION 9. Official Statement. The Board hereby approves the form of Preliminary Official Statement relating to the Bonds, on file with the Clerk of the Board and to be used and distributed, together with an Official Statement in connection with the sale of the Bonds, in each case with such changes as are approved by the Authorized Officer. An Authorized Officer and such other officers of the District as may be authorized by the Board are, and each of them acting alone hereby is, authorized to deliver copies of the Preliminary Official Statement and the Official Statement with such changes therein as such officer shall approve, in his or her discretion, as being in the best interests of the District. Upon approval of such changes by such officer, the Preliminary Official Statement shall be "deemed final" as of its date except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule") and an Authorized Officer is authorized to execute a certificate to that effect. Any Authorized Officer is hereby authorized and directed to execute such Official Statement with such changes therein, deletions therefrom and modifications thereto as such Authorized Officer may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Notwithstanding the foregoing, in the event that, pursuant to recommendations from the financing team, the Authorized Officer determines that it is in the best interests of the District to prepare and distribute more than one form of Preliminary Official Statement in connection with the marketing and sale of the Bonds, the Authorized Officer may direct the same, to be used by the Underwriters in the marketing and sale of the Bonds, subject to the finalization and other requirements of the preceding paragraph.

SECTION 10. Approval of Escrow Agreement. The forms, terms and provisions of the Escrow Agreement are hereby approved. The Authorized Officer is hereby authorized on behalf of the Board and in its name to execute and deliver one or more Escrow Agreements to the the Escrow Agent, each in substantially the form presented to and considered by this Board, with

such changes therein as may be approved by the Authorized Officer executing the same, such approval to be conclusively evidenced by the execution thereof.

SECTION 11. Authorization of Officers. The officers of the District and their authorized representatives are, and each of them acting alone is, hereby authorized to execute any and all documents and do and perform any and all acts and things, from time to time, consistent with this Resolution and necessary or appropriate to carry the same into effect and to carry out its purpose.

SECTION 12. Use of Bond Proceeds. Bonds of the District shall be issued in the name of the District in an aggregate Principal Amount not to exceed \$110,000,000.00, and Bond proceeds shall be applied to finance and refinance the construction, acquisition, furnishing and equipping of District property and facilities, as authorized at the Election by the Measure, which shall be incorporated herein by this reference as though fully set forth in this Resolution.

SECTION 13. Designation and Form; Payment.

(a) An issue of Bonds of one or more series entitled to the benefit, protection and security of this Resolution is hereby authorized in an aggregate Principal Amount not to exceed \$110,000,000.00. Such Bonds shall be general obligations of the District, payable as to Principal, premium, if any, and interest from *ad valorem* taxes to be levied upon all of the taxable property in the District without limitation as to rate or amount (except certain personal property which is taxable at limited rates). The Bonds shall be designated "Mt. Diablo Unified School District General Obligation Bonds, 2010 Election, 2010 Series" with such additional series designations as may be necessary or advisable in order to market the Bonds, as set forth in the Bond Purchase Agreement. The Bonds may be issued as Current Interest Bonds, Capital Appreciation Bonds and/or Convertible CABS and shall be subject to redemption as further set forth in the Bond Purchase Agreement, pursuant to this Resolution.

(b) The forms of the Bonds shall be substantially in conformity with the standard forms of registered school district bonds, copies of which are attached hereto as Exhibit A-1, A-2, A-3 and A-4 and incorporated herein by this reference.

(c) Principal or Accreted Value, premium, if any, and interest with respect to any Bond are payable in lawful money of the United States of America. Principal or Accreted Value and premium, if any, is payable upon surrender thereof at maturity or earlier redemption at the office designated by the Paying Agent in San Francisco, California.

SECTION 14. Description of Current Interest Bonds.

(a) The Bonds issued as Current Interest Bonds shall be issued in fully registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof, except that one maturity may be in an odd amount. The Current Interest Bonds shall be dated and shall mature on the dates, in the years and in the Principal Amounts, and interest shall be computed at the rates, set forth in the Bond Purchase Agreement.

(b) Interest on each Current Interest Bond shall accrue from its dated date as set forth in the Bond Purchase Agreement. Interest on Current Interest Bonds shall be computed using a

year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the Record Date. Interest with respect to each Current Interest Bond will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest with respect thereto shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date, in which event interest shall be payable from its dated date; provided, however, that if at the time of registration of any Current Interest Bond interest with respect thereto is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest on the Current Interest Bonds will be made on each Interest Payment Date by check or draft of the Paying Agent sent by first-class mail, postage prepaid, to the Owner thereof on the Record Date, or by wire transfer to any Owner of \$1,000,000 or more of such Current Interest Bonds, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Current Interest Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

SECTION 15. Description of Capital Appreciation Bonds.

(a) The Bonds issued as Capital Appreciation Bonds shall be issued in fully registered form in any denominations of their Principal Amounts but shall reflect denominations of \$5,000 Maturity Value or any integral multiple thereof, except that one such Bond may reflect an irregular denomination. The Capital Appreciation Bonds shall be dated the date of their issuance, shall be issued in the aggregate Principal Amounts, shall mature on the dates, in the years and in the Maturity Values, and shall accrete interest at the accretion rates, all as set forth in the Bond Purchase Agreement.

(b) Interest on each Capital Appreciation Bond, if any, shall be compounded semiannually on February 1 and August 1 of each year until maturity, or as otherwise set forth in the Bond Purchase Agreement, commencing on the date set forth in the Bond Purchase Agreement, computed using a year of 360 days comprised of twelve 30-day months and shall be payable only at maturity as part of its Maturity Value or at earlier redemption at its Accreted Value.

SECTION 16. Description of Convertible CABs.

(a) The Bonds issued as Convertible CABs shall be issued in fully registered form in any denominations of \$5,000 Conversion Value or any integral multiple thereof provided that one such Convertible CAB may be in an irregular denomination. The Convertible CABs shall be dated the date of their issuance, shall be issued in the aggregate Principal Amount, shall mature on the dates and in the years, shall be subject to redemption and have the Conversion Values, all as set forth in the Bond Purchase Agreement.

(b) Prior to the Conversion Date, the Convertible CABs shall not pay current interest. Prior to the Conversion Date, each Convertible CAB shall have increased in value by the accretion of interest from its initial Principal Amount on the date of issuance thereof to its stated Conversion Value at the Conversion Date. Prior to the Conversion Date, interest accruing on the Convertible CABs will be computed on the basis of a 360-day year comprised of twelve 30-day months, will be compounded semiannually thereafter on February 1 and August 1 in each year, or as otherwise set forth in the Bond Purchase Agreement. No interest will be payable on any Convertible CAB prior to or on the Conversion Date.

(c) Following the Conversion Date, interest on the Convertible CABs shall be computed based upon the Conversion Value and on the basis of a 360-day year comprised of twelve 30-day months and will be payable on each Interest Payment Date, commencing on the first Interest Payment Date following the Conversion Date. Following its Conversion Date, each Convertible CAB will pay interest and be payable in the same manner as Current Interest Bonds.

SECTION 17. Description of Direct Payment Bonds.

The Bonds issued as Direct Payment Bonds shall be issued as Current Interest Bonds in fully registered form in any denomination of \$5,000 or any integral multiple thereof, provided that one maturity may be in an odd denomination. The Direct Payment Bonds shall be dated the date of their issuance, shall be issued in the aggregate Principal Amount, shall mature on the dates, in the years and be subject to redemption, if any, all as set forth in the Bond Purchase Agreement.

SECTION 18. Book-Entry System.

(a) The Bonds shall be initially issued in the form of a separate single fully registered Bond (which may be typewritten) for each of the maturities of the Bonds within each series. Upon initial issuance, the ownership of each such Bond certificate shall be registered in the Bond Register in the name of the Nominee as nominee of the Depository. Except as provided in subsection (c) hereof, all of the Outstanding Bonds shall be registered in the Bond Register in the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the Depository, to a successor Depository or to another nominee of the Depository or of a successor Depository. Each Bond certificate shall bear a legend substantially to the following effect: "UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

With respect to Bonds registered in the Bond Register in the name of the Nominee, the District shall have no responsibility or obligation to any Participant or to any person on behalf of

which such a Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the District shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any beneficial ownership interest in the Bonds, (ii) the delivery to any Participant, Beneficial Owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any redemption notice, (iii) the selection by the Depository and the Participants of the beneficial interests in the Bonds to be redeemed in part, or (iv) the payment to any Participant, Beneficial Owner or any other person, other than the Depository, of any amount with respect to Principal of, premium, if any, and interest on, the Bonds. The District may treat and consider the person in whose name each Bond is registered in the Bond Register as the absolute Owner of such Bond for the purpose of payment of Principal of, premium, if any, and interest on, such Bond, for the purpose of giving Redemption Notices and other notices with respect to such Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

The Paying Agent shall pay all Principal of, premium, if any, and interest on, the Bonds only to the respective Owners, as shown in the Bond Register, and all such payments shall be valid hereunder with respect to payment of Principal of, premium, if any, and interest on, the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a Bond evidencing the obligation to make payments of Principal of, premium, if any, and interest, pursuant to this Resolution. Upon delivery by the Depository to the Paying Agent and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions hereof with respect to Record Dates, the word "Nominee" in this Resolution shall refer to such new nominee of the Depository.

(b) If at any time the Depository notifies the District that it is unwilling or unable to continue as Depository with respect to the Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the Superintendent within 90 days after the District receives notice or become aware of such condition, as the case may be, subsection (a) hereof shall no longer be applicable and the Treasurer shall issue new bonds representing the Bonds as provided below. In addition, the District may determine at any time that the Bonds shall no longer be represented by book-entry securities and that the provisions of subsection (a) hereof shall no longer apply to the Bonds. In any such event, the Superintendent shall execute and deliver certificates representing the Bonds as provided below. Certificated securities issued in exchange for book-entry securities pursuant to this subsection shall be registered in such names and delivered in such denominations as the Depository shall instruct the District. The Treasurer shall then deliver certificated securities representing the new bonds to the persons in whose names such Bonds are so registered.

If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or cause to be prepared a new fully-registered book-entry security for each of the maturities of Bonds, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the District and such securities depository and not inconsistent with the terms of this Resolution.

(c) Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to Principal of, premium, if any, and interest on, such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

(d) The initial Depository under this Resolution shall be DTC. The initial Nominee shall be Cede & Co., as nominee of DTC.

SECTION 19. Execution of the Bonds.

(a) The Bonds shall be executed in the name of the District by the manual or facsimile signature of the President of the Board and the manual or facsimile signature of the Clerk of the Board or by a deputy of either of such officers. In case any one or more of the officers who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been issued by the District, such Bonds may, nevertheless, be issued, as herein provided, as if the persons who signed or sealed such Bonds had not ceased to hold such offices. Any of the Bonds may be signed and sealed by such persons as at the time of the execution of such Bonds shall be duly authorized to hold or shall hold the proper offices in the District, although at the date borne by the Bonds such persons may not have been so authorized or have held such offices.

(b) The Bonds shall bear thereon a certificate of authentication executed manually by the Paying Agent. Only such Bonds as shall bear thereon such certificate of authentication duly executed by the Paying Agent shall be entitled to any right or benefit under this Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Paying Agent. Such certificate of the Paying Agent upon any Bond shall be conclusive evidence that the Bond so authorized has been duly authenticated and delivered under this Resolution and that the Owner thereof is entitled to the benefit of this Resolution.

SECTION 20. Transfer and Exchange. The transfer of any Bond may be registered upon surrender of such Bond to the Paying Agent. Such Bond shall be endorsed or accompanied by delivery of the written instrument of transfer shown in Exhibit A-1, A-2, A-3 or A-4 hereto, duly executed by the Owner or his duly authorized attorney, and payment of such reasonable transfer fees as the Paying Agent may establish. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in authorized denominations, will be executed and delivered to the transferee in exchange therefor.

The Paying Agent shall deem and treat the person in whose name any Outstanding Bond shall be registered upon the Bond Register as the absolute Owner of such Bond, whether the Principal, premium, if any, or interest with respect to such Bond shall be overdue or not, for the purpose of receiving payment of Principal, premium, if any, and interest with respect to such Bond and for all other purposes, and any such payments so made to any such Owner or upon his order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and the District or the Paying Agent shall not be affected by any notice to the contrary.

Bonds may be exchanged at the office of the Paying Agent for Bonds of like tenor, maturity and Transfer Amount of other authorized denominations. All Bonds surrendered in any such exchange shall thereupon be cancelled by the Paying Agent. The Paying Agent may charge the Owner a reasonable sum for each new Bond executed and delivered upon any exchange (except in the case of the first exchange of any Bond in the form in which it is originally delivered, for which no charge shall be imposed) and the Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Paying Agent shall not be required to register the transfer or exchange of any Bond (i) during the period beginning at the close of business on any Record Date through the close of business on the immediately following Interest Payment Date, or (ii) that has been called or is subject to being called for redemption, during a period beginning at the opening of business 15 days before any selection of Bonds to be redeemed through the close of business on the applicable redemption date, except for the unredeemed portion of any Bond to be redeemed only in part.

SECTION 21. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated, the Paying Agent, at the expense of the Owner, shall deliver a new Bond of like date, interest rate, maturity, Transfer Amount, series and tenor as the Bond so mutilated in exchange and substitution for such mutilated Bond, upon surrender and cancellation thereof. All Bonds so surrendered shall be cancelled. If any Bond shall be destroyed, stolen or lost, evidence of such destruction, theft or loss may be submitted to the Paying Agent and if such evidence is satisfactory to the Paying Agent that such Bond has been destroyed, stolen or lost, and upon furnishing the Paying Agent with indemnity satisfactory to the Paying Agent and complying with such other reasonable regulations as the Paying Agent may prescribe and paying such expenses as the Paying Agent may incur the Paying Agent shall, at the expense of the Owner, execute and deliver a new Bond of like date, interest rate, maturity, Transfer Amount and tenor in lieu of and in substitution for the Bond so destroyed, stolen or lost. Any new Bonds issued pursuant to this Section 21 in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the District, whether or not the Bonds so alleged to be destroyed, stolen or lost are at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Resolution in any moneys or securities held by the Paying Agent for the benefit of the Owners of the Bonds.

SECTION 22. Bond Register. The Paying Agent shall keep or cause to be kept at its office sufficient books for the registration and registration of transfer of the Bonds. Upon presentation for registration of transfer, the Paying Agent shall, as above provided and under such reasonable regulations as it may prescribe subject to the provisions hereof, register or register the transfer of the Bonds, or cause the same to be registered or cause the registration of the same to be transferred, on such books.

SECTION 23. Unclaimed Money. All money which the Paying Agent shall have received from any source and set aside for the purpose of paying or redeeming any of the Bonds shall be held in trust for the respective Owners of such Bonds, but any money which shall be so set aside or deposited by the Paying Agent and which shall remain unclaimed by the Owners of

such Bonds for a period of one year after the date on which any payment or redemption with respect to such Bonds shall have become due and payable shall be transferred to the general fund of the District; provided, however, that the Paying Agent, before making such payment, shall cause notice to be mailed to the Owners of such Bonds, by first class mail, postage prepaid, after a date in said notice, which date shall not be less than 90 days prior to the date of such payment, to the effect that said money has not been claimed and that after a date named therein, any unclaimed balance of said money then remaining will be transferred to the general fund of the District. Thereafter, the Owners of such Bonds shall look only to the general fund of the District for payment of such Bonds.

SECTION 24. Application of Proceeds. Upon the sale of the Bonds, the District intends to deposit or cause to be deposited the proceeds of the sale of the Bonds as follows:

(a) a portion of the proceeds of the Series A Bonds, exclusive of accrued interest, if any, shall be used for the payment and/or prepayment of the District's lease payments under the 1998 Lease Purchase Agreement (and the related payment and/or prepayment of the principal and interest with respect to the District's outstanding 1998 COPs), the 2006 Lease Purchase Agreement and/or the 2007 Lease Purchase Agreement; and

(b) the remaining proceeds shall be deposited into the Building Fund (the "Building Fund") which is hereby established for the account of the District and shall be administered by the County Office of Education. Money in the Building Fund shall be disbursed for the payment of the costs of acquiring and constructing the Project. At such time that no amounts remain on deposit in the Building Fund, the County Treasurer may close the Building Fund.

SECTION 25. Payment and Security for the Bonds. The Board of Supervisors shall annually at the time of making the levy of taxes for County purposes, levy a continuing direct *ad valorem* tax for the Fiscal Year upon the taxable property in the District without limitation as to rate or amount (except for certain personal property which is taxable at limited rates) in an amount at least sufficient, together with moneys on deposit in the Debt Service Fund and available for such purpose, to pay the Principal or Accreted Value of, premium, if any, and interest on each Bond as each becomes due and payable in the next succeeding Bond Year. The tax levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The District hereby pledges as security for the Bonds and the interest thereon and the County shall deposit or cause to be deposited in the District's Debt Service Fund, the proceeds from the levy of the aforementioned tax which the County receives (the "Pledged Moneys"). The Pledged Moneys shall be used to pay the Principal of, premium, if any, and interest on the Bonds when and as the same shall become due and payable. The Bonds are the general obligations of the District and do not constitute an obligation of the County except as provided in this Resolution. No part of any fund or account of the County is pledged or obligated to the payment of the Bonds or the interest thereon. Other than the Pledged Moneys, no funds or accounts of the District are pledged to payment of the Bonds.

SECTION 26. Debt Service Fund.

(a) The District shall deposit or cause to be deposited any accrued interest and any original issue premium not applied towards payment of the Costs of Issuance and received by the

District from the sale of the Bonds in the fund established and designated as the “Mt. Diablo Unified School District, General Obligation Bonds, 2010 Election, Series 2010, Debt Service Fund” (the “Debt Service Fund”) to be administered by the County and used only for the payment of the Principal of, premium, if any, and interest on the Bonds.

(b) All Pledged Moneys shall be deposited upon collection by the County into the Debt Service Fund and used for the payment of the Principal of, premium, if any, and interest on the Bonds.

(c) The County shall transfer or cause to be transferred from the Debt Service Fund to the Paying Agent, an amount, in immediately available funds, sufficient to pay all the Principal of, premium, if any, and interest on the Bonds (collectively, the “Debt Service”) on such Interest Payment Date. Debt Service on the Bonds shall be paid by the Paying Agent in the manner provided by law for the payment of Debt Service.

(d) The District shall cause moneys to be transferred to the extent needed to comply with the Tax Certificate. Any amounts on deposit in the Debt Service Fund when there are no longer any Bonds Outstanding shall be transferred to the general fund of the District.

SECTION 27. Establishment and Application of Excess Earnings Fund. The District shall establish a special fund designated “Mt. Diablo Unified School District General Obligation Bonds, 2010 Election, Series 2010, Excess Earnings Fund” (the “Excess Earnings Fund”) which shall be administered by the County Office of Education for the account of the District and which shall be kept separate and apart from all other funds and accounts held hereunder. The District shall deposit, or cause to be deposited, moneys to the Excess Earnings Fund in accordance with the provisions of the Tax Certificate. Amounts on deposit in the Excess Earnings Fund shall only be applied to payments made to the United States or otherwise transferred to other accounts or funds established hereunder in accordance with the Tax Certificate.

SECTION 28. Payment of Costs of Issuance. The District may pay, or cause to be paid, Costs of Issuance using proceeds of the Bonds or, to the extent available, original issue premium derived from the sale of the Bonds and applied for that purpose as provided in the Bond Purchase Agreement.

SECTION 29. Establishment of Additional Funds and Accounts. If at any time it is deemed necessary or desirable by the District, the County Office of Education may establish additional funds under this Resolution and/or accounts within any of the funds or accounts established hereunder.

SECTION 30. Redemption. The Bonds shall be subject to redemption as provided in the Bond Purchase Agreement.

SECTION 31. Selection of Bonds for Redemption. Whenever provision is made in this Resolution or in the Bond Purchase Agreement for the redemption of the Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least 45 days prior to the date designated for such redemption, shall select Bonds for redemption in such order as the District may direct, or, in the absence of such

direction, in inverse order of maturity within a series. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Current Interest Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof and the portion of any Capital Appreciation Bond to be redeemed in part shall be in the Maturity Value of \$5,000 or any integral multiple thereof.

SECTION 32. Notice of Redemption. When redemption is authorized or required pursuant to this Resolution or the Bond Purchase Agreement, the Paying Agent, upon written instruction from the District given at least 45 days prior to the date designated for such redemption, shall give notice (a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price or Accreted Value, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount or Accreted Value, as appropriate, of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date in the case of Current Interest Bonds, and that from and after such date interest with respect thereto shall cease to accrue or accrete and be payable.

The Paying Agent shall take the following actions with respect to such Redemption Notice:

(a) At least 30 but not more than 60 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by first class mail, postage prepaid, at their addresses appearing on the Bond Register. Notice of redemption may be given on a conditional basis in contemplation of a refunding of the Bonds.

(b) In the event that the Bonds shall no longer be held in book-entry only form, at least two days before the date of the notice required by clause (a) of this Section, such Redemption Notice shall be given by (i) first class mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to each of the Securities Depositories.

(c) In the event that the Bonds shall no longer be held in book-entry only form, at least two days before the date of notice required by clause (a) of this Section, such Redemption Notice shall be given by (i) first class mail, postage prepaid, or (ii) overnight delivery service, to the Municipal Securities Rulemaking Board.

Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose

of redeeming Bonds shall bear the CUSIP number identifying, by series and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

SECTION 33. Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in Transfer Amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

SECTION 34. Effect of Notice of Redemption. Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside for the payment of their redemption price, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in Section 31 hereof, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given as aforesaid, then from and after such redemption date, interest with respect to the Bonds to be redeemed shall cease to accrue and become payable. All money held by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of Sections 31, 32 and 33 shall be cancelled upon surrender thereof and delivered to or upon the order of the District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent upon written notice by the District given to the Paying Agent.

SECTION 35. Paying Agent, Appointment and Acceptance of Duties.

(a) The Board hereby consents to and confirms the appointment of Wells Fargo Bank National Association to act as Paying Agent for the Bonds under this Resolution. All fees and expenses incurred for services of the Paying Agent shall be the sole responsibility of the District. The Paying Agent shall have a corporate trust office in San Francisco or Los Angeles, California.

(b) Unless otherwise provided, the office of the Paying Agent designated by the Paying Agent shall be the place for the payment of Principal of, premium, if any, and interest on the Bonds.

SECTION 36. Liability of Paying Agent. The Paying Agent makes no representations as to the validity or sufficiency of this Resolution or of any Bonds issued hereunder or as to the security afforded by this Resolution, and the Paying Agent shall incur no liability in respect hereof or thereof.

SECTION 37. Evidence on Which Paying Agent May Act. The Paying Agent, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Resolution

and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent may consult with counsel, who may or may not be counsel to the District, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

SECTION 38. Compensation. The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Resolution. In no event shall the Paying Agent be required to expend its own funds hereunder.

The fees and expenses of the Paying Agent not paid from the proceeds of the sale of the Bonds shall be paid each year from the Debt Service Fund, insofar as permitted by law, including specifically by Section 15232 of the Education Code.

SECTION 39. Ownership of Bonds Permitted. The Paying Agent or the Underwriter may become the Owner of any Bonds.

SECTION 40. Resignation or Removal of Paying Agent and Appointment of Successor.

(a) The Paying Agent initially appointed hereunder may resign from service as Paying Agent and the Superintendent may remove such Paying Agent or any subsequent Paying Agent as provided in the respective Paying Agent's service agreement. Without further action by the District, if at any time the Paying Agent shall resign or be removed, the Superintendent shall appoint a successor Paying Agent, which shall be a bank or trust company doing business in and having a corporate trust office in San Francisco or Los Angeles, California, with at least \$50,000,000 in net assets. The Paying Agent shall keep accurate records of all funds administered by it and of all Bonds paid and discharged by it. Such records shall be provided, upon reasonable request, to the District in a format mutually agreeable to the Paying Agent and the District. Such successor Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the District a written acceptance thereof. Resignation or removal of the Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

(b) In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor.

SECTION 41. Investment of Certain Funds. Moneys held in all funds and accounts established hereunder shall be invested and reinvested by the Treasurer in Authorized Investments to the fullest extent practicable as shall be necessary to provide moneys when needed for payments to be made from such funds or accounts. Nothing in this Resolution shall prevent any investment securities acquired as investments of funds held hereunder from being issued or held in book-entry form on the books of the Department of the Treasury of the United States. All investment earnings on amounts on deposit in the Excess Earnings Fund, the Debt Service Fund and the Building Fund shall remain on deposit in such funds.

The proceeds from the sale of the Bonds (net of premium, if any) will be deposited in the County treasury to the credit of the Building Fund. Any premium or accrued interest received by the County from the sale of the Bonds will be deposited in the Debt Service Fund. Earnings on the investment of moneys in either fund will be retained in that fund and used only for the purposes to which that fund may lawfully be applied. Moneys in the Building Fund may only be applied for the purposes for which the Bonds were approved. Moneys in the Debt Service Fund may only be applied to make payments of interest, principal, Maturity Value and premium, if any, on bonds of the District.

All funds held in the Building Fund and the Debt Service Fund will be invested by the Treasurer at the direction of the District. All funds held in the Building Fund by the Treasurer under this Resolution will be invested pursuant to applicable law and the investment policy of the County, unless otherwise directed in writing by the District. At the written direction of the District, all or any portion of the Building Fund may be invested in the Local Agency Investment Fund in the treasury of the State, and all or any portion of the Building Fund 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 Bonds necessary in order to maintain the then-current rating on the Bonds, provided that the Treasurer will be a signatory to any such investment agreement.

The District covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Resolution, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Resolution or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of section 148 of the Code).

SECTION 42. Valuation and Sale of Investments. Obligations purchased as an investment of moneys in any fund or account shall be deemed at all times to be a part of such fund or account. Profits or losses attributable to any fund or account shall be credited or charged to such fund or account. In computing the amount in any fund or account created under the provisions of this Resolution for any purpose provided in this Resolution, obligations purchased as an investment of moneys therein shall be valued at cost, plus, where applicable, accrued interest.

SECTION 43. Supplemental Resolutions With Consent of Owners. This Resolution, and the rights and obligations of the District and of the Owners of the Bonds issued hereunder, may be modified or amended at any time by a Supplemental Resolution adopted by the District with the written consent of Owners owning at least 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the District; provided, however, that if a Bond Insurance Policy is in effect, and provided that the Bond Insurer, if any, complies with its obligations thereunder, the Bond Insurer shall be deemed to be the sole Owner of the Bonds for purposes of this sentence. Notwithstanding the foregoing, no such modification or amendment shall, without the express consent of the Owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary

medium in which Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification thereof or hereof. No such Supplemental Resolution shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto. Notwithstanding anything herein to the contrary, no such consent shall be required if the Owners are not directly and adversely affected by such amendment or modification.

SECTION 44. Supplemental Resolutions Effective Without Consent of Owners. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the District may be adopted, which, without the requirement of consent of the Owners, shall be fully effective in accordance with its terms:

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

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

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

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

(e) to make such additions, deletions or modifications as may be necessary or desirable to assure qualification of the Direct Pay Build America Bonds as Build America Bonds and Qualified Bonds; or

(f) to make such additions, deletions or modifications as may be necessary or desirable to assure qualification of the Direct Pay New Clean Renewable Energy Bonds as New Clean Renewable Energy Bonds and “specified tax credit bonds” under the Code; or

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

(h) To amend or supplement this Resolution in any other respect, provided such Supplemental Resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the Owners.

SECTION 45. Effect of Supplemental Resolution. Any act done pursuant to a modification or amendment so consented to shall be binding upon the Owners of all the Bonds and shall not be deemed an infringement of any of the provisions of this Resolution, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after consent relating to such specified matters has been given, no Owner shall have any right or interest to object to such action or in

any manner to question the propriety thereof or to enjoin or restrain the District or any officer or agent of either from taking any action pursuant thereto.

SECTION 46. Defeasance. If any or all Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the Principal of and interest on all Bonds Outstanding, as and when the same become due and payable;

(b) by depositing with the Paying Agent, in trust, at or before maturity, cash which, together with the amounts then on deposit in the Debt Service Fund plus the interest to accrue thereon without the need for further investment, is fully sufficient to pay all Bonds Outstanding on their redemption date or at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or

(c) by depositing with an institution to act as escrow agent selected by the District and which meets the requirements of serving as Paying Agent pursuant to Section 35, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America and described under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient, in the opinion of a verification agent satisfactory to the District, to pay and discharge all Bonds Outstanding at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the District and the Paying Agent under this Resolution with respect to such Outstanding Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the District to pay to the Paying Agent amounts owing to the Paying Agent under Section 38 hereof.

SECTION 47. Bond Insurance. All or a portion of the Bonds may be sold with bond insurance or other form of credit enhancement, if the Superintendent, in consultation with the Representative and the Financial Advisor, determines that the savings to the District resulting from the purchase of such bond insurance exceeds the cost thereof.

SECTION 48. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the terms of the Continuing Disclosure Agreement. Any Underwriter, any Owner or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section 48 and the Continuing Disclosure Agreement.

SECTION 49. Tax Covenants

(a) Tax Covenants Relating to Tax-Exempt Bonds.

(i) *Private Activity Bond Limitation.* The District shall assure that the proceeds of the Series A Bonds are not so used as to cause the Series A Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(ii) *Federal Guarantee Prohibition.* The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Series A Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(iii) *Rebate Requirement.* The District shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Series A Bonds.

(iv) *No Arbitrage.* The District shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Series A Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Series A Bonds would have caused the Series A Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(v) *Maintenance of Tax-Exemption.* The District shall take all actions necessary to assure the exclusion of interest on the Series A Bonds from the gross income of the Owners of the Series A Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Series A Bonds.

(b) Tax covenants Relating to Direct Payment New Clean Renewable Energy Bonds.

(i) *Clean Renewable Energy Project.* The District shall assure that all of the Available Project Proceeds of the Direct Payment New Clean Renewable Energy Bonds will be used for a Qualified Purpose or Purposes in accordance with section 54C(a)(1) of the Code.

(ii) *Qualified Issuer.* The District shall maintain its status as a governmental body which constitutes a "Qualified Issuer" under and as required by Section 54C(a)(2) and as defined in Section 54C(d)(6) of the Code.

(iii) *Designation of Direct Payment New Clean Renewable Energy Bonds as New Clean Renewable Energy Bonds.* The District hereby designates the Direct Payment New Clean Renewable Energy Bonds as new clean renewable energy bonds for purposes of section 54C(a)(3) of the Code.

(iv) *Three Year Expenditure of Proceeds on Project.* The District reasonably expects to expend all of the Available Project Proceeds of the Direct Payment New Clean

Renewable Energy Bonds for a Qualified Purpose with respect to the Project within the Expenditure Period. To the extent that less than 100% of the Available Project Proceeds of the Direct Payment New Clean Renewable Energy Bonds are expended for a Qualified Purpose by the end of the Expenditure Period, all nonqualified bonds (as determined under Section 142 of the Code) shall be redeemed within 90 days of the end of the Expenditure Period all in accordance with the requirements of Section 54A(d)(2)(B) of the Code in the time and manner prescribed by the Code.

(v) *Binding Commitment to Spend Available Project Proceeds.* The District reasonably expects that, within 6 months of the date of issue of the Direct Payment New Clean Renewable Energy Bonds, it will enter into a binding commitment with a third party to spend at least ten percent (10%) of the Available Project Proceeds of the Direct Payment New Clean Renewable Energy Bonds for a Qualified Purpose with respect to the Project.

(vi) *Financing Capital Expenditures, No Working Capital.* All Available Project Proceeds of the Direct Payment New Clean Renewable Energy Bonds will be spent on capital expenditures with a reasonably expected economic life of one year or more.

(vii) *Limitation on Issuance Costs.* No proceeds of the Direct Payment New Clean Renewable Energy Bonds and investment earnings thereon, in an amount in excess of two percent (2%) of the proceeds of the sale of the Direct Payment New Clean Renewable Energy Bonds, will be used to pay costs of issuing of the Direct Payment New Clean Renewable Energy Bonds. If the fees of the original purchaser are retained as a discount on the purchase of the Bonds, such retention shall be deemed to be an expenditure of proceeds of the Direct Payment New Clean Renewable Energy Bonds for said fees.

(viii) *Allocation of New Clean Renewable Energy Bond Limitation.* The District has received an allocation of a portion of the national new clean renewable energy bond limitation in the aggregate amount of \$59,543,532.00, which will be included in the transcript for the Direct Payment New Clean Renewable Energy Bonds.

(ix) *No Arbitrage.* The District shall not take, or permit or suffer to be taken by any other person, any action with respect to the proceeds of the Direct Payment New Clean Renewable Energy Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Direct Payment New Clean Renewable Energy Bonds would have caused the Direct Payment New Clean Renewable Energy Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code as modified by Section 54A(d)(4) of the Code, including the Regulations with respect thereto.

(x) *Rebate Compliance.* The District shall take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Direct Payment New Clean Renewable Energy Bonds. For purposes of

this paragraph, investments of Available Project Proceeds during the Expenditure Period are deemed to comply with the requirements and limitations of Section 148 of the Code.

(xi) *Limitation on Reserve Funds.* No fund the proceeds of which are pledged to, or are reasonably expected to be used directly or indirectly to pay, principal or interest on the Direct Payment New Clean Renewable Energy Bonds or are reserved or otherwise set aside such that there is a reasonable assurance that such amounts will be available to pay principal or interest on the Direct Payment New Clean Renewable Energy Bonds will be funded with respect to the Direct Payment New Clean Renewable Energy Bonds except as follows: (i) the fund is funded at a rate not more rapid than equal annual installments, (ii) such fund is funded in a manner reasonably expected to result in an amount not greater than an amount necessary to repay the issue, and (iii) the yield on the fund is not greater than the rate determined under 54A(d)(5)(B) of the Code.

(xii) *Acquisition, Disposition and Valuation of Investments.* Except as otherwise provided in following sentence, the District covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Resolution, or otherwise containing proceeds of the Direct Payment New Clean Renewable Energy Bonds shall be acquired, disposed of, and valued (as of the date that valuation is required by this Indenture or the Code) at Fair Market Value. Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of section 148 of the Code).

(xiii) *Prohibition on Financial Conflicts of Interest.* The District hereby covenants and agrees to comply with all State and local law requirements governing conflicts of interest as such requirements may relate, directly or indirectly, to the Direct Payment New Clean Renewable Energy Bonds. The District hereby covenants and agrees to comply with any conflict of interest rules prescribed by the IRS or United States Department of Treasury governing the appropriate Member of Congress, Federal, State, and local officials, and their spouses as such rules may apply to the Direct Payment New Clean Renewable Energy Bonds.

(xiv) *Davis-Bacon Act Requirements.* The District hereby covenants and agrees to comply with the wage rate requirements of Title 40, Subtitle II, Part A, Chapter 31, Subchapter IV of the United States Code as such requirements relate to the proceeds of the Direct Payment New Clean Renewable Energy Bonds.

(xv) *Maintenance of Qualification for Refundable Credit Payments.* The District shall take all actions necessary to assure that the Direct Payment New Clean Renewable Energy Bonds remain new clean renewable energy bonds under Section 54C(a) of the Code and specified tax credit bonds eligible for the Refundable Credit Payments under Section 6431 of the Code.

(xvi) *Election to Receive Refundable Credit Payments.* The District hereby irrevocably elects to treat the Direct Payment New Clean Renewable Energy Bonds as “Specified Tax Credit Bonds” within the meaning of Section 6431(f) of the Code such

that the District will be eligible to receive direct payment by the federal government of a refundable credit equal to the lesser of the interest payable on the Direct Payment New Clean Renewable Energy Bonds or 70% of the tax credit rate applicable to the Direct Payment New Clean Renewable Energy Bonds (the “Refundable Credit Payment”).

(xvii) *Filing of Forms To Receive Refundable Credit Payment.* The District will, within the 45-day period beginning on the date that is 90 days before the next interest payment date with respect to the Direct Payment New Clean Renewable Energy Bonds, file Form 8038-CP or any successor form designated by the federal government, requesting payment of the Refundable Credit Payment with respect to the next interest payment with respect to the Direct Payment New Clean Renewable Energy Bonds.

(c) Tax Covenants Relating to Direct Payment Build America Bonds.

(i) *Election to Apply Section 54AA(d) of the Code.* The District hereby irrevocably elects to apply the provisions of Section 54AA(d) of the Code to the Direct Payment Build America Bonds and intends that the Direct Payment Build America Bonds be treated as Build America Bonds. In addition, the District hereby irrevocably elects to treat the Direct Payment Build America Bonds as “Qualified Bonds” within the meaning of Section 54AA(g)(2) of the Code such that the Bonds will be eligible for direct payment by the federal government of a refundable credit equal to 35 percent (35%) of interest payable on the Bonds (the “Refundable Credit Payment”).

(ii) *Filing of Forms To Receive Refundable Credit Payment.* The District will, within the 45-day period beginning on the date that is 90 days before the next Interest Payment Date with respect to the Direct Payment Build America Bonds, file Form 8038-CP or any successor form designated by the federal government, requesting payment of the Refundable Credit Payment with respect to the next interest payment on the Direct Payment Build America Bonds.

(iii) *Limitation on Original Issue Premium.* All Direct Payment Build America Bonds of each maturity of the issue will be offered to the ultimate purchasers thereof (not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at the price of par and, at least ten percent (10%) of the first bonds sold in each maturity of the issue will be actually sold at a price not excess of the par amount thereof x .0025 x the number of complete years to maturity from the date of issue of the bonds to the date of said maturity.

(iv) *Private Activity Bond Limitation.* The District shall assure that the proceeds of the Direct Payment Build America Bonds are not so used as to cause the Direct Payment Build America Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(v) *Financing Capital Expenditures, No Working Capital.* All amounts in excess of Available Project Proceeds of the Direct Payment Build America Bonds less Available Project Proceeds of the Direct Payment Build America Bonds, if any, deposited

in a reasonably required reserve or replacement fund will be spent on capital expenditures with a reasonably expected economic life of one year or more.

(vi) *Limitation on Issuance Costs.* No proceeds of the Direct Payment Build America Bonds and investment earnings thereon, in an amount in excess of two percent (2%) of the proceeds of the sale of the Direct Payment Build America Bonds, will be used to pay costs of issuing of the Direct Payment Build America Bonds. If the fees of the original purchaser of the Direct Payment Build America Bonds are retained as a discount on the purchase of the Direct Payment Build America Bonds, such retention shall be deemed to be an expenditure of proceeds of the Bonds for said fees.

(vii) *Federal Guarantee Prohibition.* The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Direct Payment Build America Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code. For this purpose, the Refundable Credit Payment shall not be treated as a federal guaranty.

(viii) *Rebate Requirement.* The District shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Direct Payment Build America Bonds.

(ix) *No Arbitrage.* The District shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Direct Payment Build America Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Direct Payment Build America Bonds would have caused the Direct Payment Build America Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

(x) *Expenditure of Proceeds to Assure Direct Payment Build America Bonds Eligible For Refundable Credit Payment.* The District shall take all actions necessary to assure that the proceeds of the Direct Payment Build America Bonds are expended and all federal tax requirements are met so as to cause the Direct Payment Build America Bonds to be treated as Build America Bonds and Qualified Bonds and therefore be eligible for the Refundable Credit Payment within the meaning of Sections 54AA and 6431 of the Code.

[Remainder of this page intentionally left blank.]

The foregoing resolution was, on the ____ day of ____, 2010, adopted by the Board of Education of the Mt. Diablo Unified School District at a regular meeting by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

Clerk of the Board of Education of the Mt. Diablo
Unified School District

By: _____

EXHIBIT A-1

FORM OF CURRENT INTEREST BOND

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

UNITED STATES OF AMERICA

STATE OF CALIFORNIA

MT. DIABLO UNIFIED SCHOOL DISTRICT (COUNTY OF CONTRA COSTA)
GENERAL OBLIGATION BONDS, 2010 ELECTION, 2010 SERIES_

\$ _____

No. _____

Interest Rate

Maturity Date

Dated Date

CUSIP

____%

August 1, 20__

_____, 2010

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The Mt. Diablo Unified School District (the "District") of the County of Contra Costa, State of California, for value received, hereby acknowledges itself indebted and promises to pay to the Registered Owner set forth above the Principal Amount set forth above, on the Maturity Date set forth above, together with interest thereon from the dated date set forth above until the Principal Amount hereof shall have been paid or provided for, in accordance with the Resolution hereinafter referred to, at the interest rate set forth above. Interest on this Bond is payable on _____ 1, 20__, and semiannually thereafter on the first day of February and August (each, an "Interest Payment Date") in each year to the registered owner hereof from the Interest Payment Date next preceding the date on which this Bond is registered (unless it is registered after the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date (a "Record Date") and before the close of business on the immediately following Interest

Payment Date, in which event it shall bear interest from such following Interest Payment Date, or unless this Bond is registered prior to the close of business on [January 15, 2011], in which event it shall bear interest from its date; provided, however, that if at the time of registration of this Bond interest with respect hereto is in default, interest with respect hereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment). The Principal Amount hereof is payable at the office of Wells Fargo Bank National Association, as paying agent (the "Paying Agent"), in San Francisco, California. The interest hereon is payable by check or draft mailed by first class mail to each registered owner, at his address as it appears on the registration books kept by the Paying Agent as of the Record Date.

[The Bonds of this issue are comprised of \$_____ Principal Amount of Current Interest Bonds, of which this Bond is a part (a "Current Interest Bond") and \$_____ Principal Amount of Capital Appreciation Bonds.] This Bond is issued by the District under and in accordance with the provisions of (i) Section 53506 *et seq.* of the California Government Code (the "Act") and (ii) Article XIII A of the California Constitution, and pursuant to a resolution adopted by the Board of Education of the District on _____, 2010 (the "Resolution"). Reference is hereby made to the Resolution, a copy of which is on file at the office of the District, for a description of the terms on which the Bonds are delivered, and the rights thereunder of the registered owners of the Bonds and the rights and duties of the Paying Agent and the District, to all of the provisions of which the registered owner of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Resolution. The Bonds were authorized by a vote of more than 55% of the qualified electors of the District voting on the proposition at a general election held therein to determine whether such Bonds should be issued.

This Bond is a general obligation of the District, payable as to both Principal and interest from *ad valorem* taxes which, under the laws now in force, may be levied without limitation as to rate or amount upon all of the taxable property in the District. Neither the payment of the Principal of this Bond, or any part thereof, nor any interest or premium hereon constitute a debt, liability or obligation of the County.

This Bond is issued in fully registered form and is nonnegotiable. Registration of this Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the aforesaid offices of the Paying Agent, but only in the manner, subject to the limitations, and upon payment of the charges, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in authorized denominations will be issued to the transferee in exchange herefor. The District and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary.

The Current Interest Bonds maturing on or before August 1, 20__ shall not be subject to redemption prior to their maturity dates. The Current Interest Bonds maturing on or before August 1, 20__ may be redeemed prior to their respective stated maturity dates, at the option of the District, from any source of available funds, on August 1, 20__ or on any date thereafter as a whole, or in part, at the principal amount thereof, together with interest accrued thereon to the date of redemption, without premium.

The Current Interest Bonds maturing on August 1, 20__, are subject to mandatory sinking fund redemption, in part by lot, on August 1 in each of the years and in the principal amounts set forth in the following schedule, at a redemption price of par, plus accrued interest to the date fixed for redemption:

Mandatory Sinking Fund
Payment Date (August 1)

Mandatory Sinking Fund Payment

The rights and obligations of the District and of the owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the District with the written consent of owners of at least 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the District; provided, however, that no such modification or amendment shall, without the express consent of the registered owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, extend its maturity or the times for paying interest thereon or change the monetary medium in which the Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification hereof.

A supplemental resolution of the District may be adopted, which, without the requirement of consent of the registered owners, shall be fully effective in accordance with its terms: (1) to add to the covenants and agreements of the District in the Resolution, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (2) to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (3) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution; (4) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or (5) to amend or supplement the Resolution in any other respect, provided such supplemental resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the owners.

If this Bond is called for redemption and the Principal Amount of this Bond plus premium, if any, and accrued interest due with respect hereto are duly provided therefor as specified in the Resolution, then interest shall cease to accrue with respect hereto from and after the date fixed for redemption.

This Bond shall not become valid or obligatory for any purpose until the Certificate of Authentication hereon endorsed shall have been dated and executed manually by the Paying Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED, that an election was duly and legally called, held and conducted, and the notices thereof duly given, and the results thereof canvassed and declared in accordance with the provisions of the Education Code of the State and that all of the proceedings of the Board of Education of the District in the matter of the issuance of this Bond were regular and in strict accordance with the provisions of the Act and of the Constitution of the State of California, and that the total bonded indebtedness of the District, including the issue of which this Bond is a part, does not exceed any limit prescribed by law.

IN WITNESS WHEREOF, Mt. Diablo Unified School District has caused this Bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the President of the Board of Education of the Mt. Diablo Unified School District, and to be countersigned by the manual or facsimile signature of the Clerk of the Board of Education of the Mt. Diablo Unified School District.

MT. DIABLO UNIFIED SCHOOL DISTRICT

By: _____
President of the Board of Education

Countersigned:

By: _____
Clerk of the Board of Education

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution of the Board of Education of the Mt. Diablo Unified School District.

DATED: _____, 2010

WELLS FARGO BANK NATIONAL
ASSOCIATION, as
Paying Agent

By: _____
Authorized Officer

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto

Name of Transferee: _____

Address for Payment of Interest: _____

Social Security Number or other Tax Identification No.:

the within-mentioned Bond and hereby irrevocably constitutes and appoints attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

Registered Owner

Dated:

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

Signature _____
guaranteed

[Bank, Trust Company or Firm]

By _____
Authorized Officer

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

EXHIBIT A-2

FORM OF CAPITAL APPRECIATION BOND

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

UNITED STATES OF AMERICA

STATE OF CALIFORNIA

MT. DIABLO UNIFIED SCHOOL DISTRICT (COUNTY OF CONTRA COSTA)
GENERAL OBLIGATION BONDS, 2010 ELECTION, 2010 SERIES _

No. _____

<u>Accretion Rate</u>	<u>Yield to Maturity</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
%	___%	August 1, 20__	Date of Delivery	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

MATURITY AMOUNT:

The Mt. Diablo Unified School District of the County of Contra Costa (the "District"), State of California, for value received, hereby acknowledges itself indebted and promises to pay to the Registered Owner set forth above the Maturity Value set forth above, on the Maturity Date set forth above. Interest on this Bond with respect to the Principal Amount hereof will accrue at the Accretion Rate per annum shown above from the Dated Date shown above and will be compounded semiannually on February 1 and August 1 of each year until maturity, computed using a year of 360 days comprised of twelve 30-day months and shall be payable only at maturity as part of the Maturity Value. The Accreted Value hereof is payable at the office of Wells Fargo Bank National Association, as initial paying agent (the "Paying Agent"), in San Francisco, California.

[The Bonds of this issue are comprised of \$_____ of Principal Amount of Capital Appreciation Bonds of which this Bond is a part (a "Capital Appreciation Bond") and

\$_____ Principal Amount of Current Interest Bonds.] This Bond is issued by the District under and in accordance with the provisions of (i) Section 53506 *et seq.* of the California Government Code (the “Act”) and (ii) Article XIII A of the California Constitution, and pursuant to a resolution adopted by the Board of Education of the District on _____, 2010 (the “Resolution”). Reference is hereby made to the Resolution, a copy of which is on file at the office of the District, for a description of the terms on which the Bonds are delivered, and the rights thereunder of the registered owners of the Bonds and the rights and duties of the Paying Agent and the District, to all of the provisions of which the registered owner of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Resolution. The Bonds were authorized by a vote of more than 55% of the qualified electors of the District voting on the proposition at a general election held therein to determine whether such Bonds should be issued.

This Bond is a general obligation of the District, payable as to Maturity Value from *ad valorem* taxes which, under the laws now in force, may be levied without limitation as to rate or amount upon all of the taxable property in the District. Neither the payment of the Maturity Value of this Bond, or any part hereof, nor any premium hereon constitute a debt, liability or obligation of the County.

This Bond is issued in fully registered form and is nonnegotiable. Registration of this Bond is transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the aforesaid offices of the Paying Agent, but only in the manner, subject to the limitations, and upon payment of the charges, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in authorized denominations will be issued to the transferee in exchange herefor. The District, the County and the Paying Agent may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary.

[The Capital Appreciation Bonds maturing on and after August 1, 20__ may be redeemed prior to their respective stated maturity dates, at the option of the District, from any source of available funds, on any date on or after August 1, 20__, as a whole or in part, at a redemption price equal to the Accreted Value as of the date of redemption of such Capital Appreciation Bonds called for redemption, without premium.]

[The Capital Appreciation Bonds maturing on or before August 1, 20__ are not subject to optional redemption. The Capital Appreciation Bonds maturing on or after August 1, 20__, may be redeemed prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20__ at a redemption price equal to the Accreted Value as of the date of redemption of such Capital Appreciation Bonds called for redemption, without premium.]

[The Capital Appreciation Bonds are subject to mandatory redemption prior to their maturity date, by lot, at the Accreted Value thereof, without premium, on each August 1, in the years and in an amount equal to the aggregate Accreted Values set forth below:]

Redemption Date

Accreted Value
To Be Redeemed

The rights and obligations of the District and of the owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the District with the written consent of owners of at least 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the District; provided, however, that no such modification or amendment shall, without the express consent of the registered owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, extend its maturity or the times for paying interest thereon, or change the monetary medium in which the Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification hereof.

A supplemental resolution of the District may be adopted, which, without the requirement of consent of the registered owners, shall be fully effective in accordance with its terms: (1) to add to the covenants and agreements of the District in the Resolution, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (2) to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (3) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution; (4) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or (5) to amend or supplement the Resolution in any other respect, provided such supplemental resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the owners.

If this Bond is called for redemption and the Accreted Value, without premium, is duly provided therefor as specified in the Resolution, then interest shall cease to accrete with respect hereto from and after the date fixed for redemption.

This Bond shall not become valid or obligatory for any purpose until the Certificate of Authentication hereon endorsed shall have been dated and executed manually by the Paying Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED, that an election was duly and legally called, held and conducted, and the notices thereof duly given, and the results thereof canvassed and declared in accordance with the provisions of the Education Code of the State and that all of the proceedings of the Board of Education of the District in the matter of the issuance of this Bond were regular and in strict accordance with the provisions of the Act and of the Constitution of the State of California, and that the total bonded indebtedness of the District, including the issue of which this Bond is a part, does not exceed any limit prescribed by law.

IN WITNESS WHEREOF, the Mt. Diablo Unified School District has caused this Bond to be executed and in their official capacities by the manual or facsimile signature of the President of the Board of Education of the Mt. Diablo Unified School District and to be countersigned by the manual or facsimile signature of the Clerk of the Board of Education of the Mt. Diablo Unified School District.

MT. DIABLO UNIFIED SCHOOL DISTRICT

By: _____
President of the Board of Education

Countersigned:

By: _____
Clerk of the Board of Education

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution of the Board of Education of the Mt. Diablo Unified School District.

DATED: _____, 2010

WELLS FARGO BANK NATIONAL
ASSOCIATION, as Paying Agent

By: _____
Authorized Officer

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto

Name of Transferee: _____

Address for Payment of Interest: _____

Social Security Number or other Tax Identification No.:

the within-mentioned Bond and hereby irrevocably constitutes and appoints attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

Registered Owner

Dated:

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

Signature _____
guaranteed

[Bank, Trust Company or Firm]

By _____
Authorized Officer

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

EXHIBIT A-3

FORM OF CONVERTIBLE CAB

REGISTERED
NO. ___

REGISTERED
\$ _____

MT. DIABLO UNIFIED SCHOOL DISTRICT
(COUNTY OF CONTRA COSTA)
GENERAL OBLIGATION BONDS, 2010 ELECTION, 2010 SERIES A

Reoffering Yield:	Interest Rate				
through	after the	Conversion	Maturity		
<u>Conversion Date</u>	<u>Conversion Date</u>	<u>Date</u>	<u>Date</u>	<u>Dated as of:</u>	<u>CUSIP</u>
%	%				

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

CONVERSION VALUE: _____ DOLLARS

The Mt. Diablo Unified School District (the "District") in the County of Contra Costa, California (the "County"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Maturity Value on the Maturity Date, each as stated above, such Maturity Value comprising the Principal Amount and interest accreted thereon. This bond will not bear current interest but will accrete interest, compounded on each February 1 and August 1, commencing _____ 1, 2011 at the Reoffering Yield specified above to the dated Conversion Date, assuming that in any such semiannual period the sum of such compounded accreted interest and the Denomination Amount (such sum being herein called the "Accreted Value") increases in equal daily amounts on the basis of a 360-day year consisting of twelve 30-day months. After the Conversion Date, the District, for value received, promises to pay to the Registered Owner named above, interest on the Accreted value as of the Conversion Date (the "Conversion Value") until the Maturity Value (*i.e.* the Conversion Value) is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing _____ 1, 20__ (first anniversary of Conversion Date). This bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 15th day of the month next preceding any Bond Payment Date to the Bond Payment date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before _____ 15, 2010, in which event it will bear interest from the Date of Delivery. Principal (*i.e.*, Conversion Value or Maturity Value) and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this bond (or, if applicable, one or more predecessor bonds) is registered (the "Registered Owner") on the register maintained by the Bond Registrar, initially Wells Fargo Bank National Association. Conversion

Value and redemption premium, if any, are payable upon presentation and surrender of this bond at the principal office of the Bond Registrar. The Bonds were authorized by a vote of more than 55% of the qualified electors of the District voting on the proposition at an election held therein to determine whether such Bonds should be issued.

This bond is authorized by that certain resolution adopted by the Board of Education of the District on _____, 2010 (the "Resolution"). This bond and the issue of which this bond is one are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount in accordance with California Education Code Section 15250 and 15252. The bonds of this issue are general obligations of the District and do not constitute an obligation of the County except as provided in the Resolution. No part of any fund of the County is pledged or obligated to the payment of the bonds of this issue.

The bonds of this issue comprise \$_____ principal amount of Current Interest Bonds, \$_____ issue amount of Capital Appreciation Bonds and \$_____ principal amount of convertible capital appreciation bonds (each a "Convertible Capital Appreciation Bond"), of which this bond is a part, in the Denominational Amount of \$_____ and the Maturity Value of \$_____.

The Convertible Capital Appreciation Bonds maturing on August 1, 20__ may be redeemed before maturity at the option of the District, from any source of available funds, in whole or in part, at the direction of the District, on any date on or after August 1, 20__ at a redemption price equal to the principal amount thereof, together with accrued interest to the date of redemption, without premium.

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

Neither the District nor the Bond Registrar will be required (a) to issue or transfer any bond during a period beginning with the opening of business on the 15th business day next preceding either any Bond Payment Date or any date of selection of bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given or (b) to transfer any bond which has been selected or called for redemption in whole or in part.

Reference is made to the Resolution for a more complete description of the provisions, among others, with respect to the nature and extent of the security for the Convertible Capital Appreciation Bonds of this series, the rights, duties and obligations of the District, the Bond Registrar and the Registered Owners, and the terms and conditions upon which the bonds are

issued and secured. The Registered Owner of this bond assents, by acceptance hereof, to all of the provisions of the Resolution.

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

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Mt. Diablo Unified School District has caused this Bond to be executed and in their official capacities by the manual or facsimile signature of the President of the Board of Education of the Mt. Diablo Unified School District and to be countersigned by the manual or facsimile signature of the Clerk of the Board of Education of the Mt. Diablo Unified School District.

MT. DIABLO UNIFIED SCHOOL DISTRICT

By: _____
President of the Board of Education

Countersigned:

By: _____
Clerk of the Board of Education

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution of the Board of Education of the Mt. Diablo Unified School District.

DATED: _____, 2010

WELLS FARGO BANK NATIONAL
ASSOCIATION, as Paying Agent

By: _____
Authorized Officer

ASSIGNMENT

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

Dated: _____

Signature Guaranteed:

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or by any change whatever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: _____

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate 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.

EXHIBIT A-4

FORM OF DIRECT PAYMENT BOND

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

Number Principal Amount
R-____ \$ _____

MT. DIABLO UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS, 2010 ELECTION, 2010 SERIES _
(TAXABLE [BUILD AMERICA/ NEW CLEAN RENEWABLE ENERGY] BONDS -
DIRECT PAYMENT))

Dated Date Maturity Date Interest Rate CUSIP No.

August 1, 20__

Registered Owner: Cede & Co.

Principal Amount: _____ DOLLARS

The Mt. Diablo Unified School District (the "District") of the County of Contra Costa, State of California, for value received, hereby acknowledges itself indebted and promises to pay to the Registered Owner set forth above the Principal Amount set forth above, on the Maturity Date set forth above, together with interest thereon from the Dated Date set forth above until the Principal Amount hereof shall have been paid or provided for, in accordance with the Resolution hereinafter referred to, at the interest rate set forth above. Interest on this Bond is payable on _____ 1, 20__ and semiannually thereafter on the first day of February 1 and August 1 (each, an "Interest Payment Date") in each year to the Registered Owner hereof from the Interest Payment Date next preceding the date on which this Bond is registered (unless it is registered after the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date (a "Record Date") and before the close of business on the immediately following Interest Payment Date, in which event it shall bear interest from such following Interest Payment Date, or unless this Bond is registered prior to the close of business on _____ 15, 20__, in

which event it shall bear interest from its Dated Date; provided, however, that if at the time of registration of this Bond interest with respect hereto is in default, interest with respect hereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment). Interest on this Bond shall be computed using a year of 360 days, comprised of twelve 30-day months. The Principal Amount hereof is payable at the office of the Wells Fargo Bank National Association, as initial paying agent (the "Paying Agent"), in San Francisco, California. The interest hereon is payable by check or draft mailed by first class mail to each registered owner, at his address as it appears on the registration books kept by the Paying Agent as of the Record Date.

[The Bonds of this issue are comprised of \$_____ Principal Amount of Current Interest Bonds, \$_____ Principal Amount of Capital Appreciation Bonds and \$_____ Principal Amount of [Build America/New Clean Renewable Energy] Bonds – Direct Payment, of which this Bond is a part.] This Bond is issued by the District under and in accordance with the provisions of (i) Section 53506 *et seq.* of the California Government Code (the "Act"), (ii) Article XIII A of the California Constitution, (iii) Section 54[A/AA] of the American Recovery and Reinvestment Act of 2009; and pursuant to a resolution adopted by the Board of Education of the District on _____, 2010 (the "Resolution"). Reference is hereby made to the Resolution, a copy of which is on file at the office of the District, for a description of the terms on which the Bonds are delivered, and the rights thereunder of the registered owners of the Bonds and the rights and duties of the Paying Agent, the County and the District, to all of the provisions of which the registered owner of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Resolution. The Bonds were authorized by a vote of more than 55% of the qualified electors of the District voting on the proposition at an election held therein to determine whether such Bonds should be issued.

This Bond is a general obligation of the District, payable as to both Principal and interest from *ad valorem* taxes, which, under the laws now in force, may be levied without limitation as to rate or amount upon all of the taxable property in the District. Neither the payment of the Principal of this Bond, or any part thereof, nor any interest or premium hereon constitute a debt, liability or obligation of the County. Direct Payment payments received by the District from the United States government are not pledged to pay debt service on this Bond.

This Bond is issued in fully registered form and is nonnegotiable. Registration of this Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the aforesaid offices of the Paying Agent, but only in the manner, subject to the limitations, and upon payment of the charges, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such registration of transfer, a new Bond or Bonds, of like tenor and maturity in the same Transfer Amount and in authorized denominations will be issued to the transferee in exchange herefor. The District and the Paying Agent may treat the Registered Owner hereof as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary.

[The Current Interest Bonds maturing on or before August 1, 20__, are not subject to redemption prior to their stated maturity dates. The Current Interest Bonds maturing on and after August 1, 20__, may be redeemed before maturity, at the option of the District, from any source

of available funds, in whole or in part on any date on or after August 1, 20__, at par, together with interest accrued thereon to the date of redemption.]

[The Current Interest Bonds maturing on August 1, 20__, are subject to mandatory sinking fund redemption, in part by lot, on August 1 in each of the years and in the principal amounts set forth in the following schedule, at a redemption price of par, plus accrued interest to the date fixed for redemption:]

<u>Mandatory Sinking Fund Payment Date (August 1)</u>	<u>Mandatory Sinking Fund Payment</u> \$
---	---

Whenever provision is made for the redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least 45 days prior to the Date designated for such redemption, shall select Bonds for redemption in such order as the District may direct, or, in the absence of such direction, in inverse order of maturity within a series. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of this Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof.

The rights and obligations of the District and of the owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the District with the written consent of owners of at least 60% in aggregate Bond Obligation of the Outstanding Bonds, exclusive of Bonds, if any, owned by the County or the District; provided, however, that no such modification or amendment shall, without the express consent of the registered owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, extend its maturity or the times for paying interest thereon or change the monetary medium in which the Principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification hereof.

A supplemental resolution of the County may be adopted, which, without the requirement of consent of the registered owners, shall be fully effective in accordance with its terms: (1) to add to the covenants and agreements of the County in the Resolution, other covenants and agreements to be observed by the County or the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (2) to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the County or the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (3) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution; (4) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or (5) to amend or supplement the Resolution in any other respect, provided such supplemental resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the owners.

If this Bond is called for redemption and the Principal Amount of this Bond plus premium, if any, and accrued interest due with respect hereto are duly provided therefor as specified in the Resolution, then interest shall cease to accrue with respect hereto from and after the date fixed for redemption.

This Bond shall not become valid or obligatory for any purpose until the Certificate of Authentication hereon endorsed shall have been dated and executed manually by the Paying Agent.

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

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Mt. Diablo Unified School District has caused this Bond to be executed and in their official capacities by the manual or facsimile signature of the President of the Board of Education of the Mt. Diablo Unified School District and to be countersigned by the manual or facsimile signature of the Clerk of the Board of Education of the Mt. Diablo Unified School District.

MT. DIABLO UNIFIED SCHOOL DISTRICT

By: _____
President of the Board of Education

Countersigned:

By: _____
Clerk of the Board of Education

The following Certificate of Authentication shall be printed on the face of each Bond:

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution of the Board of Education of the Mt. Diablo Unified School District.

DATED: _____, 20__

WELLS FARGO BANK NATIONAL
ASSOCIATION, as Paying Agent

By: _____
Authorized Officer

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto

Name of Transferee: _____

Address for Payment of Interest: _____

Social Security Number or other Tax Identification No.:

the within-mentioned Bond and hereby irrevocably constitutes and appoints attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

Registered Owner

Dated:

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

Signature _____
guaranteed

[Bank, Trust Company or Firm]

By _____
Authorized Officer

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

EXHIBIT C

FORM OF BOND PURCHASE AGREEMENT

\$ _____
MT. DIABLO UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)

\$ _____
GENERAL OBLIGATION BONDS
2010 ELECTION, 2010 SERIES A

\$ _____
GENERAL OBLIGATION BONDS
2010 ELECTION, 2010 SERIES B
(FEDERALLY TAXABLE NEW CLEAN REWEWABLE
ENERGY BONDS – DIRECT PAYMENT)

BOND PURCHASE AGREEMENT

_____, 2010

Board of Education
Mt. Diablo Unified School District
1936 Carlotta Drive
Concord, California 92780

Ladies and Gentlemen:

The undersigned, Stone & Youngberg LLC, as representative (the “Representative”) of itself, George K. Baum & Company and Brandis Tallman LLC (collectively, the “Underwriters”), offers to enter into this Bond Purchase Agreement (the “Purchase Agreement”) with the Mt. Diablo Unified School District (the “District), which, upon your acceptance hereof, will be binding upon the District and the Representative. By execution of this Purchase Agreement, the District and the Representative acknowledge the terms hereof and recognize that they will be bound by certain of the provisions hereof, and to the extent binding thereupon, acknowledge and agree to such terms. This offer is made subject to the written acceptance of this Purchase Agreement by the District and delivery of such acceptance to us at or prior to 11:59 P.M., California Time, on the date hereof.

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Representative hereby agrees to purchase from the District for reoffering to the public, and the District hereby agrees to sell to the Representative for such purpose, all (but not less than all) of \$_____ aggregate principal amount of the District’s General Obligation Bonds, 2010 Election, 2010 Series A (the “Series A Bonds”) and \$_____ aggregate principal amount of the District’s General Obligation Bonds, 2010 Election, 2010 Series B (Federally Taxable New Clean Renewable Energy Bonds – Direct Payment) (the “Series B Bonds,” and together with the Series A Bonds, the “Bonds”). The Bonds shall bear or accrete interest at the rates with the yields to maturity (or yields to call date), shall mature in the years and shall be subject to redemption as shown on Exhibit A hereto, which is incorporated herein by this reference. The Representative shall purchase the: (A) Series A Bonds at a price of \$_____ (consisting of the aggregate initial principal amount of the Series A Bonds of _____, less \$_____ to be deposited by the Representative into an account to be held with a commercial bank (the “Fiscal Agent”) and used to pay costs of issuance

pursuant to the provisions of Section 12 hereof) and (B) Series B Bonds at a price of \$_____, being the aggregate principal amount of the Series B Bonds of \$_____. The District acknowledges that the amount of original issue premium retained by the Representative to pay costs of issuance does not constitute Underwriter's compensation. The original issue premium deposited by the Representative with the Fiscal Agent shall be applied to pay a portion of the allocated costs of issuance of the Bonds as provided below. If, after payment of all costs of issuance, any amount deposited by the Representative with the Fiscal Agent has not been expended, such amount shall be paid by the Representative or the Fiscal Agent to the County of Contra Costa (the "County") for deposit into the District's Debt Service Fund. In the event the amount deposited in the costs of issuance account is insufficient to pay costs of issuance, any shortfall shall be paid by the District.

Inasmuch as this purchase and sale represents a negotiated transaction, the District understands, and hereby confirms, that the Underwriters are not acting as a fiduciary, of the District, but rather are acting solely in their capacity as Underwriters, for each Underwriters own account. The Representative has been duly authorized to execute this Purchase Agreement and to act hereunder.

2. **The Bonds.** The Bonds shall be dated as of their date of delivery and shall mature on August 1 in the years shown on Exhibit A hereto. The Bonds shall otherwise be as described in, and shall be issued and secured pursuant to the provisions of the Resolution of the Board of Education of the District, adopted on _____, 2010 (the "Resolution"), this Purchase Agreement and Sections 53506 *et seq.* of the California Government Code (collectively, the "Act"). Certain provisions for the redemption of the Bonds, not otherwise specified in the Resolution, are shown in Exhibit A attached hereto and incorporated herein by reference, all as provided in the Resolution. The initial Paying Agent for the Bonds, as designated by the Resolution, shall be Wells Fargo Bank National Association (the "Paying Agent").

The Bonds are issued as Current Interest Bonds and Capital Appreciation Bonds and shall be executed and delivered under and in accordance with the provisions of this Purchase Agreement and the Resolution. The Bonds shall be in book-entry form, shall bear CUSIP numbers, shall be in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC").

The District intends to apply the net proceeds of the Bonds to finance and refinance the construction, acquisition, furnishing and equipping of District facilities as specified in the bond proposition approved by the voters on June 8, 2010 (the "Election"). A portion of the net proceeds of the Series A Bonds will be (i) deposited into the Prepayment Account held by Wells Fargo Bank National Association, as prior trustee (the "1998 Trustee"), under that certain Trust Agreement, dated as of April 1, 1998, by and among the District, the 1998 Trustee, and the Mt. Diablo Unified School District Education Facilities Financing Corporation (the "Corporation") to prepay [a portion/all] of the District's 1998 Refunding Certificates of Participation (Refunding and Capital Projects) (the "1998 Certificates") on December 1, 2010, (ii) deposited with Wells Fargo Bank National Association, as escrow agent (the "Escrow Agent"), pursuant to an Escrow Agreement, dated as of ____1, 2010, by and between the District and the Escrow Agent in order to prepay in whole the District's Lease/Purchase Agreement, dated September 1, 2006, by and between the District and the Corporation and (iii) applied to prepay in whole the District's outstanding Lease/Purchase Agreement, dated September 1, 2007, by and between the District and the Corporation.

3. **Use of Documents.** The District hereby authorizes the Underwriters to use, in connection with the offering and sale of the Bonds, this Purchase Agreement, the Official Statement, the Resolution, and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Representative in connection with the transactions contemplated by this Purchase Agreement (except as such documents otherwise expressly provide).

4. **Public Offering of the Bonds.** The Underwriters agree to make a *bona fide* public offering of all the Bonds at the initial public offering prices or yields to be set forth on the cover or inside cover page of the Official Statement (defined below). Subsequent to such initial public offering, the Underwriters reserve the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds; *provided* that the Underwriters shall not change the interest rates set forth in Exhibit A. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the public offering prices stated in the Official Statement.

The Representative hereby represents to the District (i) that as of the date of sale, all of the Bonds purchased were expected to be reoffered in a *bona fide* public reoffering; (ii) that as of the date of the certification at closing, all of the Bonds purchased had actually been offered to the general public at the offering prices shown in Exhibit "A"; and (iii) that the prices given in Exhibit "A" are the maximum initial *bona fide* offering prices at which a substantial amount (at least 10%) of each maturity of the Bonds purchased (or as otherwise indicated) was offered to the general public. The Representative agrees, upon request, to furnish to the District or to Bond Counsel, reasonable written verification of its compliance with this paragraph, in the form of a Certificate of Underwriter at closing.

5. **Official Statement.** The District has caused to be drafted and consents to the use of a Preliminary Official Statement (the "Preliminary Official Statement"), including the cover page and Appendices thereto, relating to the Bonds. The District represents that it deems the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended (the "Rule"). The Preliminary Official Statement has been prepared for use by the Underwriters in connection with the public offering, sale and distribution of the Bonds.

The District hereby authorizes the preparation of a final Official Statement respecting the Bonds following the execution hereof (the "Official Statement") and the District hereby authorizes the use thereof by the Underwriters in connection with the public offering and sale of the Bonds. The District shall provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the District's acceptance of this Agreement (but, in any event, not later than seven business days after the execution hereof, and in sufficient time to accompany any confirmation of a sale of Bonds) copies of the Official Statement, which is complete as of the date of its delivery to the Underwriters, in such reasonable quantities as the Underwriters shall request in order to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board (the "MSRB").

The Underwriters agree that prior to the time the final Official Statement relating to the Bonds is available, the Underwriters will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail or electronic distribution (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

During the period ending on the 25th day after the End of the Underwriting Period (as defined below) (or such other period as may be agreed to by the District and the Representative), the District (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Representative and (ii) shall notify the Representative promptly if any event shall occur, or information comes to the attention of the District, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Representative, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the District shall prepare and furnish to the Underwriters, at the District's expense, such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the District and the Representative, as the Underwriters may reasonably request. If such notification shall be given subsequent to the Closing, the District also shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Representative may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

For purposes of this Purchase Agreement:

The "End of the Underwriting Period" is used as defined in Rule 15c2-12 and shall occur on the later of (a) the date of Closing or (b) when the Underwriters no longer retain an unsold balance of the Bonds; unless otherwise advised in writing by the Representative on or prior to the Closing Date, or otherwise agreed to by the District and the Representative, the District may assume that the End of the Underwriting Period is the Closing Date.

6. **Closing.** At 9:00 a.m., California Time, on _____, 2010, or at such other time or on such other date as shall have been mutually agreed upon by the District and the Representative (the "Closing"), the District will deliver, or arrange to deliver, to the Representative, through the facilities of DTC, or at such other place as the parties may mutually agree upon, the Bonds in book-entry form, duly executed and registered as provided in paragraph 2 above, together with the other documents hereinafter mentioned; and the Representative will accept such delivery and pay the purchase price thereof in immediately available funds by wire transfer to an account or accounts within the United States designated by the District. The Representative will deposit certain original issue premium with the Fiscal Agent, who shall pay or provide for payment of certain costs of issuance of the Bonds.

7. **Representations, Warranties and Agreements of the District.** The District, hereby represents, warrants and agrees with the Underwriters that:

A. The District is a unified school district, duly organized and validly existing under the laws of the State of California, with the full legal right, power and authority to (i) issue the Bonds pursuant to the Act; (ii) enter into, execute and deliver this Purchase Agreement, the Escrow Agreements and the Continuing Disclosure Agreement appended to the Official Statement (the “Continuing Disclosure Agreement”); (iii) to adopt the Resolution; and (iv) to construct, improve or acquire the Project and to prepay the 1998 Certificates, the 2006 Lease Purchase Agreement and the 2007 Lease Purchase Agreement (as described in the Official Statement) with the proceeds of sale of the Bonds.

B. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has the legal right, power and authority to enter into this Purchase Agreement, to adopt the Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Purchase Agreement, the Resolution and the Escrow Agreement; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the Continuing Disclosure Agreement, the Resolution, the Escrow Agreement and this Purchase Agreement (collectively, the “District Documents”) have been duly authorized and such authorization shall be in force and effect at the time of the Closing; (iv) the District Documents constitute valid and legally binding obligations of the District enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws and to principles of equity relating to or affecting the enforcement of creditors’ rights; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Agreement and by the Official Statement.

C. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions which may qualify the Bonds for offer and sale under “Blue Sky” or other securities laws and regulations of such states and jurisdictions of the United States as the Representative may reasonably request, or which have not been taken or obtained; provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

D. The District has complied, or will comply, with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), applicable to the Bonds.

E. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of the District Documents, and the compliance with the provisions thereof and hereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under,

any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

F. As of the time of acceptance hereof no action, suit, hearing or investigation is pending or, to the best knowledge of the District, threatened: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of revenues available to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Agreement or the Resolution or contesting the powers of the District or its authority with respect to the Bonds, this Purchase Agreement or the Resolution; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Purchase Agreement or the Resolution, (b) declare this Purchase Agreement to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Series A Bonds from gross income for federal income tax purposes or the exemption of such interest on the Bonds from California personal income taxation.

G. Between the date hereof and the Closing without the prior written consent of the Representative, neither the District nor the County in the name and on behalf of the District, will have issued in the name and on behalf of the District, any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

H. Any certificates signed by any officer of the District and delivered to the Representative shall be deemed a representation and warranty by the District to the Underwriters, but not by the person signing the same, as to the statements made therein.

I. With respect to any certifications of the District pursuant to Section 42131 of the Education Code of the State, the District has not received for the current, and for the next reporting period (based on currently available information) does not expect to receive, a qualified or negative classification from the County Superintendent of Schools.

J. In accordance with the requirements of the Rule, the District will enter into the Continuing Disclosure Agreement, upon or prior to the sale of the Bonds, in which the District will undertake, for the benefit of the Owners of the Bonds, to provide certain information as set forth therein. The District is not in default with respect to any continuing disclosure obligation it may have incurred prior to the date hereof in connection with the delivery or issuance of any debt instruments, bonds, notes or lease-purchase obligations.

K. The District will furnish such information and execute such instruments and take such action in cooperation with the Representative as the Representative may reasonably request, and at the sole expense of the Representative, in order to qualify

the Bonds for offering and sale under the “Blue Sky” or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and to continue such qualifications in effect so long as may be required for the distribution of the Bonds (provided, however, that the District will not be required to qualify as a foreign corporation or to file any general or special consent to service of process under the laws of any jurisdiction).

L. The District agrees to apply the proceeds from the sale of the Bonds for the purposes specified in the Resolution and the purposes specifically designated in its official project list approved by the voters of the District on June 8, 2010 and moreover, with respect to the Series B Bonds, for one or more qualified renewable energy facilities described in the application submitted to the Internal Revenue Service by the District requesting allocation of new clean renewable energy bonds.

M. The Preliminary Official Statement did not and the Official Statement does not as of its date (excluding therefrom information relating to The Depository Trust Company, its book-entry system, and information provided by the Underwriter, the County or County officers) contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The financial statements of, and other financial information regarding, the District contained in the Official Statement fairly represent the financial position and operating results of the District as of the dates and for the periods set forth therein. Prior to the Closing, there will have been no adverse change of a material nature in such financial position, results of operation or condition, financial or otherwise, of the District. The District is not a party to any litigation or other proceeding pending, or, to its knowledge, threatened which, if decided adversely to the District, would have a materially adverse effect on the financial condition of the District.

N. The financial statements of, and other financial information regarding the District, contained in the Official Statement fairly represent the financial position and operating results of the District as of the dates and for the periods set forth therein. Since the date of the Preliminary Official Statement, there has been no adverse change of a material nature in such financial position, results of operation or condition, financial or otherwise, of the District. The District is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the District, would have a materially adverse effect on the financial condition of the District.

8. **Reserved**

9. **Representative's Representations, Warranties and Agreements.** The Representative represents, warrants to and agrees with the District that, as of the date hereof and as of the Closing Date:

A. The Representative is duly authorized to execute this Purchase Agreement through its officer as undersigned and is authorized to take any action(s) under the Purchase Agreement required to be taken by it.

B. The Underwriters are in compliance with MSRB Rule G-37 with respect to the District, and are not prohibited thereby from acting as Underwriters with respect to the securities of the District.

C. The Underwriters have, and have had, no financial advisory relationship with the District with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriters have or have had any such financial advisory relationship with the District with respect to the Bonds, within the meaning of California Government Code Section 53590.

D. The Underwriters have not paid or agreed to pay, nor will they pay or agree to pay, any entity, company, firm, or person (including, but not limited to, the District's financial consultants, or any officer, agent or employee thereof), other than a bona fide officer, agent or employee working for the Underwriters, any compensation, fee gift or other consideration contingent upon or resulting from the award of or entering into this Purchase Agreement; and

E. The Representative has reasonably determined that the District's undertaking to provide continuing disclosure with respect to the Bonds pursuant to Section 10(E)(12) hereof is sufficient to effect compliance with the Rule.

10. **Conditions to Closing.** The Representative has entered into this Purchase Agreement in reliance upon the representations and warranties of the District contained herein and he performance by the District of its obligations hereunder and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the date of Closing. Accordingly, the Representative's obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds are and shall be conditioned upon the performance by the District of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject at the option of the Representative, to the following further conditions, including the delivery by the District of such documents and instruments as are enumerated herein, in form and substance satisfactory to the Representative:

A. The representations and warranties of the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Representative at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date

of the Closing; and the District shall be in compliance with each of the agreements made by them, individually, in this Purchase Agreement;

B. At the time of the Closing, (i) the Official Statement, this Purchase Agreement and the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Representative; (ii) all actions under the Act which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the District shall perform or have performed all of its obligations required under or specified in the Resolution, this Purchase Agreement or the Official Statement to be performed at or prior to the Closing;

C. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District, pending or threatened, which has any of the effects described in Section 7.F. hereof, or contesting in any way the completeness or accuracy of the Official Statement;

D. Between the date hereof and the Closing, the market price for the Bonds, or the market for or marketability of the Bonds at the initial offering prices set forth in the Official Statement, or the ability of the Underwriters to enforce contracts for the sale of the Bonds, shall not have been materially adversely affected in the reasonable professional judgment of the Representative (evidenced by a written notice to the the District terminating the obligation of the Representative to accept delivery of and pay for the Bonds) by reason of any of the following:

(1) legislation enacted by the Congress of the United States, or passed by either House of the Congress, or favorably reported for passage to either House of the Congress by any Committee of such House to which such legislation has been referred for consideration, or by the legislature of the State of California (the "State"), or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court of the United States or the State or by the United States Tax Court, or an order, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service or other federal or State authority, which would have the purpose or effect of changing, directly or indirectly, the federal income tax consequences or State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying

arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(2) the declaration of war or engagement in or material escalation of major military hostilities by the United States or the occurrence of any other national or international emergency or calamity or crisis relating to the effective operation of the government or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or State authorities having jurisdiction, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue of a determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, underwriters;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(6) there shall have occurred or any notice shall have been given of any intended review, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the District's outstanding indebtedness;

(7) any event occurring, or information becoming known which, in the reasonable judgment of the Representative, makes untrue in any material adverse respect any statement or information set forth in the Official Statement, or results in an omission to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(8) there shall have occurred since the date of this Purchase Agreement any materially adverse change in the affairs or financial condition of the District;

(9) any state “Blue Sky” or securities commission, or other governmental agency or body, shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(10) any amendment shall have been made to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the District, its property, income securities (or interest thereon) or the validity or enforceability of the levy of taxes to pay principal of and interest on the Bonds; or

(11) the purchase of and payment for the Bonds by the Representative, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

E. At or prior to the date of the Closing, the Representative shall receive three copies of the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Representative:

(1) An approving opinion of Matt Juhl Darlington & Associates, as Bond Counsel (“Bond Counsel”), addressed to the District;

(2) A reliance letter from Bond Counsel to the effect that the Underwriters may rely upon the approving opinion described in E(1) above;

(3) A supplemental opinion from Bond Counsel, addressed to the Underwriters and the District, to the effect that:

(a) this Purchase Agreement has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the Representative, is a legally valid and binding agreement of the District, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditors’ rights or remedies, and is subject to general principles of equity (regardless of whether such enforcement is considered in equity or at law);

(b) the statements contained in the Official Statement in the sections thereof entitled: “INTRODUCTION, “THE BONDS” “SECURITY FOR THE BONDS” and “TAX MATTERS” (excluding information related to DTC, its book-entry-only system, and certain statistical information),” insofar as such statements purport to summarize certain provisions of the

Bonds and the Resolution, present a fair and accurate summary of such provisions; and

(c) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(4) An opinion of Jones Hall, as Special Tax Counsel, as to the tax-exempt status of the Series A Bonds;

(5) A reliance letter from Special Tax Counsel to the effect that the Underwriters may rely upon the approving opinion described in E(4) above;

(6) A certificate signed by an appropriate official of the District to the effect that (i) such official is authorized to execute this Purchase Agreement, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the Resolution and this Purchase Agreement to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such official has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statements of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading and (v) the Bonds being delivered on the date of the Closing to the Representative under this Purchase Agreement substantially conform to the descriptions thereof contained in the Resolution and (vi) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, pending or, to his or her knowledge, threatened against the District contesting in any way the completeness or accuracy of the Official Statement, the issuance of the Bonds by District or the due adoption of the Resolution;

(7) Tax certificate(s) of the District in form(s) satisfactory to Bond Counsel and Special Tax Counsel;

(8) Internal Revenue Service Form(s) 8038-G and **8038-C**, as applicable, as prepared for the Bonds;

(9) Evidence satisfactory to the Representative that the Bonds shall have been rated “___” by Standard & Poor’s and “___” by Moody’s Investors Service (or such other equivalent rating as such rating agency may give), and that such ratings have not been revoked or downgraded or placed under review or “Credit Alert”;

(10) A certificate, together with fully executed copies of the Resolution, of the Clerk or Secretary of the Board of Education to the effect that:

(i) such copies are true and correct copies of the Resolution; and

(ii) that the Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing.

(11) A “deemed final” certificate of the appropriate official of the District with respect to the Preliminary Official Statement in accordance with the Rule;

(12) The Escrow Agreement, signed by an appropriate officer of the District, the Escrow Agent and the Corporation;

(13) The Continuing Disclosure Agreement, signed by an appropriate official of the District and the Dissemination Agent, if any;

(14) A certificate of the Paying Agent, signed by a duly authorized officer of the Paying Agent, and in form and substance satisfactory to the Representative, to the effect that, to the best of such officer’s knowledge, no litigation is pending or threatened (either in state or federal courts) (A) seeking to restrain or enjoin the delivery by the Paying Agent of any of the Bonds, or (B) in any way contesting or affecting any authority of the Paying Agent for the delivery of the Bonds or the validity or enforceability of the Bonds or any agreement with the Paying Agent;

(15) A certificate of the Escrow Agent, signed by a duly authorized officer of the Escrow Agent, and in form and substance satisfactory to the Representative, to the effect that, to the best of such officer’s knowledge, no litigation is pending or threatened (either in state or federal courts) (A) seeking to restrain or enjoin the delivery by the Escrow Agent of the Escrow Agreement, or (B) in any way contesting or affecting any authority of the Escrow Agent to enter into the Escrow Agreement or the validity or enforceability of the Escrow Agreement or any agreement with the Escrow Agent;

(16) A copy of the submitted Report of Proposed Debt Issuance and acknowledgement, together with the Report(s) of Final Sale to be submitted to the California Debt and Investment Advisory Commission;

(17) A Preliminary Official Statement, together with a final Official Statement executed by an authorized representative of the District; and

(18) a verification report by _____, certified public accountant;

(19) [evidence that _____ (the “Insurer”) has issued its municipal bond insurance policy with respect to the Bonds (hereinafter referred to as the "Policy") as well as appropriate opinions and certificates from the Insurer relating to the Policy;]

(20) Such additional legal opinions, certificates, proceedings, instruments, and other documents as the Underwriter may reasonably request in order to

evidence compliance (i) by the District with legal requirements, (ii) of the truth and accuracy, as of the time of Closing, of the representations of the District herein contained and of the Official Statement, and (iii) of the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

F. Underwriter's Certifications. At or prior to the date of the Closing, and contemporaneously with the acceptance and delivery of the Bonds and the payment of the purchase price therefore (as set forth herein), the Representative shall provide to the District:

(1) the receipt of the Representative, in form satisfactory to the District and signed by an authorized officer of the Representative, accepting the Bonds by the Representative and receipt of all documents required by the Representative pursuant to the terms hereof, and the satisfaction or waiver of all conditions and terms of this Purchase Agreement by the District, and confirming to the District that as of the Closing Date all of the representations of the Representative contained in this Purchase Agreement are true, complete and correct in all material respects;

(2) the certification(s) of the Representative, signed by an authorized officer of the Representative, in form satisfactory to Bond Counsel and Special Tax Counsel, regarding the prices at which the Bonds have been reoffered to the public, as described in section 4 hereof and such other matters relative to the Bonds as Bond Counsel or Special Tax Counsel may request; and

G. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever, the Bonds shall not have been delivered by the District to the Representative for checking prior to the close of business, California Time, on a day no later than two Business Days prior to the Closing, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriters under Section 15 hereof.

If the District shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be cancelled by the Representative at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the District in writing or by telephone or telecopy, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative in writing at its sole discretion.

11. **Conditions to Obligations of the District.** The performance by the District of its obligations under this Purchase Agreement is conditioned upon (i) the performance by the

Underwriters of their obligations hereunder; and (ii) receipt by the District and by the Representative of opinions and certificates being delivered at the Closing by persons and entities other than themselves.

12. **Expenses.** The Representative, on behalf of the District, shall pay any expenses incident to the performance of the District's obligations hereunder from the proceeds of the Bonds, including, but not limited to, the following: (i) the fees and disbursements of Bond Counsel and Disclosure Counsel; (ii) the cost of the preparation, printing and delivery of the Bonds; (iii) the fees, if any, for Bond ratings including all expenses related to obtaining such ratings; (iv) the cost of the printing and distribution of the Preliminary Official Statement and Official Statement; (v) the initial fees of the Paying Agent and the Escrow Agent and the fees of the Fiscal Agent to pay costs of issuance; (vi) the expenses of the County and the District incurred in the connection with the Election; and (vii) all other fees and expenses incident to the issuance and sale of Bonds, but only to the extent that original issue premium deposited by the Representative with the Fiscal Agent proves insufficient to pay the same. In the event that following payment of the expenses set forth above, the amount of \$_____ deposited by the Representative with the Fiscal Agent to pay costs of issuance exceeds the actual costs described herein, the Representative or the Fiscal Agent shall remit any remaining amount to the County, on behalf of the District, and the County shall deposit such amount into the District's Debt Service Fund (as defined in the Resolution) for the Bonds. At the time that all such costs of issuance are paid, the Representative, or the Fiscal Agent, shall provide the District with a complete accounting of such payments and any amounts remaining after all such payments have been made. Any expenses owing following the depletion of said amount shall be for the account of the District. The Underwriters shall pay their out-of-pocket expenses, (other than travel incurred in connection with obtaining ratings and bond insurance, as applicable), the California Debt and Investment Advisory Commission fee.

13. **Reserved.**

14. **Notices.** Any notice or other communication to be given under this Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing, if to the District, to the Chief Financial Officer of Mt. Diablo Unified School District, 1936 Carlotta Drive, Concord, California 94519, or if to the Underwriter at Stone & Youngberg LLC, One Ferry Building, Suite 275, San Francisco, California 94111, Attn: Bruce Kerns.

15. **Parties In Interest; Survival of Representations and Warranties.** This Purchase Agreement when accepted by the District in writing as heretofore specified shall constitute the entire agreement between the District and the Underwriters. This Purchase Agreement is made solely for the benefit of the District and the Underwriters (including the successors or assigns of the Underwriters). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties and agreements dated as of their respective dates (s) the District in this Purchase Agreement shall survive regardless of (a) any investigation of any statement in respect thereof made by or on behalf of the Underwriters, (b) delivery of and payment by the Representative for the Bonds hereunder, and (c) any termination of this Purchase Agreement.

16. **Severability.** In the event any provision of this Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

17. **Nonassignment.** Notwithstanding anything stated to the contrary herein, neither party hereto may assign or transfer its interest herein, or delegate or transfer any of its obligations hereunder, without the prior written consent of the other party hereto.

18. **Entire Agreement.** This Purchase Agreement, when executed by the parties hereto, shall constitute the entire agreement of the parties hereto, including their permitted successors and assigns, respectively.

19. **Execution in Counterparts.** This Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same document.

20. **Applicable Law.** This Purchase Agreement shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

STONE & YOUNGBERG LLC, as Representative

By _____

Bruce Kerns
Managing Director

MT. DIABLO UNIFIED SCHOOL DISTRICT

By _____

Steven Lawrence
Superintendent

The foregoing is hereby agreed to and accepted as of the date first above written:

ACCEPTED at _____ p.m. Pacific Standard Time this ____ day of _____, 2010.

EXHIBIT A

\$ _____
**MT. DIABLO UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS
2010 ELECTION, 2010 SERIES A**

\$ _____ **Current Interest Bonds**

Maturity Date (August 1)	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
-------------------------------------	--------------------------------	-----------------------------	---------------------

⁽¹⁾ Priced to the par call date of August 1, 20__.

\$ _____ % Term Bonds due August 1, 20__ – Priced to Yield: _____%

\$ _____ **Capital Appreciation Bonds**

Maturity Date (August 1)	Initial Principal <u>Amount</u>	Accretion <u>Rate</u>	Yield to <u>Maturity</u>	Maturity <u>Value</u>
	\$	%	\$	%

\$ _____
MT. DIABLO UNIFIED SCHOOL DISTRICT
GENERAL OBLIGATION BONDS
2010 ELECTION, 2010 SERIES B
(FEDERALLY TAXABLE NEW CLEAN REWEWABLE ENERGY BONDS – DIRECT PAYMENT)

Maturity (<u>August 1</u>)	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>
	\$	%	%

\$ _____ % Term Bonds due August 1, 20__ – Priced to Yield: _____%

TERMS OF REDEMPTION

[TO COME]

NEW ISSUE – BOOK ENTRY ONLY

RATINGS: Moody's: "____"
 S&P: "____"
 (See "RATINGS" herein.)

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Tax Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. In the further opinion of Special Tax Counsel, the interest on the Series A Bonds is exempt from California personal income taxes. In the opinion of Special Tax Counsel, subject, however to certain qualifications described herein, under existing law, the Series B Bonds constitute "New Clean Renewable Energy Bonds" within the meaning of Section 54C of the Internal Revenue Code of 1986 and are eligible for the credit payable by the federal government under Section 6431(f)(2) of the Tax Code. Interest on the Series B Bonds is not intended to be excluded from gross income for federal income tax purposes. In the further opinion of Special Tax Counsel, interest on the Series B Bonds is exempt from State of California personal income taxes. See "TAX MATTERS."

\$ _____*
MT. DIABLO UNIFIED SCHOOL DISTRICT
 (Contra Costa County, California)

\$ _____*	and	\$ _____*
GENERAL OBLIGATION BONDS		GENERAL OBLIGATION BONDS
2010 ELECTION, 2010 SERIES A		2010 ELECTION, 2010 SERIES B
including		(FEDERALLY TAXABLE NEW CLEAN
Current Interest Bonds		RENEWABLE ENERGY BONDS - DIRECT
\$ _____*		PAYMENT)
Capital Appreciation Bonds		

Dated: Date of Delivery Due: August 1, as shown on inside cover.

The General Obligation Bonds, 2010 Election, 2010 Series A (the "Series A Bonds") and General Obligation Bonds, 2010 Election, 2010 Series B (Federally Taxable New Clean Renewable Energy Bonds – Direct Payment) (the "Series B Bonds" and together with the Series A Bonds, the "Bonds") are issued under and pursuant to a bond authorization (the "Authorization") for the issuance and sale of not more than \$348,000,000 of general obligation bonds approved by more than 55% of the qualified voters of the District voting on the proposition at a general election held on June 8, 2010. The Bonds are being issued (i) to finance the construction, acquisition, furnishing and equipping of District facilities (ii) to prepay certain existing outstanding lease purchase obligations of the District, and (iii) to pay certain costs of issuance associated therewith, as more fully described herein under the caption "PLAN OF FINANCE." The Bonds are the first and second series of bonds issued under the Authorization and are issued on a parity with all other general obligation bonds of the District.

The Bonds will be issued as current interest bonds (the "Current Interest Bonds") and capital appreciation bonds (the "Capital Appreciation Bonds"). The Series A Bonds will be issued as current interest bonds (the "Current Interest Bonds") and capital appreciation bonds (the "Capital Appreciation Bonds"). The Series B Bonds will be issued as Current Interest Bonds which are New Clean Renewable Energy Bonds under the provisions of the American Recovery and Reinvestment Act of 2009, with a direct payment to be paid to the District by the United States Department of the Treasury. Interest on the Current Interest Bonds is payable on February 1 and August 1 of each year, commencing [February] 1, 2011. The Capital Appreciation Bonds accrete interest from their date of delivery, compounded semiannually on February 1 and August 1 of each year, commencing February 1, 2011. See "THE BONDS" herein

The Bonds will be issued in book-entry form only, in denominations of \$5,000 principal amount, Maturity Value or integral multiples thereof. The Bonds will be initially registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"). Purchasers will not receive certificates representing their interests in the Bonds. Payments on the Bonds will be made by Wells Fargo Bank National Association, as Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry Only System."

The Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE BONDS – Redemption" herein.

The Bonds are general obligations of the District only and are not obligations of the County of Contra Costa (the "County"), the State of California or any of its other political subdivisions. The Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* property taxes for each fiscal year upon the taxable property of the District in an amount at least sufficient, together with other moneys available for such purpose, to pay the principal or Maturity Value of, and premium, if any, and interest on each Bond as the same becomes due and payable.

The District has applied for a policy of municipal bond insurance which, if purchased, will guarantee the payment of the principal or Maturity Value and interest on any insured Bonds when due, under an insurance policy to be issued concurrently with the Bonds.

MATURITY SCHEDULE
 On Inside Cover

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Bonds will be offered when, as and if issued and received by the Underwriters subject to the approval of legality by Matt Juhl Darlington & Associates, Chico, California, Bond Counsel, and certain other conditions. Matt Juhl Darlington & Associates, Chico, California, is acting as Disclosure Counsel for the issue. Jones Hall, A Professional Law Corporation, San Francisco, California is acting as Special Tax Counsel to the District with respect to issuance of the Bonds. It is anticipated that the Bonds will be available for delivery in definitive form in New York, New York, through the facilities of DTC on or about _____, 2010.

* Preliminary; subject to change.
 Mt. Diablo 2010 G.O. bonds POS V.4.DOC

STONE & YOUNGBERG

GEORGE K. BAUM & COMPANY

BRANDIS TALLMAN LLC

Dated: _____, 2010

MATURITY SCHEDULE

\$ _____
**2010 ELECTION, 2010 SERIES A
 CURRENT INTEREST BONDS**

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP¹</u> <u>(621196)</u>
	\$	%	%	

\$ _____ % Term Bonds due August 1, 20__ – Priced to Yield: _____%

\$ _____
**2010 ELECTION, 2010 SERIES A
 CAPITAL APPRECIATION BONDS**

<u>Maturity</u> <u>Date</u> <u>(August 1)</u>	<u>Initial</u> <u>Principal</u> <u>Amount</u>	<u>Accretion</u> <u>Rate</u>	<u>Yield to</u> <u>Maturity</u>	<u>Maturity</u> <u>Value</u>	<u>CUSIP¹</u> <u>(621196)</u>
	\$	%	\$	%	

\$ _____
2010 ELECTION, 2010 SERIES B

<u>Maturity Date</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP¹</u> <u>(621196)</u>
	\$	%	%	

\$ _____ % Term Bonds due August 1, 20__ – Priced to Yield: _____% (621196__)

¹ Copyright 2010, American Bankers Association. CUSIP data herein is provided by Standard and Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service. The CUSIP number is provided for convenience of reference only. Neither the District nor the Underwriters take any responsibility for the accuracy of such CUSIP number.

No dealer, broker, salesperson or other person has been authorized by the Mt. Diablo Unified School District (the "District") to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell, the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly described herein, are intended solely as such and are not to be construed as a representation of facts.

The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. Although certain information set forth in this Official Statement has been provided by the County of Contra Costa, the County of Contra Costa has not approved this Official Statement and is not responsible for the accuracy or completeness of the statements contained in this Official Statement except for the information set forth under the caption "THE CONTRA COSTA COUNTY TREASURY POOL."

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN SECURITIES DEALERS, INSTITUTIONAL INVESTORS, BANKS OR OTHERS AT PRICES LOWER OR HIGHER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Contra Costa County, State of California

Board of Education

Paul Strange, President
Gary Eberhart, Vice-President
Richard Allen, Member
Linda Mayo, Member
Sherry Whitmarsh, Member

District Administrators

Steven Lawrence, Ph.D., Superintendent
Rose Lock, Assistant Superintendent of Student Achievement and School Support
Mildred Browne, Ed.D., Assistant Superintendent, Special Education and Student Services
Julie Braun-Martin, Assistant Superintendent, Personnel Services
Bryan Richards, Chief Financial Officer
Gregory J. Rolen, General Counsel

SPECIAL SERVICES

Underwriters

Stone & Youngberg LLC
San Francisco, California

George K. Baum & Company
Sacramento, California

Brandis Tallman LLC
San Francisco, California

Bond Counsel and Disclosure Counsel

Matt Juhl Darlington & Associates
Chico, California

Special Tax Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Financial Advisor

Isom Advisors, a Division of Urban Futures Incorporated
Walnut Creek, California

Paying Agent, Transfer Agent, Registration Agent and Escrow Agent

Wells Fargo Bank National Association
San Francisco, California

Escrow Verification Agent

TABLE OF CONTENTS

	Page
INTRODUCTION	3
Purpose of Issue	3
Registration	3
The District	3
Sources of Payment for the Bonds	4
Authority for Issuance	4
Redemption	4
Continuing Disclosure	4
Designation of Series B Bonds as New Clean Renewable Energy Bonds	4
Tax Matters	5
Closing Date	5
THE BONDS	5
Authority for Issuance and Security for the Bonds	5
Purpose of Issue	5
Description of the Bonds	6
New Clean Renewable Energy Bonds	6
Certain Risk Factors Relating to New Clean Renewable Energy Bonds	7
Estimated Sources and Uses of Funds	8
Redemption	8
Notice of Redemption	11
Selection of Bonds for Redemption	12
Effect of Notice of Redemption	12
Transfer and Exchange	13
Debt Service Schedule	13
Defeasance	16
Book-Entry Only System	16
Continuing Disclosure Agreement	16
SECURITY FOR THE BONDS	17
General 17	
PLAN OF FINANCE	17
TAX BASE FOR REPAYMENT OF THE BONDS	21
Assessed Valuations	21
Tax Rates	24
The Teeter Plan	25
Secured Tax Charges and Delinquencies	25
Direct and Overlapping Debt	26
DISTRICT FINANCIAL INFORMATION	28
District Investments	28
Financial Statements of the District	28
Revenues	29
General Fund	30
Retirement System	31
Post-Employment Benefits	32
Certain Existing Obligations	33
MT. DIABLO UNIFIED SCHOOL DISTRICT	35
District Organization	35
Key Personnel	35
District Employees	36
Insurance	36

TABLE OF CONTENTS

(continued)

	Page
District Growth	37
Population	37
Developer Fees	38
State Funding of Education.....	38
State Budget.....	39
Significant Accounting Policies and Audited Financial Statements.....	45
<i>Ad Valorem</i> Property Taxes.....	45
Proposition 98.....	46
Supplemental Information Concerning Litigation Against the State of California	47
The Class Size Reduction Kindergarten-University Public Education Facilities Bond Acts of 2002 and 2004	48
Proposition 1A	49
Financial Statements	49
Budgets of District.....	50
CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS	50
Article XIII A of the California Constitution.....	50
Legislation Implementing Article XIII A	51
Article XIII B of the California Constitution.....	51
Unitary Property	51
California Lottery	51
Proposition 46.....	52
Proposition 39.....	52
Article XIII C and XIII D of the California Constitution	53
Future Initiatives	54
THE CONTRA COSTA COUNTY TREASURY POOL	54
CONTINUING DISCLOSURE.....	57
LEGAL MATTERS.....	57
TAX MATTERS.....	57
LEGALITY FOR INVESTMENT.....	60
RATINGS	60
ESCROW VERIFICATION.....	60
UNDERWRITING	60
NO LITIGATION.....	60
OTHER INFORMATION	61
APPENDIX A-1 –FORM OF BOND COUNSEL OPINION.....	A-1-1
APPENDIX A-2 - FORM OF SERIES A SPECIAL TAX COUNSEL OPINION	A-2-1
APPENDIX A-3 - FORM OF SERIES B SPECIAL TAX COUNSEL OPINION	A-3-1
APPENDIX B – SELECTED INFORMATION REGARDING THE COUNTY OF CONTRA COSTA	B-1
APPENDIX C – MT. DIABLO UNIFIED SCHOOL DISTRICT AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2009.....	C-1
APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT.....	D-1
APPENDIX E – BOOK-ENTRY ONLY SYSTEM	E-1
APPENDIX F – ACCRETED VALUE TABLE.....	F-1

\$ _____ *

MT. DIABLO UNIFIED SCHOOL DISTRICT
(Contra Costa County, California)

\$ _____ *

GENERAL OBLIGATION BONDS
2010 ELECTION, 2010 SERIES A
(the “Series A Bonds”)

and

\$ _____ *

GENERAL OBLIGATION BONDS
(TAXABLE NEW CLEAN RENEWABLE ENERGY
BONDS - DIRECT PAYMENT)
2010 ELECTION, 2010 SERIES B
(the “Series B Bonds”)

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The Mt. Diablo Unified School District (the “District”) proposes to issue \$ _____ * aggregate principal and issue amount of its General Obligation Bonds, 2010 Election, 2010 Series A (the “Series A Bonds”) and \$ _____ * aggregate principal amount of its General Obligation Bonds, 2010 Election, 2010 Series B (Federally Taxable New Clean Renewable Energy Bonds - Direct Payment) (the “Series B Bonds”), under and pursuant to a bond authorization (the “Authorization”) for the issuance and sale of not more than \$348,000,000 of general obligation bonds approved by more than 55% of the qualified voters of the District voting on the proposition at a general election held on June 8, 2010 (the “Election”). The Bonds are the first and second series of bonds issued under the Authorization. The Bonds are issued on a parity with all general obligation bonds of the District, including future general obligation bonds issued under the Authorization.

Purpose of Issue

Proceeds from the sale of the Bonds will be used (i) for the acquisition, construction, furnishing and equipping of District facilities and (ii) to prepay certain outstanding lease purchase obligations of the District and (iii) to pay costs of issuance of the Bonds. See “PLAN OF FINANCE” herein.

Registration

Wells Fargo Bank National Association will act as the initial registrar, transfer agent, authentication agent and paying agent for the Bonds (the “Paying Agent”). As long as The Depository Trust Company, New York, New York (“DTC”) is the registered Owner of the Bonds and DTC’s book entry-method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to Owners only to DTC. See “THE BONDS – Description of the Bonds” herein.

The District

The District, a unified school district of the State of California (the “State”), was established on July 1, 1949, and is located in the northwestern portion of Contra Costa County (the “County”). The District covers approximately 150 square miles including the cities of Concord, Pleasant Hill and

* Preliminary; subject to change.

Clayton, portions of Walnut Creek, Pittsburg and Martinez and unincorporated areas of the County, including Lafayette, Pacheco, and Bay Point and is located approximately 30 miles northeast of San Francisco. The District provides kindergarten through twelfth grade education services in thirty-one elementary schools, ten middle schools, six high schools and twenty alternative schools and programs, and provides adult education in two adult education centers. The District's estimated average daily attendance for fiscal year 2010-11 is 32,343.60, and the District has a 2010-11 assessed valuation of \$_____. The District's audited financial statements for the fiscal year ended June 30, 2009 are attached hereto as APPENDIX C. For further information concerning the District, see the caption "MT. DIABLO UNIFIED SCHOOL DISTRICT" herein.

Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of principal and Maturity Value of, and interest on, the Bonds when due. See "SECURITY FOR THE BONDS" and "MT. DIABLO UNIFIED SCHOOL DISTRICT" herein

Authority for Issuance

The Bonds are general obligations of the District. The Bonds are being issued by the District under certain provisions of the Government Code of the State and pursuant to a resolution adopted by the Board of Education of the District. See "THE BONDS - Authority for Issuance and Security for the Bonds" herein.

Redemption

The Series A Bonds are subject to optional and mandatory redemption as described herein. The Series B Bonds are subject to optional, mandatory and extraordinary redemption as described herein. See "THE BONDS – Redemption" herein.

Continuing Disclosure

The District has covenanted that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement executed by the District in connection with the Bonds. See "THE BONDS – Continuing Disclosure Agreement," "CONTINUING DISCLOSURE" and "APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT" herein.

Designation of Series B Bonds as New Clean Renewable Energy Bonds

In ____, 2009, the District filed an application with the Internal Revenue Service (the "IRS") for separate allocations of new clean renewable energy bonds for [52] projects throughout the District. In ____, 2009, the District received separate allocations from the IRS of new clean renewable energy bonds in an aggregate amount of \$59,543,532 for 48 such projects.

The District has designated the Series B Bonds as New Clean Renewable Energy Bonds under the provisions of the American Recovery and Reinvestment Act of 2009 ("ARRA") with a direct payment to be paid to the District by the United States Department of the Treasury. See "THE BONDS – Description of the Bonds- New Clean Renewable Energy Bonds."

Tax Matters

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Tax Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. In the further opinion of Special Tax Counsel, the interest on the Series A Bonds is exempt from California personal income taxes. In the opinion of Special Tax Counsel, subject, however to certain qualifications described herein, under existing law, the Series B Bonds constitute "New Clean Renewable Energy Bonds" within the meaning of Section 54C of the Internal Revenue Code of 1986 and are eligible for the credit payable by the federal government under Section 6431(f)(2) of the Tax Code. Interest on the Series B Bonds is not intended to be excluded from gross income for federal income tax purposes. In the further opinion of Special Tax Counsel, interest on the Series B Bonds is exempt from State of California personal income taxes. See "TAX MATTERS" herein.

Closing Date

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about _____, 2010.

THE BONDS

Authority for Issuance and Security for the Bonds

The Bonds are general obligations of the District. The Bonds are being issued by the District under the provisions of Title 1, Division 1, Part 10, Chapter 1.5 of the Government Code of the State of California (the "Government Code") (commencing with Section 53506) and pursuant to a resolution of the Board of Education of the District adopted on _____, 2010 (the "Resolution").

The Bonds are being issued pursuant to provisions of the State Constitution affected by Proposition 39, the Constitutional initiative passed by voters on November 7, 2000, and were therefore approved by a 55% vote of the electorate voting on the proposition at the election conducted within the District on June 8, 2010. See the caption "Proposition 39" under the heading "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

The Bonds are issued under and pursuant to a bond authorization for the issuance and sale of not more than \$348,000,000 of general obligation bonds approved by more than 55% of the qualified voters of the District voting on the proposition at a general election held on June 8, 2010.

Purpose of Issue

The net proceeds of the Bonds and any other series of general obligation bonds issued under the Authorization will be used for the purposes specified in the District bond proposition submitted at the Election, which includes improving science, career and technical education facilities; upgrading classroom instructional technology; repairing leaky roofs; improving safety; maximizing energy efficiency including adding solar panels and modern air conditioning; and repairing, replacing, equipping

or modernizing other school facilities. For a more detailed description of the intended uses of the proceeds of the Bonds, see the caption “PLAN OF FINANCE” below.

Description of the Bonds

The Bonds will be dated their date of delivery and will be issued only as fully registered bonds in denominations of \$5,000 principal amount, Maturity Value, or integral multiples thereof. The Series A Bonds will be issued as current interest bonds (the “Current Interest Bonds”) and capital appreciation bonds (the “Capital Appreciation Bonds”). The Series B Bonds will be issued as Current Interest Bonds which are New Clean Renewable Energy Bonds under the provisions of the ARRA, with a direct payment to be paid to the District by the United States Department of the Treasury (“U.S. Treasury”), in an amount equal to the lesser of (i) the amount of interest payable with respect to the Series B Bonds on each February 1 and August 1 (each, an “Interest Payment Date”) in each of the years set forth on the inside cover page of this Official Statement or (ii) 70% of the amount of interest which would have been payable on the Series B Bonds on such date if such interest were determined at the applicable credit rate determined under Section 54(c) of the Code. The principal of the Current Interest Bonds is payable on the maturity dates of the respective Bonds or the earlier redemption of such Current Interest Bonds. Interest on the Current Interest Bonds is payable on each Interest Payment Date in each of the years, commencing [February] 1, 2011, and in the principal amounts, set forth on the inside cover page of this Official Statement.

The Capital Appreciation Bonds are payable only at maturity and will not bear interest on a current basis. The Maturity Value of each Capital Appreciation Bond is equal to its accreted value upon the maturity thereof, being comprised of its initial purchase price (the “Initial Principal Amount”) and the accreted interest between the delivery date and its respective maturity date. The Capital Appreciation Bonds accrete interest from their date of delivery, compounded semiannually on February 1 and August 1 of each year, commencing February 1, 2011, through their maturity dates as set forth on the inside cover page of this Official Statement.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, principal amount or Maturity Value of and interest or premium, if any, on the Bonds are payable by wire transfer or New York Clearing House or equivalent next-day funds or by wire transfer of same day funds by Wells Fargo Bank National Association, as paying agent (the “Paying Agent”), to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. See “APPENDIX E – BOOK-ENTRY ONLY SYSTEM” herein.

New Clean Renewable Energy Bonds

General. The Series B Bonds are “new clean renewable energy bonds,” which is a category of subsidy bond introduced by ARRA. Under the federal tax law rules applicable to new clean renewable energy bonds, all available proceeds of the Series B Bonds (computed as sale proceeds less costs of issuance (not exceeding 2% of sale proceeds) plus investment earnings on the available proceeds) must be spent on capital expenditures with respect to a Qualified Renewable Energy Facility (defined below) owned by a public power provider, a governmental body or a cooperative electric company. Proceeds of a “new clean renewable energy bond” may generally not be used to acquire existing facilities, to refund existing debt or to fund a reserve fund or sinking fund.

In addition, the Series B Bonds must receive an allocation of volume cap; the District allocated all of its new clean renewable energy bond volume cap to the Series B Bonds pursuant to a resolution adopted by the Board of Education on _____, 2010.

“Qualified Renewable Energy Facility” means one of the following:

- Certain wind facilities.
- Certain closed-loop biomass facilities.
- Certain open-loop biomass facilities.
- Certain geothermal or solar energy facilities.
- Certain small irrigation power facilities.
- Certain landfill gas facilities.
- Certain trash facilities.
- Certain qualified hydropower facilities.
- Certain marine and hydrokinetic renewable energy facilities.

Cash Subsidy. The District expects to receive a cash subsidy payment from the United States Treasury equal to 70% of the credit rate that would allow the Series B Bonds to sell at par on or about each Interest Payment Date. The cash payment does not constitute a full faith and credit guarantee of the United States, but is required to be paid by the Treasury under the ARRA. The failure to receive the subsidy payments from the Treasury will not impact the District’s obligation to pay debt service on the Series B Bonds. The District can give no assurances about future changes in legislation or Treasury regulations or the Treasury’s practice of netting the subsidy payments against other tax liabilities of the District, all of which could impact the District’s receipt of the subsidy payments.

Certain Risk Factors Relating to New Clean Renewable Energy Bonds

In the event the District fails to expend all of certain proceeds of the Series B Bonds for a qualified purpose with respect to the project within the period ending three years after the date of issue of the Series B Bonds or such later date if extended by the IRS, the District is required to use said unexpended proceeds to redeem all or a portion of the Series B Bonds all in accordance with the requirements of Section 54A(d)(2)(B) of the Code in the time and manner prescribed by the Code. See “THE BONDS – Redemption – Series B Bonds” below.

The District has not pledged the subsidy payments it is entitled to receive with respect to the Series B Bonds as security for the Series B Bonds, and the failure to receive the subsidy payments from the Treasury will not impact the District’s obligation to pay debt service on the Series B Bonds. However, the District’s right to receive those payments reduces the effective interest rate with respect to the Series B Bonds.

The District must comply with certain requirements of the Code in order for the Series B Bonds to continue to be eligible for subsidy payments from the United States Treasury under the ARRA. The District has covenanted to comply with each of these requirements. However, failure by the District to comply with these requirements may result in a delay or forfeiture of all or a portion of the subsidy payments and may cause the Series B Bonds to cease to be eligible for the subsidy payments, either prospectively from the date of determination of a failure to comply with the requirements or retroactively to the date of issuance of the Series B Bonds. Should such an event occur, the Series B Bonds are not subject to mandatory extraordinary prepayment and will remain outstanding until maturity or until the District decides to exercise its right to optional prepayment of the Series B Bonds.

In addition, it is important to note that new clean renewable energy bonds are a new product introduced by the ARRA. As such, the District can provide no assurance that future legislation or clarifications or amendments to the Code, if enacted into law, or future court decisions will not reduce or eliminate the subsidy payments with respect to the Series B Bonds. The subsidy payments do not constitute a full faith and credit guarantee of the United States government, but are required to be paid by the Treasury under ARRA. In such event, the Series B Bonds would be subject to optional prepayment by the District prior to their maturity. See “THE BONDS – Redemption – Series B Bonds” below.

Finally, the IRS has indicated that it will withhold subsidy payments that issuers of tax subsidy bonds are otherwise entitled to receive in order to pay outstanding debts owed by the issuer to the federal government. According to the IRS, approximately 1% of all Build America Bond subsidy payments were affected by offsets in 2009. The District does not believe it owes the federal government any money as of the date of this Official Statement that would be subject to offset by the IRS.

Estimated Sources and Uses of Funds

The proceeds of the Bonds are expected to be applied as follows:

	<u>Series A Bonds</u>	<u>Series B Bonds</u>	<u>Total</u>
<i>Sources of Funds</i>			
Principal or Issue Amount of Bonds	\$	\$	\$
Net Original Issue Premium			
Total Sources	\$	\$	\$
<i>Uses of Funds</i>			
Deposit to Debt Service Fund	\$	\$	\$
Deposit to Building Fund			
Deposit to 1998 Prepayment Fund			
Deposit to 2006 _____ Fund			
Prepayment of 2007 Lease Purchase Agreement			
Costs of Issuance ⁽¹⁾			
Total Uses	\$	\$	\$

⁽¹⁾ Payment of Underwriters’ discount, printing fees, Bond and Disclosure Counsel fees, Special Tax Counsel fees, financial advisory fees and other costs of issuance.

Redemption

Series A Bonds - Current Interest Bonds

Optional Redemption. The Series A Bonds issued as Current Interest Bonds and maturing on or before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Series A Bonds issued as Current Interest Bonds and maturing on and after August 1, 20__ are subject to redemption prior to their stated maturity dates, at the option of the District, from any source of available funds, on any date on or after August 1, 20__, as a whole or in part, at a redemption price equal to the principal amount of the Series A Bonds called for redemption, with interest accrued thereon to the date of redemption, without premium.

Mandatory Sinking Fund Redemption. The Series A Bonds issued as Current Interest Bonds and maturing on August 1, 20____, are also subject to mandatory sinking fund redemption, in part, on August 1

of each year from moneys in the Debt Service Fund established under the Resolution (the “Debt Service Fund”) and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Payment Date (August 1)	Mandatory Sinking Fund Payment
20__	\$
20__	
20__	
20__ ⁽¹⁾	
<hr/>	
⁽¹⁾ Maturity.	

Series A Bonds – Capital Appreciation Bonds

The Series A Bonds issued as Capital Appreciation Bonds are not subject to redemption prior to their fixed maturity dates.

Selection of Series A Bonds for Redemption. If less than all of the Series A Bonds are called for redemption, such Series A Bonds will be redeemed in inverse order of maturities, or as otherwise directed by the District, and if less than all of the Series A Bonds of any given maturity are called for redemption, the portions of such Series A Bonds of a given maturity to be redeemed will be determined by lot. For purposes of such determination, each Bond will be deemed to consist of individual Series A Bonds in denominations of \$5,000 principal amount which may be separately redeemed.

Series B Bonds

Optional Redemption. The Series B Bonds maturing on or before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Series B Bonds maturing on and after August 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 20__, at a redemption price equal to the principal amount of the Series B Bonds called for redemption, plus accrued interest thereon to the date called for redemption, without premium.

Mandatory Sinking Fund Redemption. The Series B Bonds maturing on August 1, 20__, are also subject to mandatory sinking fund redemption, in part, on August 1 of each year from moneys in the Debt Service Fund established under the Resolution and in the respective principal amounts as set forth in the following schedule, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Payment Date (August 1)	Mandatory Sinking Fund Payment
20__	\$
20__	
20__	

⁽¹⁾ Maturity.

Extraordinary Optional Redemption of the Series B Bonds. The Series B Bonds shall also be subject to extraordinary optional redemption at the option of the District upon the occurrence of an Extraordinary Event (as defined below), in whole or in part, on any date at a redemption price equal to the greater of:

(i) the principal amount of the Series B Bonds to be redeemed, plus interest accrued to the redemption date, and

(ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series B Bonds are to be redeemed, discounted to the date on which such Series B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below), plus one hundred basis points, plus interest accrued to the redemption date. Such redemption may be made from the moneys deposited therefor in the Debt Service Fund of the District established under the Resolution for payment of principal of and interest on the Series B Bonds when due.

The redemption price will be determined by an independent accounting firm, investment banking firm, or financial advisor retained by the District at the District's expense to make such calculation. The Paying Agent and the District may conclusively rely on such determination and will not be liable for such reliance.

"Extraordinary Event" means (i) a determination by the District that any material amendment or modification has occurred to Section 54C or Section 6431 of the Internal Revenue Code (as such Sections were added by Section 1531 of the ARRA pertaining to "New Clean Renewable Energy Bonds"), or guidance has been published by the U.S. Treasury or the IRS interpreting those sections, or any other determination has been made by said federal agencies or by a court of competent jurisdiction, pursuant to which payments from the U.S. Treasury with respect to the Series B Bonds are reduced or eliminated, other than as the result of an act or omission by the District to satisfy the requirements under said Act to qualify for or receive payments or (ii) a determination by the U.S. Treasury, the IRS or a court of competent jurisdiction that the Series B Bonds are not New Clean Renewable Energy Bonds within the meaning of Section 54(c) of the Code.

Extraordinary Mandatory Redemption of the Series B Bonds. The Series B Bonds shall also be subject to mandatory redemption by the District from, and to the extent of, any unexpended proceeds of the Series B Bonds (i) if the District spends any portion of the available project proceeds of the Series B Bonds for any purpose other than a Qualified Purpose, or (ii) to the extent that less than 100 percent of the available project proceeds of the Series B Bonds are expended within the 3-year period beginning on the date of issuance of the Series B Bonds, including any extensions thereof under section 54A(d)(2)(B)(iii) of the Code, for a Qualified Purpose. The mandatory redemption under section (i) of the preceding sentence shall occur within 90 days following the date on which an action is taken that causes the Series B Bonds not to be used for the Qualified Purpose for which the Series B Bonds were issued. The mandatory redemption under section (ii) of the second preceding sentence shall occur within 90 days following the earlier of the date on which the District reasonably determines that the financed facility will not be completed or the date on which the financed facility is placed in service.

“Qualified Purpose” means, with respect to any Extraordinary Mandatory Redemption, a purpose described in Section 54C(a)(1) of the Internal Revenue Code of 1986, as amended.

In the event of a mandatory redemption, then the redemption price shall be the greater of:

(i) the principal amount of the Series B Bonds to be redeemed, plus interest accrued to the redemption date, and

(ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series B Bonds are to be redeemed, discounted to the date on which such Series B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below), plus one hundred basis points, plus interest accrued to the redemption date. Such redemption may be made from the moneys deposited therefor in the Debt Service Fund of the District established under the Resolution for payment of principal of and interest on the Series B Bonds when due.

The redemption price will be determined by an independent accounting firm, investment banking firm, or financial advisor retained by the District at the District’s expense to make such calculation. The Paying Agent and the District may conclusively rely on such determination and will not be liable for such reliance.

“Treasury Rate” with respect to any Extraordinary Redemption, means, as of any redemption date of any Series B Bonds, the yield to maturity as of the redemption date of U.S. Treasury securities with a constant maturity, excluding inflation-indexed securities (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date or, if such Statistical Release is no longer published, any publicly available source of similar market data), most nearly equal to the period from the redemption date to the maturity date of the Series B Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the Treasury Rate means the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year.

Selection of Series B Bonds for Redemption. If fewer than all of the Series B Bonds are called for redemption, then (i) if the Series B Bonds are in book-entry form at the time of such redemption, the Paying Agent shall instruct DTC to instruct the DTC participants to select the specific Series B Bonds for redemption pro rata, and neither the District nor the Paying Agent shall have any responsibility to ensure that DTC or the DTC participants properly select such Series B Bonds for redemption; and (ii) if the Series B Bonds are not in book-entry form at the time of redemption, on each redemption date, the Paying Agent shall select the specific Series B Bonds for redemption pro rata. The portion of any registered Series B Bond in a denomination of more than \$5,000 to be redeemed will be redeemed in the principal amount of \$5,000 or any integral multiple thereof. The Paying Agent will select portions of the Series B Bonds to be redeemed in such manner as the Paying Agent in its discretion may deem to be fair and appropriate.

Notice of Redemption

Notice of redemption for the Bonds will be mailed postage prepaid not less than 30 nor more than 60 days prior to the redemption date (i) by first class mail to the respective registered owners thereof at the addresses appearing on the bond registration books. Such Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to

be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price or Maturity Value, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount or Maturity Value, as appropriate, of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date in the case of Current Interest Bonds, and that from and after such date interest with respect thereto shall cease to accrue or accrete and be payable.

The actual receipt by any Owner of notice of such redemption will not be a condition precedent to redemption, and failure to receive such notice, or any defect in the notice given, will not affect the validity of the proceedings for the redemption of such Bonds or the cessation of interest on the date fixed for redemption.

When notice of redemption has been given, substantially as described above, and when the amount necessary for the payment of principal and Maturity Value of and premium, if any, is set aside for such purpose, the Bonds designated for redemption will become due and payable on the date fixed for redemption thereof, and upon presentation and surrender of said Bonds at the place specified in the notice of redemption, such Bonds will be redeemed and paid at said redemption price out of the money provided therefor, and interest will cease to accrue on such Bonds called for redemption after the redemption date specified in such notice, and the registered owners of said Bonds so called for redemption after such redemption date will look for the payment of such Bonds and the premium thereon only to such money provided therefor.

The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the Owners of the Bonds so called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Selection of Bonds for Redemption

Whenever provision is made for the redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least 45 days prior to the Interest Payment Date designated for such redemption, shall select Bonds for redemption in such order as the District may direct. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond to be redeemed in part shall be in the principal amount or Maturity Value of \$5,000 or any integral multiple thereof.

Effect of Notice of Redemption

Notice having been given as required in the Resolution, and the moneys for redemption (including the interest to the applicable date of redemption) having been set aside in the Debt Service Fund, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed, together with interest to such redemption date, shall be held by the Paying Agent so as to be available therefor on

such redemption date, and if notice of redemption thereof shall have been given, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Transfer and Exchange

Any Bond may be exchanged for Bonds of like tenor, series, maturity and principal amount upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of such Bond at the principal office of the Paying Agent together with an assignment executed by the Owner or a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the principal amount of the Bond surrendered and bearing or accreting interest at the same rate and maturing on the same date.

Debt Service Schedule

The tables on the following pages summarize the debt service requirements of the District for the Bonds and the District's General Obligation Bonds, Election of 2002, Series 2002 (the "2002 Bonds"), General Obligation Bonds (Election of 2002, Series 2004) (the "2004 Bonds") and General Obligation Bonds, Election of 2002, Series 2006 (the "2006 Bonds"):

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Bond Year Ending August 1	<u>The Series A Bonds</u>			<u>The Series B Bonds</u>		<u>Total Debt Service</u>
	<u>Principal</u>	<u>Interest</u>	<u>Compounded Interest</u>	<u>Principal</u>	<u>Interest</u>	
2011						
2012						
2013						
2014						
2015						
2016						
2017						
2018						
2019						
2020						
2021						
2022						
2023						
2024						
2025						
2026						
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2034						
2035						
2036						
2037						
2038						
2039						
2040						
2041						
2042						
2043						
2044						
2045						
2046						
2047						
2048						
2049						
2050						
2051						
Total						

<u>Bond Year⁽¹⁾</u>	<u>Series 2002 Bonds</u>	<u>Series 2004 Bonds</u>	<u>Series 2006 Bonds</u>	<u>The Bonds</u>	<u>Total Debt Service</u>
2011					
2012					
2013					
2014					
2015					
2016					
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					
2051					
Total					

⁽¹⁾ The Bond Year ends August 1 for the 2002 Bonds, July 1 for the 2004 Bonds and June 1 for the 2006 Bonds. The Bond Year for the Bonds ends August 1.

Defeasance

The District may pay and discharge any or all of the Bonds by depositing in trust with the Paying Agent or an escrow agent at or before maturity, money or Defeasance Securities (defined below), in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the interest and sinking fund of the District, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates. In such event, the Owners of such Bonds shall cease to be entitled to the obligation of the District to levy taxes for the payment thereof, and such obligation and all agreements and covenants of the District and of the County to such Owners under the Resolution and under the Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal, interest and premium, if any, represented by the Bonds, but only out of monies on deposit in the interest and sinking fund or otherwise held in trust for such payment.

“Defeasance Securities” means non-callable obligations of, or obligations guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the United States including: U.S. Treasury Obligations; Farmers Home Administration certificates of beneficial ownership; General Services Administration participation certificates; U.S. Maritime Administration Guaranteed Title XI financing; Small Business Administration guaranteed participation certificates and guaranteed pool certificates; Government National Mortgage Association (GNMA) guaranteed mortgage-backed securities and guaranteed participation certificates; U.S. Department of Housing and Urban Development local authority bonds; Washington Metropolitan Area Transit Authority guaranteed transit bonds; State and Local Government Series; and Veterans Administration guaranteed REMIC Pass-through certificates; and the following non-callable obligations of government-sponsored agencies that are not backed by the full faith and credit of the U.S. Government: Federal Home Loan Mortgage Corp. (FHLMC) debt obligations; Farm Credit System (formerly: Federal Land Banks, Intermediate Credit Banks, and Banks for Cooperatives) consolidated systemwide bonds and notes; Federal Home Loan Banks (FHL Banks) consolidated debt obligations; Federal National Mortgage Association (FNMA) debt obligations; Student Loan Marketing Association (SLMA) debt obligations; Financing Corp. (FICO) debt obligations; Resolution Funding Corp. (REFCORP) debt obligations; U.S. Agency for International Development (U.S. A.I.D.) guaranteed notes (provided such notes mature at least 4 business days before the appropriate payment date); and stripped securities where the principal-only and interest-only strips are derived from non-callable obligations issued by the U.S. Treasury, and REFCORP securities stripped by the Federal Reserve Bank of New York.

Book-Entry Only System

The Bonds will be issued under a book-entry system, evidencing ownership of the Bonds in principal amounts or Maturity Value of \$5,000 or integral multiples thereof, with no physical distribution of Bonds made to the public. DTC will act as depository for the Bonds, which will be immobilized in their custody. The Bonds will be registered in the name of Cede & Co., as nominee for DTC. For further information regarding DTC and the book entry system, see APPENDIX E hereto.

Continuing Disclosure Agreement

In accordance with the requirements of Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission, the District will enter into a Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) in the form of APPENDIX D hereto, on or prior to the sale of the Bonds in which the District will undertake, for the benefit of the Beneficial Owners of the Bonds, to provide certain information as set forth therein. The District is current on all filings required pursuant to

its previous continuing disclosure agreements. See “CONTINUING DISCLOSURE” and “APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT” herein.

SECURITY FOR THE BONDS

General

The Bonds are general obligations of the District, and the Board of Supervisors of the County of Contra Costa has the power and is obligated to levy and collect *ad valorem* taxes upon all property within the District subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on the Bonds. Subsequent to the issuance of the Bonds, \$_____ * aggregate principal amount of general obligation bonds will remain for issuance under the Authorization. All general obligation bonds of the District are issued on a parity with one another.

PLAN OF FINANCE

The District intends to apply the net proceeds of the Bonds to finance and refinance the acquisition, construction, furnishing and equipping of District facilities in accordance with the bond proposition approved at the Election.

The “Strict Accountability in Local School Construction Bonds Act of 2000,” known as Proposition 39, comprising Section 15264 *et seq.* of the Education Code, controls the method by which the District will expend Bond proceeds on its capital improvements. Prior to the Election, the District prepared and submitted to the Board for approval a master list of capital improvement projects to be built, acquired, constructed or installed with the proceeds of the Bonds. The following description includes all elements of the Project List; however, for each series of the Bonds, the District will prioritize among these elements and will not undertake to complete all components of the Project List.

The Project to be constructed, improved, installed or otherwise implemented for the District from the proceeds of the Bonds and the other bonds issued under the Authorization includes the following elements, which were approved by the Board of the District for financing with such proceeds:

Project List

Bond proceeds will be expended to modernize, replace, renovate, expand, construct, acquire, equip, furnish and otherwise improve the classrooms and school facilities of the District, including those located at the following locations:

Elementary Schools			
Ayers	Bancroft	Bel Air	Cambridge
Cornerstone	Delta View	Eagle Peak	El Monte
Fair Oaks	Gregory Gardens	Hidden Valley	Highlands
Holbrook	Meadow Homes	Monte Gardens	Mt. Diablo
Mountain View	Pleasant Hill	Rio Vista	Sequoia
Shore Acres	Silverwood	Strandwood	Sun Terrace
Sunrise	Valhalla	Valle Verde	Walnut Acres
Westwood	Woodside	Wren Avenue	Ygnacio Valley

* Preliminary; subject to change.

Middle Schools			
Diablo View	El Dorado	Foothill	Glenbrook
Oak Grove	Pine Hollow	Pleasant Hill	Riverview
Sequoia	Valley View		
High Schools			
Clayton Valley	College Park	Concord	Mt. Diablo
Northgate	Ygnacio Valley		

Mt. Diablo Adult Education	
Loma Vista Adult Center	Pleasant Hill Education Center

Alternative Schools and Programs			
Alliance Program	Cares After School Program	Coordinator Care Team	Crossroads NSHS
Diablo Day	Foster Youth Services	Gateway NSHS	Homeless
Home and Hospital	HOPE	Horizons: CIS	Horizons: Home Study
Nueva Vista NSHS	Robert R. Shearer Preschool	Shadelands	Summer School
Summit NSHS	Transitional Learning	Work Experience	

The specific school facilities projects to be funded include, but shall not be limited to:

School Renovation, Repair and Upgrade Projects

- Renovate, repair, expand and/or upgrade the interior and/or exterior of existing classrooms and school facilities throughout the District, including infrastructure and landscaping improvements.
- Repair outdated temporary portable classrooms or replace with permanent classrooms.
- Repair and upgrade roofs, ceilings, walls, and floors.
- Replace existing wiring systems to meet current electrical and accessibility codes and increased capacity.
- Repair/replace existing plumbing systems to meet current codes, including drainage.
- Install additional and/or replace outdated heating, ventilation, air conditioning systems, and lighting systems with building code compliant systems.
- Provide enhanced computer labs.
- Upgrade, expand, repair and/or equip science labs, multi-purpose rooms, food service facilities, auditoriums, libraries, and other school facilities.
- Classroom interiors will receive improvements such as new paint, carpet/vinyl tile/asbestos abatement, white markerboards, tackable surfaces, increased secure storage capacity for instructional materials and equipment, etc.
- Replace existing window systems with energy efficient systems.

School Site Health, Safety and Security Projects

- Upgrade or replace buildings that do not meet current minimum building code standards.
- Remove all dry rot and repair damaged caused by dry rot.
- Replace/upgrade existing signage, bells, clocks and fire protection systems.
- Install, repair, upgrade, or replace safety and security systems for students and staff, including new fencing around the schools.

- Install energy efficient systems including “green” building projects and sustainable building practices to promote energy-efficiency (e.g., solar, high performance lighting, electrical systems panel, HVAC etc.).
- Upgrade and repair play areas and play fields.
- Replace existing wooden doors and hardware.
- Upgrade, repair, or expand school site parking, driveways, walkways, ground, and utilities.
- Abate and remove hazardous materials identified prior or during construction.
- Repair, replace and/or upgrade paved surfaces, turf, and other grounds to eliminate safety hazards and improve outside instructional areas.

District-Wide Wiring and Technology for Instructional Support and Effective Learning Environment Projects

- Upgrade and expand campus wide-intercom and wireless systems, and telecommunications, internet, and network connections.
- Upgrade media, audio/visual equipment, and other technology for effective learning environments, including smart boards and “distance learning”.
- Upgrade and replace classroom equipment and instructional aides.

Construction Projects at School Sites

- Construct additional classrooms/classroom buildings, restrooms and other related school facilities throughout the District.

Miscellaneous Projects

- Address unforeseen conditions revealed by construction/modernization (such as plumbing or gas line breaks, dry rot, seismic, structural, etc.).
- Other improvements required to comply with existing building codes, including the Field Act, and access requirements of the Americans with Disabilities Act.
- Necessary site preparation/restoration in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, removing, replacing, or installing irrigation, utility lines (such as gas lines, water lines, electrical lines, sewer lines, and communication lines), trees and landscaping, relocating fire access roads, and acquiring any necessary easements, licenses, or rights of way to the property.
- Rental or construction of storage facilities and other space on an interim basis, as needed to accommodate construction materials, equipment, and personnel, and interim classrooms (including relocatables) for students and school functions or other storage for classroom materials displaced during construction.
- Acquisition of any of the facilities on the Bond Project List through temporary lease or lease-purchase arrangements, or execute purchase option under leases for any of these authorized facilities.
- For any project involving rehabilitation or renovation of a building or the major portion of a building, the District shall be authorized to proceed with new replacement construction instead, if the Board of Trustees determines that replacement and new construction is more economically practical than rehabilitation and renovation, considering the building's age, condition, expected remaining life, and other relevant factors.

- Acquisition of any of the facilities on the Bond Project List through temporary lease or lease-purchase arrangements, or execute purchase option under leases for any of these authorized facilities.
- Acquisition of leasehold interest on facilities currently subject to lease.
- All work necessary and incidental to specific projects described above, including demolition of existing structures.

The listed building repair and rehabilitation projects, including upgrades will be completed as needed. Each project is assumed to include its share of furniture, equipment, architectural, engineering, and similar planning costs, program management, staff training expenses and a customary contingency, and escalation for unforeseen design and construction costs. In addition to the listed repair and construction projects stated above, the Priority School Projects List also includes the payment of the costs of preparation of all facility planning, facility assessment reviews, environmental studies, construction documentation, inspection and permit fees, and temporary housing of dislocated District activities caused by bond projects. The allocation of bond proceeds may be affected by the District's receipt of State matching funds and the final costs of each project. In the absence of State matching funds, which the District will aggressively pursue to reduce the District's share of the costs of the projects, the District may not be able to complete some of the projects listed above. The budget for each project is an estimate and may be affected by factors beyond the District's control. The final cost of each project will be determined as plans are finalized, construction bids are awarded and projects are completed. Based on the final costs of each project, certain of the projects described above may be delayed or may not be completed. Demolition of existing facilities and reconstruction of facilities scheduled for repair and upgrade may occur, if the Board determines that such an approach would be more cost-effective in creating more enhanced and operationally efficient campuses. Necessary site preparation/restoration, landscaping, may occur in connection with new construction, renovation or remodeling, or installation or removal of relocatable classrooms, including ingress and egress, removing, replacing, or installing irrigation, utility lines, trees and landscaping, redirecting fire access, and acquiring any necessary easements, licenses, or rights of way to the property.

While the District may lawfully use the proceeds of the Bonds on any project on the Project List, the District intends to apply a portion of the proceeds of the Series A Bonds to _____ and to prepay certain outstanding lease purchase obligations as described below.

1998 Certificates. Upon the issuance of the Bonds, the District will deposit into the Prepayment Account held by the Wells Fargo Bank National Association, as trustee (the "1998 Trustee") for the District's 1998 Refunding Certificates of Participation (Refunding and Capital Projects) (the "1998 Certificates") established under the Trust Agreement, dated as of April 1, 1998 (the "1998 Trust Agreement"), by and among the District, the 1998 Trustee, and the Mt. Diablo Unified School District Education Facilities Financing Corporation (the "Corporation"), an amount sufficient (together with certain other moneys from the funds and accounts related to the 1998 Certificates) to prepay [a portion/all] of the outstanding principal amount of the 1998 Certificates on December 1, 2010 (the "1998 COPS Prepayment Date"), at a price of par plus accrued interest.

The sufficiency of amounts deposited into the 1998 Prepayment Fund together with the investment earnings thereon to effect the foregoing prepayment will be verified by _____, certified public accountants. See the caption "ESCROW VERIFICATION" below.

2006 Lease Purchase Agreement. A portion of the proceeds of the Series A Bonds will be deposited to an Escrow Account held by Wells Fargo Bank National Association, as escrow agent, (the Escrow Agent") pursuant to that certain Escrow Agreement, dated as of _____ 1, 2010, by and between

the District and the Escrow Agent and applied to prepay in full the District's outstanding Lease/Purchase Agreement, dated September 1, 2007, by and between the District and the Corporation on September 1, 2011 (the "2006 Prepayment Date").

2007 Lease Purchase Agreement. A portion of the proceeds of the Series A Bonds will be applied on the Closing Date to prepay in full the District's outstanding Lease/Purchase Agreement, dated September 1, 2007, by and between the District and the Corporation, which is currently outstanding in the aggregate principal amount of \$_____.

Amounts deposited for the prepayment of the 1998 Certificates and the 2006 Lease Purchase Agreement shall be held [uninvested/invested in _____] until the 1998 Prepayment Date and the 2006 Prepayment Date.

The following table describes the 1998 Certificates, the 2006 Lease Purchase Agreement and the 2007 Lease Purchase Agreement (the "Prepaid Obligations") presently outstanding, the amounts expected to be prepaid with the proceeds of the Series A Bonds, as well as other moneys described above, and the principal amounts of the Prepaid Obligations expected to be remain outstanding following the 1998 Prepayment Date, the 2006 Prepayment Date and the 2007 Prepayment Date, respectively.

<u>Prepaid Obligation</u>	<u>Original Principal Amount</u>	<u>Outstanding Principal Amount</u>	<u>Principal Amount to be Prepaid</u>	<u>Principal Amount Outstanding After Prepayment</u>
1998 Certificates	\$7,760,000	\$5,440,000		
2006 Lease Purchase Agreement	6,015,131			0.00
2007 Lease Purchase Agreement	3,900,000			0.00

The District intends to apply a portion of the proceeds of the Series B Bonds to [Describe solar project].

In addition, the District intends to deposit a portion of the proceeds of the Bonds into the Debt Service Fund to pay interest on the Bonds on [February 1], 2011.

TAX BASE FOR REPAYMENT OF THE BONDS

Assessed Valuations

The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIII A of the California Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

A State-reimbursed exemption currently provides a credit of \$7,000 of the full value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated

to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies.

In addition, certain classes of property such as churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

The following table presents the historical assessed valuation in the District for the last ten Fiscal Years. The District's total assessed valuation is \$_____in Fiscal Year 2010-11.

**MT. DIABLO UNIFIED SCHOOL DISTRICT
SUMMARY OF ASSESSED VALUATIONS
FISCAL YEARS 2000-01 THROUGH 2010-11**

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Before Rdv. Increment</u>
2000-01	\$18,052,446,343	\$4,512,934	\$810,049,196	\$18,870,362,920
2001-02	19,501,805,860	15,111,986	899,543,508	20,416,461,174
2002-03	20,950,443,237 ⁽¹⁾	14,591,990	942,041,048	21,892,484,285
2003-04	22,705,133,044	6,252,431	920,522,887	23,631,908,362
2004-05	24,434,456,724	6,489,435	868,334,641	25,309,280,800
2005-06	26,500,394,364	7,186,091	942,384,927	27,449,965,382
2006-07	29,196,571,252	6,300,577	951,192,569	30,154,064,398
2007-08	31,650,036,905	4,180,952	964,357,554	32,618,575,411
2008-09	31,738,225,590	3,832,225	1,062,848,164	32,804,905,979
2009-10	29,639,009,735	3,832,225	1,051,293,746	30,694,135,706
2010-11				

Source: California Municipal Statistics, Inc.

The table below presents the 2009-10 assessed valuation within the District by jurisdiction.

**MT. DIABLO UNIFIED SCHOOL DISTRICT
2009-10 ASSESSED VALUATION BY JURISDICTION⁽¹⁾**

<u>Jurisdiction:</u>	<u>Assessed Valuation in School District</u>	<u>% of School District</u>	<u>Assessed Valuation of Jurisdiction</u>	<u>% of Jurisdiction in School District</u>
City of Clayton	\$ 1,700,431,727	5.54%	\$1,700,431,727	100.00%
City of Concord	12,417,810,378	40.46	12,417,810,378	100.00
City of Martinez	1,599,841,090	5.21	4,390,035,171	36.44
City of Pittsburg	789,984,772	2.57	5,599,720,829	14.11
City of Pleasant Hill	4,560,272,641	14.86	4,560,272,641	100.00
City of Walnut Creek	5,233,202,555	17.05	12,710,182,474	41.17
Unincorp. Contra Costa County	<u>4,392,592,543</u>	<u>14.31</u>	30,230,829,616	14.53
Total Contra Costa County	\$30,694,135,706	100.00%	\$146,199,638,896	20.99

⁽¹⁾ Before deduction of redevelopment incremental valuation.

Source: California Municipal Statistics, Inc.

The table below presents the 2009-10 assessed valuation within the District by land use.

MT. DIABLO UNIFIED SCHOOL DISTRICT
2009-10 Assessed Valuation and Parcels by Land Use

	2009-10 Assessed Valuation⁽¹⁾	% of Total	No. of Parcels	% of Total	No. of Taxable Parcels	% Total
Non-Residential:						
Agricultural	\$ 195,559,905	0.66%	303	0.36%	296	0.36%
Commercial/Office	4,174,396,428	14.08	1,405	1.67	1,390	1.71
Vacant Commercial	74,081,742	0.25	131	0.16	95	0.12
Industrial	2,460,238,736	8.30	490	0.58	486	0.60
Vacant Industrial	57,113,729	0.19	63	0.07	62	0.08
Recreational	50,090,823	0.17	58	0.07	58	0.07
Government/Social/Institutional	126,412,620	0.43	1,499	1.78	745	0.92
Miscellaneous	<u>80,018,264</u>	<u>0.27</u>	<u>1,386</u>	<u>1.65</u>	<u>1,151</u>	<u>1.42</u>
Subtotal Non-Residential	\$7,217,912,247	24.35%	5,335	6.35%	4,283	5.27%
Residential:						
Single Family Residence	\$17,619,464,445	59.45%	59,552	70.83%	59,515	73.17%
Condominium/Townhouse	3,032,621,071	10.23	15,337	18.24	15,343	18.86
Rural Residential	130,299,212	0.44	224	0.27	224	0.28
Mobile Home	14,192,300	0.05	751	0.89	751	0.92
2-4 Residential Units	254,828,230	0.86	729	0.87	729	0.90
5+ Residential Units/Apartments	1,245,683,299	4.20	502	0.60	495	0.61
Vacant Residential	<u>124,008,931</u>	<u>0.42</u>	<u>1,646</u>	<u>1.96</u>	<u>0</u>	<u>0.00</u>
Subtotal Residential	\$22,421,097,488	75.65%	78,741	93.65%	77,057	94.73%
Total	\$29,639,009,735	100.00%	84,076	100.00%	81,340	100.00%

⁽¹⁾ Local Secured Assessed Valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

**MT. DIABLO UNIFIED SCHOOL DISTRICT
2009-10 Largest Total Secured Taxpayers**

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2009-10 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1. Tesoro Refining & Marketing Co.	Heavy Industrial	\$1,318,969,133	4.45%
2. Bank of America	Office Building	180,278,464	0.61
3. Taubman Land Associates LLC	Regional Mall	161,840,100	0.55
4. Chevron USA Inc.	Office Building	151,259,641	0.51
5. Sierra Pacific Properties Inc.	Office Building	142,571,703	0.48
6. Transwestern Concord Corp. Center	Office Building	100,980,000	0.34
7. Seecon Financial & Construction Co.	Office Building	99,930,882	0.34
8. Rreef America REIT III Corp. B	Office Building	99,130,219	0.33
9. Park Regency Partners	Apartments	86,484,970	0.29
10. RVIP CA & WA/OR Portfolio LLC	Shopping Center	83,401,935	0.28
11. GRE Walnut Creek LLC	Office Building	73,223,350	0.25
12. San Marco Properties LLC	Undeveloped	70,469,570	0.24
13. CA-Station Landing Devel Co.	Office Building	68,588,000	0.23
14. Concord Airport Plaza Assoc.	Office Building	66,856,098	0.23
15. PMI Plaza LLC	Office Building	66,167,701	0.22
16. FW CA P H Shopping Center LLC	Shopping Center	62,406,281	0.21
17. Clayton Valley Shopping Center	Shopping Center	61,514,150	0.21
18. Leshar Communication Inc.	Newspaper	56,137,441	0.19
19. CA-Treat Towers LP	Office Building	55,255,641	0.19
20. Signature at Renaissance Square	Apartments	<u>54,260,224</u>	<u>0.18</u>
		\$3,059,725,503	10.32%

⁽¹⁾ 2009-10 Total Secured Assessed Valuation: \$30,694,135,706.
Source: California Municipal Statistics, Inc.

Tax Rates

The following table sets forth typical tax rates levied in Tax Rate Area (2-002) for fiscal years 2005-06 through 2009-10:

**MT. DIABLO UNIFIED SCHOOL DISTRICT
Typical Tax Rate per \$100 Assessed Valuation (TRA 2-002)**

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>
General	1.0000	1.0000	1.0000	1.0000	1.0000
Bay Area Rapid Transit District	.0048	.0050	.0076	.0090	.0057
East Bay Regional Park District	.0057	.0085	.0080	.0100	.0108
Mount Diablo Unified School District	.0418	.0446	.0424	.0455	.0493
Contra Costa Community College District	<u>.0047</u>	<u>.0043</u>	<u>.0108</u>	<u>.0066</u>	<u>.0126</u>
Total All Property Tax Rate	1.0570	1.0624	1.0688	1.0711	1.0784
Contra Costa Water District (Land Only)	.0050	.0043	.0039	.0041	.0048

Source: California Municipal Statistics, Inc.

The Teeter Plan

The Board of Supervisors of the County, as of the 1950-51 fiscal year, approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan for the County, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to its local political subdivisions, including the District, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan for the County is applicable to all tax levies for which the County acts as the tax-levying or tax-collecting agency, or for which the County Treasury is the legal depository of tax collections.

Under the Teeter Plan, the District will receive 100% of its *ad valorem* property tax levied with respect to the Bonds irrespective of actual delinquencies in the collection of property taxes by the County.

The Teeter Plan of the County is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any fiscal year of the County (which commences on July 1), the Board of Supervisors of the County receives a petition for its discontinuance joined in by a resolution adopted by at least two-thirds of the participating revenue districts in the County. In the event the Board of Supervisors of the County orders discontinuance of its Teeter Plan, only those secured property taxes actually collected would be allocated to political subdivisions (including the District) for which the County acts as the tax-levying or tax-collecting agency. In addition, if the delinquency rate for all *ad valorem* property taxes levied within the District exceeds 3%, the Board of Supervisors can terminate the Teeter Plan with respect to the District. In the event that the Teeter Plan were terminated with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes would depend upon the collection of *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

The delinquency rate for *ad valorem* property taxes exceeded 3% within the District in Fiscal Years 2007-08 and 2008-09 but the County’s Teeter Plan has not been suspended. The District knows of no petition for the discontinuance of the Teeter Plan now pending in the County.

Secured Tax Charges and Delinquencies

The following table sets forth the secured tax charges and delinquencies within the District from Fiscal Year 2005-06 through Fiscal Year 2008-09. Because the County participates in the Teeter Plan, the District does not realize property tax delinquencies but is paid 100% of property taxes levied in the District, regardless of delinquencies. See “ - The Teeter Plan” above.

**MT. DIABLO UNIFIED SCHOOL DISTRICT
SECURED TAX CHARGES AND DELINQUENCIES
FISCAL YEARS 2005-06 THROUGH 2008-09**

	<u>Secured Tax Charge⁽¹⁾</u>	<u>Amount Delinquent June 30</u>	<u>% Delinquent June 30</u>
2005-06	\$10,926,049.04	\$174,279.51	1.60%
2006-07	12,845,645.49	353,719.90	2.75
2007-08	13,151,902.12	526,267.47	4.00
2008-09	14,200,845.88	460,317.48	3.24

⁽¹⁾ Bond debt service levy only.

Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Numerous local agencies which provide public services overlap the District's service area. These local agencies have outstanding debt in the form of general obligation, lease revenue and special assessment bonds. The following table shows the District's estimated direct and overlapping bonded debt. The statement excludes self-supporting revenue bonds, tax allocation bonds and non-bonded capital lease obligations. The District has not reviewed this table and there can be no assurance as to the accuracy of the information contained in the table; inquiries concerning the scope and methodology of procedures carried out to compile the information presented should be directed to California Municipal Statistics, Inc.

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The following table is a statement of the District's direct and estimated overlapping bonded debt as of July 1, 2010:

**MT. DIABLO UNIFIED SCHOOL DISTRICT
DIRECT AND OVERLAPPING BONDED INDEBTEDNESS**

2009-10 Assessed Valuation: \$30,694,135,706
 Redevelopment Incremental Valuation: 3,781,708,829
 Adjusted Assessed Valuation: \$26,912,426,877

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 7/1/10</u>
Bay Area Rapid Transit District	6.163%	\$ 25,884,600
Contra Costa Community College District	20.852	51,253,173
Mount Diablo Unified School District	100.	204,105,000 (1)
Mount Diablo Unified School District Community Facilities District No. 1	100.	60,080,000
East Bay Regional Park District	9.391	18,479,140
Pleasant Hill Recreation and Park District	92.345	18,469,000
City of Martinez	36.443	5,466,450
City of Pittsburg Community Facilities District No. 2005-2	100.	11,410,000
City of Pleasant Hill Downtown Community Facilities District	100.	13,285,000
City of Clayton Community Facilities District Nos. 1990-1 and 1990-2	100.	5,111,000
Contra Costa County Community Facilities District No. 1998-1	100.	2,795,000
1915 Act Bonds (Estimated)	Various	<u>13,612,338</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$429,950,701

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Contra Costa County General Fund Obligations	20.775%	\$ 56,181,833
Contra Costa County Pension Obligations	20.775	90,435,653
Contra Costa Community College District Certificates of Participation	20.852	206,435
Mount Diablo Unified School District Certificates of Participation	100.	5,440,000
City of Concord General Fund and Judgment Obligations	100.	28,705,000
City of Pleasant Hill General Fund Obligations	100.	4,885,000
Other City General Fund Obligations	Various	6,315,299
Pleasant Hill Recreation and Park District Certificates of Participation	92.345	2,280,922
Contra Costa Fire Protection District Pension Obligations	44.427	<u>53,392,369</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$247,842,511
Less: Contra Costa County Obligations supported by revenue funds		<u>26,189,452</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$221,653,059

GROSS COMBINED TOTAL DEBT \$677,793,212 (2)
 NET COMBINED TOTAL DEBT \$651,603,760

Ratios to 2009-10 Assessed Valuation:
Direct Debt (\$264,185,000) (3)0.86%
 Total Direct and Overlapping Tax and Assessment Debt 1.40%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt (\$269,625,000) (3)1.00%
 Gross Combined Total Debt 2.52%
 Net Combined Total Debt 2.42%

- (1) Excludes issue to be sold.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.
- (3) Includes Community Facilities District No. 1.

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: \$0

Source: California Municipal Statistics, Inc.

DISTRICT FINANCIAL INFORMATION

District Investments

The Contra Costa County Treasurer-Tax Collector (the “Treasurer”) manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the Treasurer by school and community college districts located in the County, various special districts, and some cities within the State of California. State law generally requires that all moneys of the County, school and community college districts and certain special districts located in the County be held in the County’s Treasury Pool.

The composition and value of investments under management in the Treasury Pool vary from time to time depending on cash flow needs of the County and public agencies invested in the pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally.

The proceeds from the sale of the Bonds (net of premium, if any) will be deposited in the County treasury to the credit of the Building Fund established under the Resolution (the “Building Fund”). Any premium or accrued interest received by the County from the sale of the Bonds will be deposited in the Debt Service Fund. Earnings on the investment of moneys in either fund will be retained in that fund and used only for the purposes to which that fund may lawfully be applied. Moneys in the Building Fund may only be applied for the purposes for which the Bonds were approved. Moneys in the Debt Service Fund may only be applied to make payments of interest, principal, Maturity Value and premium, if any, on bonds of the District.

All funds held in the Building Fund and the Debt Service Fund will be invested by the Treasurer at the direction of the District. All funds held in the Building Fund by the Treasurer under the Resolution will be invested pursuant to applicable law and the investment policy of the County, unless otherwise directed in writing by the District. At the written direction of the District, all or any portion of the Building Fund may be invested in the Local Agency Investment Fund in the treasury of the State, and all or any portion of the Building Fund 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 Bonds necessary in order to maintain the then-current rating on the Bonds, provided that the Treasurer will be a signatory to any such investment agreement.

For a further discussion of the Pooled Investment Fund, see the caption “THE CONTRA COSTA COUNTY TREASURY POOL” herein.

Financial Statements of the District

The District’s General Fund finances the legally authorized activities of the District for which restricted funds are not provided. General Fund revenues are derived from such sources as State fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District has not requested its auditor to provide any review or update of such financial statements in connection with their inclusion in this Official Statement. Certain information from the District’s financial statements follows. The District’s audited financial statements for the 2008-09 fiscal year is attached hereto as APPENDIX C. The District has not requested, and its auditors have not provided, any review or update to such audited financial statements. The District’s audited financial statements for prior and subsequent fiscal years can be obtained by contacting the District at 1936 Carlotta Drive, Concord, California 94519, telephone (925) 682-8000. The District may impose a charge for copying, mailing and handling.

Revenues

Revenue limit sources provided approximately 63% of total revenues of the District for 2008-09 and were budgeted to provide approximately 63% of total revenues of the District for 2009-10. Federal revenues represented approximately 9.5% of total revenues of the District for 2008-09 and were budgeted to provide approximately 7.9% of total revenues of the District for 2009-10. State revenues represented approximately 24% of total revenues of the District for 2008-09 and were budgeted to provide approximately 26% of total revenues of the District for 2009-10. Local revenues represented approximately 3.4% of total revenues of the District for 2008-09 and were budgeted to provide approximately 3.2% of total revenues of the District for 2009-10.

General Fund

The following table describes the District's audited financial results for the fiscal years 2006-07, 2007-08 and 2008-09.

**MT. DIABLO UNIFIED SCHOOL DISTRICT
GENERAL FUND
Statement of Revenues, Expenditures and Change in Fund Balances
for Fiscal Years 2006-07, 2007-08 and 2008-09**

	Fiscal Year 2006-07	Fiscal Year 2007-08	Fiscal Year 2008-09
REVENUES			
Revenue Limit Sources	\$192,760,661	\$195,343,584	\$189,408,555
Federal Revenues	17,109,636	15,661,622	28,669,803
Other State Revenues	71,324,192	72,174,046	71,881,127
Other Local Revenues	<u>13,614,529</u>	<u>11,284,684</u>	<u>10,126,725</u>
TOTAL REVENUES	\$294,809,018	\$294,463,936	\$300,086,210
EXPENDITURES			
Certificated salaries	\$138,048,012	\$139,432,821	\$136,088,465
Classified salaries	44,260,173	45,670,549	45,559,089
Employee benefits	48,253,241	50,831,040	52,315,375
Books and supplies	15,547,678	15,443,407	10,452,524
Services and other operating expenditures	36,607,043	39,575,817	38,009,866
Capital outlay	6,777,532	5,900,302	2,229,7886
Direct support/indirect costs	--	1,179,633	(612,867)
Other outgo	1,310,925	275,431	3,021,460
Debt service			
Principal retirement	40,900	287,706	--
Interest	<u>358</u>	<u>275,431</u>	<u>--</u>
TOTAL EXPENDITURES	\$290,845,862	\$298,596,706	\$287,063,698
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,963,156	\$ 4,132,770	\$ 13,022,512
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	\$ 2,173,499	\$ 2,271,967	\$ 1,758,835
Operating Transfers Out	<u>(2,203,780)</u>	<u>(2,105,819)</u>	<u>(1,294,106)</u>
Proceeds from issuance of long-term liabilities	<u>6,015,131</u>	<u>3,900,000</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ 5,984,006	\$ 4,066,148	\$ 464,729
Net Change in Fund Balances	9,948,006	(66,622)	13,487,241
Fund Balances at Beginning of Year	<u>\$ 23,848,500</u>	<u>\$ 33,796,506</u>	<u>\$ 33,729,884</u>
Fund Balances at End of Year	<u>\$ 33,796,506</u>	<u>\$ 33,729,884</u>	<u>\$ 47,217,125</u>

Source: The District.

**MT. DIABLO UNIFIED SCHOOL DISTRICT
GENERAL FUND
Adopted Budget and Second Interim Report for Fiscal Year 2009-10 and Adopted Budget for Fiscal
Year 2010-11**

	<u>2009-10 Adopted Budget</u>	<u>2009-10 Second Interim Report</u>	<u>2010-11 Adopted Budget</u>
REVENUES			
Revenue Limit Sources	\$174,716,743	\$165,266,741	\$163,258,111
Federal Revenues	22,746,451	32,117,791	20,508,626
Other State Revenues	60,890,740	69,849,363	67,729,805
Other Local Revenues	<u>8,454,135</u>	<u>12,009,815</u>	<u>8,304,326</u>
TOTAL REVENUES	\$266,808,069	\$279,243,710	\$259,800,868
EXPENDITURES			
Certificated Salaries	\$ 13,663,118	\$127,868,394	\$124,469,721
Classified Salaries	40,242,768	41,530,371	39,295,380
Employee Benefits	53,7007,432	54,918,730	55,621,204
Books and Supplies	12,773,291	31,616,182	12,326,799
Services and Other Operating Expenditures	33,963,449	37,346,362	34,654,790
Capital Outlay	192,720	451,540	302,707
Other Outgo (excluding Transfers of Indirect Costs)	3,434,397	3,434,397	2,487,065
Other Outgo – Transfers of Indirect Costs	<u>(764,223)</u>	<u>(794,564)</u>	<u>(740,508)</u>
TOTAL EXPENDITURES	\$267,212,953	\$296,371,413	\$268,417,158
Excess (Deficiency) of Revenues Over Expenditures	\$ (404,884)	\$ (17,127,704)	\$ (8,616,290)
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	0	0	0
Operating Transfers Out	<u>6,409,846</u>	<u>5,452,658</u>	<u>3,486,037</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$ (6,409,846)	\$ (5,452,658)	\$ (3,486,037)
Net Change in Fund Balances	(6,814,730)	(22,580,362)	(12,102,327)
Fund Balances at Beginning of Year	<u>\$ 47,217,126</u>	<u>\$ 47,217,126</u>	<u>\$ 20,618,220</u>
Fund Balances at End of Year	<u>\$ 40,402,396</u>	<u>\$ 24,636,764</u>	<u>\$ 8,515,894</u>

Source: The District.

Retirement System

The District participates in the State of California Teachers Retirement System (“STRS”) which provides retirement benefits to certificated personnel. The District contributed \$10,972,015 to STRS for

fiscal year 2007-08, \$10,954,293 for fiscal year 2008-09 and \$10,412,508 for fiscal year 2009-10. The District also participates in the State of California Public Employees' Retirement System ("PERS") which provides retirement benefits to classified personnel. The District contributed \$5,499,056 to PERS for fiscal year 2007-08, \$4,386,622 for fiscal year 2008-09 and \$4,359,337 for fiscal year 2009-10.

Both PERS and STRS are operated on a statewide basis and, based on available information, STRS and PERS both have unfunded liabilities. PERS may issue certain pension obligation bonds to reach funded status. (Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282.) The amounts of the pension/award benefit obligation (CalPERS) or actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution. The District is unable to predict what the amount of unfunded liabilities will be in the future or the amount of the contributions which the District may be required to make.

Post-Employment Benefits

In June 2004, the Governmental Accounting Standards Board ("GASB") pronounced Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*. The pronouncement required public agency employers providing healthcare benefits to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits. The implementation date for this pronouncement was staggered in three phases based upon the entity's annual revenues, similar to the implementation for GASB Statement No. 34 and 35. GASB Statement No. 45 ("GASB 45") was effective for the District for the fiscal year ending June 30, 2008.

Employees who are eligible to receive retiree employment benefits other than pensions ("Health & Welfare Benefits") while in retirement must meet specific criteria, *i.e.*, age and years with the District. The District provides Health & Welfare Benefits to qualified eligible employees and their eligible dependents who retire from the District on or after attaining age [55 with at least 10] years of service [(15 years for classified employees)] to the District. On May 1, 2008, 807 retirees met these qualifications. The District pays the medical premiums incurred by qualified retirees through age 64 and requires retirees to contribute to the cost of coverage based on the active employee contributions. Spouse and dependent coverage ceases upon death of the retiree. Expenditures for post-employment healthcare benefits are recognized as the premiums are paid. During the year ended June 30, 2009, expenditures of \$3,882,275 were recognized for post-employment healthcare benefits. The District has completed an actuarial study of its Health and Welfare Benefits dated June 3, 2008. Based on that study, the District's Annual Required Contribution is \$8,043,769 and its unfunded actuarial accrued liability is \$71,000,000. **[Confirm.]**

Certain Existing Obligations

A schedule of the District's changes in long-term debt for the year ended June 30, 2009 is shown below:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due Within</u> <u>One Year</u>
Mello Roos bonds:					
Series 2002	\$ 23,785,000	--	\$1,165,000	\$ 22,620,000	\$1,205,000
Series 2005	14,775,000	--	530,000	14,245,000	550,000
Series 2006	28,445,000	--	1,710,000	26,735,000	1,765,000
Net issuance discount	(25,089)	--	(1,584)	(23,505)	(1,584)
General obligation bonds:					
Series 2002	46,030,000	--	1,600,000	44,430,000	1,655,000
Series 2004	109,155,000	--	--	109,155,000	3,285,000
Series 2006	59,600,000	--	220,000	59,380,000	500,000
Net issuance premium	3,846,014	--	182,657	3,663,357	182,657
Certificates of participation	5,890,000	--	220,000	5,670,000	230,000
Net issuance premium	32,763	--	1,881	30,882	1,881
Construction loan	5,681,925	--	45,777	5,636,148	--
Capitalized lease obligations	9,627,425	--	488,243	9,139,182	510,489
Post-employment healthcare obligations	4,248,777	4,373,933	--	8,622,710	--
Compensated absences	4,203,269	--	644,747	3,558,522	--
Total	<u>\$315,295,084</u>	<u>\$4,373,933</u>	<u>\$6,806,721</u>	<u>\$312,862,296</u>	<u>\$9,883,443</u>

Source: The District

Capital Leases

The District leases computer equipment, copy machines and portable classrooms under various agreements. Future minimum lease payments are as follows under capital leases:

<u>Year Ended June 30</u>	<u>Lease Payments</u>
2010	\$926,780
2011	926,780
2012	926,780
2013	926,780
2014	926,780
2015-2019	4,633,900
2020-2023	3,143,983
Total Minimum Lease Payments	12,411,783
Less Amount Representing Interest	<u>(3,272,601)</u>
Net Minimum Lease Payments	<u>\$ 9,139,182</u>

Source: The District

Certificates of Participation

On April __, 1998, the District executed and delivered \$7,760,000 aggregate principal amount of Refunding Certificates of Participation (Refunding and Capital Projects) (the "1998 Certificates") which

are currently outstanding in the aggregate principal amount of \$5,440,000. The District intends to apply a portion of the proceeds of the Bonds to prepay [a portion of] the 1998 Certificates on December 1, 2010.

The remaining lease payments with respect to the 1998 Certificates assuming no prepayment are as follows:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 1, 2010	\$240,000	\$134,238.75	\$374,238.75
June 1, 2011	--	128,718.75	128,718.75
December 1, 2011	255,000	128,718.75	383,718.75
June 1, 2012	--	122,726.25	122,726.25
December 1, 2012	265,000	122,726.25	387,726.25
June 1, 2013	--	116,432.50	116,432.50
December 1, 2013	275,000	116,432.50	391,432.50
June 1, 2014	--	109,832.50	109,832.50
December 1, 2014	285,000	109,832.50	394,832.50
June 1, 2015	--	102,850.00	102,850.00
December 1, 2015	300,000	102,850.00	402,850.00
June 1, 2016	--	95,500.00	95,500.00
December 1, 2016	310,000	95,500.00	405,500.00
June 1, 2017	--	87,750.00	87,750.00
December 1, 2017	330,000	87,750.00	417,750.00
June 1, 2018	--	79,500.00	79,500.00
December 1, 2018	340,000	79,500.00	419,500.00
June 1, 2019	--	71,000.00	71,000.00
December 1, 2019	355,000	71,000.00	426,000.00
June 1, 2020	--	62,125.00	62,125.00
December 1, 2020	370,000	62,125.00	432,125.00
June 1, 2021	--	52,875.00	52,875.00
December 1, 2021	385,000	52,875.00	437,875.00
June 1, 2022	--	43,250.00	43,250.00
December 1, 2022	405,000	43,250.00	448,250.00
June 1, 2023	--	33,125.00	33,125.00
December 1, 2023	420,000	33,125.00	453,125.00
June 1, 2024	--	22,625.00	22,625.00
December 1, 2024	445,000	22,625.00	467,625.00
June 1, 2025	--	11,500.00	11,500.00
December 1, 2025	460,000	11,500.00	471,500.00

Tax and Revenue Anticipation Note (“TRAN”)

In March 18, 2010, the District issued a tax and revenue anticipation note (“TRAN”) in the principal amount of \$12,000,000. The TRAN matures on October 1, 2010 and bears interest at a rate of 2.00%.

MT. DIABLO UNIFIED SCHOOL DISTRICT

District Organization

The Mt. Diablo Unified School District, a unified school district of the State of California (the "State"), was established on July 1, 1949, and is located in the northwestern portion of Contra Costa County. The District covers approximately 150 square miles including the cities of Concord, Pleasant Hill and Clayton, portions of Walnut Creek, Pittsburg and Martinez and unincorporated areas of the County, including Lafayette, Pacheco, and Bay Point and is located approximately 30 miles northeast of San Francisco. The District provides kindergarten through twelfth grade education services in thirty-one elementary schools, ten middle schools, six high schools and twenty alternative schools and programs, and provides adult education in two adult education centers. The District's estimated average daily attendance for fiscal year 2010-11 is 32,343.60, and the District has a 2010-11 assessed valuation of \$_____.

The District is governed by a Board of Education (the "Board"). The Board consists of five members who are elected at-large to overlapping four-year terms at elections held in staggered years. If a vacancy arises during any term, the vacancy is filled by either an appointment by the majority vote of the remaining Board Members or by a special election. The years in which the current terms for each member of the Board expire are set forth below:

BOARD OF EDUCATION

<u>Name</u>	<u>Office</u>	<u>Term Expires November</u>
Paul Strange	President	2010
Gary Eberhart	Vice-President	2012
Richard Allen	Member	2010
Linda Mayo	Member	2010
Sherry Whitmarsh	Member	2012

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of the most recent and subsequent audited financial statements of the District may be obtained by contacting: Mt. Diablo Unified School District, 1936 Carlotta Drive, Concord, California 94519, Attention: Chief Financial Officer. The District may charge a small fee for copying, mailing and handling.

Key Personnel

The following is a listing of the key administrative personnel of the District.

<u>Name</u>	<u>Title</u>
Steven Lawrence, Ph.D.	Superintendent
Rose Lock	Assistant Superintendent of Student Achievement and School Support
Mildred Browne, Ed.D.	Assistant Superintendent, Special Education and Student Services
Julie Braun-Martin	Assistant Superintendent, Personnel Services
Gregory J. Rolan	General Counsel
Bryan Richards	Chief Financial Officer

Steven Lawrence, Ph.D. Superintendent Lawrence has been at the District since February 1, 2010. Prior to joining the District, Dr. Lawrence worked at Washington Unified School District where he served as Superintendent from July, 2006 through January, 2010. He has a total of 22 years of education experience. Dr. Lawrence earned a Bachelor of Arts in Applied Mathematics and Economics from Brown University and his Doctorate in Philosophy from University of California, Los Angeles.

District Employees

The District employs approximately 1,806.94 full-time equivalent certificated academic professionals as well as 961.44 full-time equivalent classified employees.

The certificated employees, with the exception of school psychologists, of the District have assigned the Mount Diablo Education Association (“MDEA”) as their exclusive bargaining agent. The contract between the District and MDEA expired on June 30, 2010. [The parties are operating under the terms of the expired contract as negotiations are underway for a new contract.]

The school psychologists of the District have assigned the Mount Diablo School Psychologists Association (“MDSPA”) as their exclusive bargaining agent. The contract between the District and MDSPA expired on June 30, 2010. [The parties are operating under the terms of the expired contract as negotiations are underway for a new contract.]

The classified employees in the maintenance, operations and transportation departments of the District have assigned Public Employees Union, Local #1, Maintenance & Operations Unit (“Local #1 M&O”) as their exclusive bargaining agent and the contract between the District and Local #1 M&O expired on June 30, 2010. [The parties are operating under the terms of the expired contract as negotiations are underway for a new contract.]

The classified employees in the clerical, secretarial and technical positions have assigned Public Employees Union, Local #1, Clerical, Secretarial & Technical Unit (“Local #1 CST”) as their exclusive bargaining agent and the contract between the District and Local #1 CST expired on June 30, 2010. [The parties are operating under the terms of the expired contract as negotiations are underway for a new contract.]

The classified employees in instructional aide and campus supervisor positions have assigned California School Employees Association (“CSEA”) as their exclusive bargaining agent and the contract between MDUSD and CSEA expired on June 30, 2010. [The parties are operating under the terms of the expired contract as negotiations are underway for a new contract.]

Insurance

The District is a member of CSAC Excess Insurance Authority (“CSAC-EIA”), Schools Excess Liability Fund (“SELF”) and the Schools’ Self Insurance of Contra Costa County (“SSICCC”), each a joint powers authority that provides various types of insurance to its members as requested. The District is self-insured for property and liability claims up to \$100,000 per property loss and \$100,000 per liability claim. Liability claims in excess of \$100,000 and up to \$900,000 are covered by a commercial insurance policy. The District’s liability claims over \$900,000 are covered by SELF. Property claims in excess of \$100,000 are covered by a commercial insurance policy up to \$149,000,000.

The District maintains insurance or self-insurance in such amounts and with such retentions and other terms providing coverages for property damage, fire and theft, general public liability and worker’s

compensation as are adequate, customary and comparable with such insurance maintained by similarly situated unified school districts. In addition, based upon prior claims experience, the District believes that the recorded liabilities for self-insured claims are adequate.

District Growth

The District has experienced population and student enrollment decline in the past several years. The table below sets forth the enrollment for Average Daily Attendance (“ADA”) for the District for the Fiscal Years ending 2007 through 2010 and a projection of Fiscal Year ending June 30, 2011.

**MT. DIABLO UNIFIED SCHOOL DISTRICT
Enrollment and Average Daily Attendance
Fiscal Years 2006-07 through 2010- 11**

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>ADA</u>	<u>Change in ADA From Prior Year</u>	<u>Revenue Limit Per A.D.A</u>
2006-07	35,685	33,556.78	(730.63)	
2007-08	35,355	33,355.21	(201.57)	
2008-09	34,953	33,208.96	(146.25)	
2009-10 ⁽¹⁾	34,200	32,658.38	(550.5)	
2010-11 ⁽²⁾	33,870	32,343.60	(314.78)	

⁽¹⁾ Estimated.

⁽²⁾ Projected.

Source: The District.

Population

The population of the Cities of Concord, Clayton and Pleasant Hill, the County and the State for the most recent five calendar years is set forth in the following table.

**POPULATION OF THE CITIES OF CONCORD, CLAYTON AND PLEASANT HILL,
THE COUNTY AND STATE**

<u>Year⁽¹⁾</u>	<u>City of Concord</u>	<u>City of Clayton</u>	<u>City of Pleasant Hill</u>	<u>Contra Costa County</u>	<u>State of California</u>
2005	124,578	10,906	33,408	1,016,407	36,899,392
2006	123,380	10,788	33,046	1,025,509	37,274,618
2007	122,923	10,728	32,957	1,035,322	37,674,415
2008	123,700	10,778	33,357	1,048,242	38,134,496
2009	124,599	10,864	33,547	1,060,435	38,487,889
2010 ⁽¹⁾	125,864	10,962	33,844	1,073,055	38,648,090

⁽¹⁾ Population shown as of July 1 for calendar years 2005 through 2009 and as of January 1 for calendar year 2010.

Source: California State Department of Finance.

Developer Fees

The District receives Developer Fees per square foot pursuant to Education Code Section 17620. Current Developer Fees are \$2.97 per square foot for residential housing and \$0.47 per square foot for commercial or industrial development.

<u>Fiscal Year</u>	<u>Developer Fees Collected</u>
2006-07	\$3,412,466
2007-08	1,685,522
2008-09	867,773
2009-10	645,453
2010-11 ⁽¹⁾	46,006

⁽¹⁾ Projected.

Source: The District.

State Funding of Education

The State Constitution requires that from all State revenues there will first be set apart the moneys to be applied by the State for support of the public school system and public institutions of higher education. As discussed below, most school districts in the State receive a significant portion of their funding from State appropriations.

Annual State apportionments of basic and equalization aid to school districts for general purposes are computed up to a revenue limit (as described below) per unit of average daily attendance (“ADA”). Generally, such apportionments will amount to the difference between the District’s revenue limit and the District’s local property tax allocation. Revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among all of the same type of California school districts (*i.e.*, unified, high school or elementary). State law also provides for State support of specific school-related programs, including summer school, adult education, deferred maintenance of facilities, pupil transportation, portable classrooms and other capital outlays and various categorical aids.

The State revenue limit is calculated three times a year for each school district. The first calculation is performed for the February 20th First Principal Apportionment, the second calculation for the June 25th Second Principal Apportionment, and the final calculation for the end of the year Annual Principal Apportionment. Calculations are reviewed by the County Office of Education and submitted to the State Department of Education to review the calculations for accuracy, calculate the amount of State aid owed to such school district and notify the State Controller of the amount, who then distributes the State aid.

The calculation of the amount of State aid a school district is entitled to receive each year is a five step process. First, the prior year State revenue limit per ADA is established, with recalculations as are necessary for adjustments for equalization or other factors. Second, the adjusted prior year State revenue limit per ADA is inflated according to formulas based on the implicit price deflator for government goods and services and the statewide average State revenue limit per ADA for the school districts. Third, the current year’s State revenue limit per ADA for each school district is multiplied by such school district’s ADA for either the current or prior year, whichever is greater. Fourth, revenue limit add-ons are calculated for each school district if such school district qualifies for the add-ons. Add-ons include the necessary small school district adjustments, meals for needy pupils and small school district transportation, and are added to the State revenue limit for each qualifying school district. Finally, local property tax revenues are deducted from the State revenue limit to arrive at the amount of state aid based

on the State revenue limit each school district is entitled to for the current year. See “District Growth” for the District’s ADA record.

State Budget

The District’s principal funding formulas and revenue sources are derived from the budget of the State of California. **The following information concerning the State of California’s budgets has been obtained from publicly available information which the District believes to be reliable; however, the State has not entered into any contractual commitment with the District, the County, the Underwriters, Bond and Disclosure Counsel nor the owners of the Certificates to provide State budget information to the District or the owners of the Certificates. Although they believe the State sources of information listed above are reliable, none of the District, the County, Bond and Disclosure Counsel nor the Underwriters assume any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites including www.dof.ca.gov, which website is not incorporated herein by reference.**

Proposed 2010-11 State Budget. On January 8, 2010, Governor Schwarzenegger released his Proposed 2010-11 State Budget (the “Proposed 2010-11 Budget”) which projects a budget gap of approximately \$19.9 billion in fiscal year 2010-11 (including a deficit of \$6.6 billion carried forward from the end of fiscal year 2009-10, assuming no corrective action is taken with respect thereto). The deficit reflects \$3.4 billion in lower revenues, court decisions expected to cost \$4.9 billion, \$2.3 billion anticipated in lost savings, \$1.4 billion in higher program costs and the elimination of the \$1 billion reserve. The Proposed 2010-11 Budget, while fully funding the Proposition 98 guarantee, incorporates further reductions to many programs, including \$8.5 billion in cuts commencing in the 2009-10 fiscal year (including \$2.9 billion in health and human services cuts, \$1.6 billion in employee compensation changes, and \$1.2 billion in reductions in prison funding). In addition, the Proposed 2010-11 Budget includes \$4.5 billion in fund shifts and new revenues, including a transportation funding swap and renewing the T-ridge off-shore drilling proposal, and incorporates a “trigger list” of cuts for Federal funding amounts that are not funded as anticipated by the Proposed 2010-11 Budget. While the Proposed 2010-11 Budget recognizes that the State is slowly emerging from the recession, it is predicated on economic growth being very modest and the likely persistence of high unemployment.

Proposition 98 spending set forth in the Proposed 2010-11 Budget for K-12 schools for fiscal year 2010-11 remains relatively flat at close to \$43.9 billion, with the share from the State’s General Fund increasing by 3.8% whereas the share covered by property tax revenues would decrease by 9.7%, resulting in a slight decrease of approximately \$108 million from the prior fiscal year. While the slumping housing market contributes to the drop in local property tax revenues, the bulk of the decline is attributable to the one-time \$850 million contribution from redevelopment agencies in 2009-10 (required as part of the Proposed 2009-10 Budget). While, for fiscal years 2009-10 and 2010-11, the Governor is funding at the constitutionally required minimum level, known as the “minimum guarantee,” the Proposed 2010-11 Budget recognizes a lower 2008-09 minimum guarantee (\$46.8 billion) and assumes the payment of \$1.3 billion in maintenance factor in 2008-09, and also delays the start of the remaining maintenance factor payments until 2012-13. In addition, the elimination of the sales tax on fuels reduces State General Fund revenues and, therefore, also the minimum guarantee in fiscal year 2010-11.

Major additional elements of the Proposed 2010-11 Budget pertaining to K-12 education include the following:

Revenue Limit Funding. A reduction of \$1.5 billion to K-12 general purpose or revenue limit funding by requiring school districts to spend less on central administration, consolidating certain county

office of education functions, and removing restrictions on the contracting out of non-instructional services.

Cal-WORKS. Tightened eligibility for Cal-WORKs Stage 3 child care and reduced reimbursement rates for child care vouchers which results in a combined savings of \$200 million.

Mandates. An increase of \$77 million to fund three K-12 mandates including a newly recognized mandate relating to behavior intervention plans for special education students.

Class Size Reduction. \$340 million in savings from the K-3 Class Size Reduction program.

Flexibility Options. Elimination of seniority rules applicable to layoffs, assignments, transfers and hires and to priority for receiving substitute teaching assignments; and extending the layoff notification window.

LAO Overview of Proposed 2010-11 Budget. The LAO's Overview of the 2010-11 Budget (the "2010 LAO Overview") was released on January 12, 2010 and highlights the major components of the Proposed 2010-11 Budget, including considerations for the Legislature as it moves forward. The 2010 LAO Overview recognizes that, with billions of dollars of temporary budget solutions from fiscal year 2009-10 set to expire and the economy recovering slowly, the State once again faces an extremely severe budget problem. In November 2009, the LAO anticipated the size of the 2009-10 and 2010-11 budget deficit at \$20.7 billion. The LAO believes the estimate set forth in the Proposed 2010-11 Budget is reasonable, but that the Governor's baseline estimates of both revenues and expenditures are somewhat more optimistic than the LAO's and that, due to the variety of lawsuits which threaten to expand the State's budget problems, to balance the 2010-11 State budget, the Legislature and the Governor eventually may have to address a budget problem a few billion dollars larger than the Proposed 2010-11 Budget identifies. The LAO acknowledges that the Proposed 2010-11 Budget aggressively seeks additional Federal funding related to health, social services, education, and prison programs and flexibility to reduce spending in several areas, including the In-Home Supportive Services program and Proposition 98 school funding. Combined, these Federal relief requests total about \$8 billion—around 40 percent of the Governor's proposed budget solutions. The LAO believes that while the odds seem favorable for some Federal relief sought by the administration, it believes that the likelihood of the federal government agreeing to all of the Governor's requests is almost non-existent. The LAO also believes that the Legislature must make very difficult choices affecting both State revenues and spending and that the State Legislature faces incredibly daunting challenges in balancing the 2010-11 State budget as many major expenditure reductions will require significant lead-time for departments to implement. Also, the LAO notes that the State Legislature must make difficult decisions suggested by the Governor's "trigger list" of cuts and revenue increases, even if the Legislature rejects some of the specifics of the Governor's list. As to the Governor's Proposition 98 plan included in the Proposed 2010-11 Budget, the LAO believes the plan contains several major risks, including the assumption that California will obtain \$1 billion in one-time federal funding related to special education. On the other hand, the LAO recognizes that the Proposed 2010-11 Budget maintains flat year-to-year Proposition 98 funding within a difficult budget context while providing local education agencies with new forms of flexibility.

As to K-12 education, the LAO notes that the Proposed 2010-11 Budget assumes the Federal Department of Education will approve its request to be exempted from a maintenance of effort ("MOE") requirement included in ARRA. Under the Proposed 2010-11 Budget, K-12 funding is approximately \$600 million below the required MOE level in 2010-11. Under ARRA provisions, the State may apply for a waiver from the MOE requirement and whether the waiver requirement will be met by the State for 2010-11 will depend on many factors that will remain in flux until a final 2010-11 budget package is adopted.

A complete copy of the 2010 LAO Overview is posted by the Office of the Legislative Analyst at www.lao.ca.gov. This website is not incorporated herein by reference and neither the District nor the Underwriters make any representation as to the accuracy of the information provided therein.

May Revision to the Proposed 2010-11 State Budget. The May Revision to the Proposed 2010-11 Governor's Budget (the "2010-11 May Revision"), released by the Governor on May 14, 2010, addresses a General Fund budget shortfall of \$19.1 billion, comprised of \$7.7 billion for the 2009-10 fiscal year, \$10.2 billion for the 2010-11 fiscal year, and a reserve of \$1.2 billion, and includes overall General Fund expenditures for 2010-11 of approximately \$0.5 billion above those included in the Proposed 2010-11 Budget. In addition, the 2010-11 May Revision assumes General Fund revenues \$2.1 billion greater than those projected in the Proposed 2010-11 Governor's Budget as well as spending reductions and alternative funding solutions to address the projected budget shortfall. While the 2010-11 May Revision purports to fully fund K-12 education and California community colleges ("CCCs"), and fully funds the CalGrant program, it also proposes deep reductions and program eliminations, including child care programs, the CalWORKs program and reductions in funding for local mental health. Federal funds account for \$3.4 billion in reduction from the Proposed 2010-11 Budget while spending decreases account for \$12.4 billion in reductions.

With regard to K-12 funding, significant Non-General Fund workload adjustments to the Governor's Budget include a decrease of \$31.3 million Federal Funds to the Department of Education (the "Department") to reflect the revised estimate of meals to be served through the Child Nutrition Program. Significant Non-General Fund adjustments set forth in the 2010-11 May Revision include an increase of \$1.1 million Federal Funds to the Department for additional implementation costs associated with the California Longitudinal Pupil Achievement Data System (CALPADS); and an increase of \$3.9 million Federal Funds and 2.8 personnel-years to the Department for the California Teacher Information Data System (CALTIDES). The 2010-11 May Revision includes \$5 million to be applied to the CALPADS and CALTIDES systems for a total proposed 2010-11 Budget funding amount of \$9.8 million and a decrease of \$5.2 million in reimbursements from the Department of Social Services to the Department for Adult Education and Regional Occupational Centers and Programs to train CalWORKs recipients to eliminate the CalWORKs program effective with the second quarter of the 2010-11 fiscal year. The 2010-11 May Revision includes \$2.5 million of funding for this purpose.

For fiscal year 2010-11, the Proposition 98 funding level is \$48.4 billion, of which \$35 billion is sourced from the General Fund and reflects elimination of State funding for child care only and does not reduce funding for K-14 education. As a result, the Proposition 98 guarantee is rebenched downward by \$1.4 billion. Additionally, the 2010-11 May Revision proposes a fund shift of \$386 million from ongoing Proposition 98 funding to one-time reappropriations. Aside from rebenching the Proposition 98 guarantee to reflect the elimination of child care, K-14 funding in the 2010-11 May Revision remains largely unchanged from the Proposed 2010-11 Budget level. For 2009-10, the Proposition 98 funding level is \$49.9 billion, of which \$35.8 billion is General Fund. This Proposition 98 funding level is \$52.4 million higher than the level included in the Proposed 2010-11 Budget. The significant decline in tax receipts in the second quarter of 2010 results in lowering the Proposition 98 guarantee in 2009-10. The 2010-11 May Revision does not propose reductions in the Current Year to the minimum guarantee level, therefore the funding level proposed by the Governor in 2009-10 is \$502 million higher than the level required by Proposition 98.

For fiscal year 2010-11, the significant General Fund workload adjustments to the Governor's Proposed 2010-11 Budget for K-12 programs include the following:

- *Property Tax* - An increase of \$447.5 million for school district and county office of education revenue limits to cover a reduction in the estimate of property tax revenue.

- *COLA* - A decrease of \$4.1 million for school district and county office of education revenue limits as a result of a decrease in cost of living adjustment index.
- *Unemployment Insurance and CalPERS Offsets* - An increase of \$71.7 million for school district and county office of education revenue limits as a result of increased unemployment insurance and CalPERS costs.
- *Program Cost Adjustments* - A decrease of \$78.5 million for special education, Economic Impact Aid, Child Nutrition and the Charter School Categorical Block Grant to reflect anticipated savings in these programs.
- *State-Operated Programs* - An increase of \$3.3 million to reflect educational program costs for the Department of Corrections and Rehabilitation's Juvenile Justice Division.

The significant General Fund policy adjustments to the Governor's Proposed 2010-11 Budget for K-12 programs are as follows:

- *School District Administration* - The 2010-11 May Revision does not propose to dictate specifically the level of reductions from school district administration. The Administration no longer proposes to require a specific level of savings to be achieved related to contracting out, instead proposing to provide local district administrators and school boards maximum flexibility to manage the level of funding provided in the 2010-11 May Revision.
- *County Offices of Education* - The 2010-11 May Revision includes an increase of \$16.8 million to restore a portion of the \$45 million reduction to County Office of Education revenue limits included in the Proposed 2010-11 Budget to make reductions proportional to those proposed for school districts.
- *Fund Shift for Economic Impact Aid* - A funding shift of \$321.7 million to one-time reappropriations for the Economic Impact Aid Program to achieve Proposition 98 General Fund savings.
- *Testing and Accountability* - The 2010-11 May Revision proposes to restore the writing component of the fourth grade English/language arts California Standards Test and California Modified Assessment and to commence the development of a longitudinal academic growth model without the need to increase the Standardized Testing and Reporting (STAR) program appropriation for these tasks.

LAO's Report on 2010-11 May Revision. The LAO's Report on the 2010-11 May Revision (the "LAO's May Report"), released on May 19, 2010, confirms that the 2010-11 May Revision estimate of a \$17.9 billion 2010-11 General Fund budget shortfall was reasonable, however, the LAO recommends that the State Legislature should reject certain of the 2010-11 May Revision spending reductions, especially the proposed elimination of CalWORKs and child care funding. The LAO's May Report suggests that alternative spending reductions could help sustain critical components of these core programs for the State's neediest families, and that some of the most severe cuts could be avoided by adopting selected revenue increases. The LAO regards it as counterproductive to eliminate CalWORKs in light of the programs' funding structure, and suggests that while it would save the General Fund \$1.2 billion, it would eliminate more than \$4 billion in Federal matching funds. However, even with such drastic reductions, the LAO believes that the State's long-term structural budget problems would remain and recommends that lawmakers use the current budget crisis as a prod to enact long-term reforms, including realigning

programs between State and local governments, creating a meaningful rainy-day fund, and taking permanent budget actions to bring down the long-term structural deficit.

As to Proposition 98 funding, the LAO's May Report recognizes that, relative to the Proposed 2010-11 Budget, the 2010-11 May Revision contains only a minor funding increase in the current year (due to various technical adjustments) but a substantial funding reduction in the budget year (due to the proposed elimination of child care programs), and that while the reduction in 2009-10 General Fund revenues resulted in a drop in the minimum guarantee, the Governor's proposed Proposition 98 spending level for 2009-10 remains virtually unchanged from the Proposed 2010-11 Budget. The LAO'S May Report recognizes that the 2010-11 May Revision provides \$503 million more than the Governor's estimate of the Proposition 98 minimum guarantee and for 2010-11, reduces Proposition 98 spending by \$1.5 billion from the Proposed 2010-11 Budget level. To achieve additional savings without suspending the Proposition 98 minimum guarantee, the 2010-11 May Revision "rebenches" the guarantee to reflect the elimination of child care services, reducing the 2010-11 minimum guarantee by an amount equal to Proposition 98 child care spending in 2009-10. The LAO believes this rebenching redefines expenditures counted towards Proposition 98 and the minimum percentage of General Fund revenues that the State must provide for Proposition 98 spending and results in 2010-11 savings of \$1.5 billion. The LAO has raised the concern that the Governor's Proposition 98 approach was legally risky, as it assumed the State had no maintenance factor obligation entering 2009-10 and that not only does the 2010-11 May Revision retain this questionable maintenance factor assumption, but further complicated it by the proposed rebenching of the minimum guarantee due to the elimination of child care programs. The LAO believes that the legality of rebenching for the elimination of State-subsidized child care is uncertain and, given these concerns, the LAO recommends that the State Legislature take a different approach to building the K-14 budget. The LAO's May Report sets forth several options as alternatives to the 2010-11 May Revision, including the suspension of the minimum guarantee in 2009-10 to the current spending level as allowed under the California Constitution. Despite the suspension, the LAO believes that schools would be funded at the same level as proposed by the 2010-11 May Revision and would not be subject to additional programmatic reductions in 2009-10 (beyond the reductions already imposed in the enacted budget).

The LAO's May Report recommends making targeted cuts (before resorting to across-the-board reductions) such as reducing funding for physical education courses offered by CCCs, aligning special education funding with revised student counts, and reducing the number of times the State administers the high school exit exam, and to make other cuts, as needed, to K-12 revenue limits and CCC apportionments from general purpose monies, and the K-12 flex item. In addition, the LAO continues to recommend combining these additional cuts with additional flexibility for school districts and CCCs (both from categorical program requirements and education mandates).

ABX8 5 and ABX8 14. On March 1, 2010, the Governor signed into law ABX8 5, effective immediately, which included several measures meant to allow the State to effectively manage its cash resources in the fiscal years 2009-10 and 2010-11. For fiscal year 2009-10, ABX8 5 authorized the deferral of General Fund payments to be made to trial court operations, the California University system, the University of California system, and CCCs in March 2010 to no sooner than April 15, 2010, but no later than May 1, 2010. Prior to such deferrals, the State Controller, Treasurer, and Director of Finance are required to review the actual cash situation to determine if the deferrals are in-fact necessary. Further, if such deferrals are implemented, the Controller, Treasurer and Director of Finance, after April 1, are required to review daily the actual cash receipts and disbursements to determine when all or a portion of the deferrals can be paid, and to make such payments as soon as feasible. To address the cash management issues in fiscal year 2010-11, ABX8 5 authorized specific deferrals to K-12 apportionments, Supplemental Security Income/State Supplementary Payments, local government social services and transportation payments and trial court operations. These deferrals are allowed only in July 2010 for no

more than 60 days, October 2010 for no more than 90 days, and March 2011 for no more than 60 days. Prior to the implementation of such deferrals, the Controller, Treasurer and Director of Finance must review the actual cash receipts and disbursements to determine if they are in-fact necessary. Further, if such deferrals are implemented, the Controller, Treasurer and Director of Finance, after July 1, 2010, are required to conduct a daily review of the actual cash receipts and disbursements to determine when all or a portion of the deferrals can be paid, and to make such payments as soon as feasible. In addition, such deferrals may be moved forward or backward one month from the dates specified if all three of the Controller, Treasurer and Director of Finance determine that a move is necessary. ABX8 5 limited the K-12 deferrals to \$2.5 billion at any given time during the fiscal year 2010-11 and sets a maximum of three K 12 deferrals during the fiscal year. ABX8 5 provided a hardship exemption for County Offices of Education, Local Education Agencies and Charter Schools. ABX8 5 further authorized the deferral of \$200 million from July 2010 to October 2010 and \$100 million from March 2011 to May 2011 for CCCs. ABX8 5 also provided for a hardship exemption for CCCs.

On March 22, 2010, the Governor signed into law, effective immediately, ABX8 14 which amended the cash management provisions for 2009-10 and 2010-11 enacted into law pursuant to ABX8 5. With regard to the 2009-10 cash management issues, ABX8 14 provides a hardship exemption process for the current year deferrals for CCCs and makes them the first entity to have deferrals paid as soon as funds are available. As to the 2010-11 cash issues, ABX8 14 clarifies the hardship exemption process for school districts, county offices of education and charter schools and provides certain other changes pertaining to those provisions. In addition, ABX8 14 requires the State Controller, State Treasurer, and Director of Finance to jointly provide a written declaration of the intended payment deferrals for the 2010-11 fiscal year no later than March 31, 2010 as well as requiring approval by the Director of Finance for hardship exemptions; and states the intent of the legislature that July 2010 deferrals shall first be made from the advance principal apportionment payment. The legislation also delays the date by which hardship exemption requests must be submitted (including with respect to 2010-11 CCC deferrals) and provides a second hardship waiver opportunity for the March 2011 deferral for those District's that did not receive an initial hardship waiver in June 2010.

Future State Budgets. Under State law, the State Legislature is required to adopt its budget by June 15 of each year for the upcoming fiscal year, with approval by the Governor to occur on June 30. The State Legislature failed to pass a State budget for fiscal year 2008-09 until September 23, 2008. Accordingly, State payments were held until the 2008-09 State Budget was adopted, including those scheduled to be made to school districts under Proposition 98 and receipt of State categorical funds by the District were delayed until the State budget was adopted for the 2008-09 fiscal year. The events leading to the inability of the State Legislature to pass a budget in a timely fashion are not unique, and the District cannot predict what circumstances may cause a similar failure in future years. In each year where the State budget lags adoption of the District's budget, it will be necessary for the District's staff to review the consequences of the changes, if any, at the State level from the proposals in the Governor's May Revision for that year, and determine whether the District's budget will have to be revised.

The State has in past years experienced budgetary difficulties and has balanced its budget by requiring local political subdivisions to fund certain costs theretofore borne by the State. No prediction can be made as to whether the State will take further measures which would, in turn, adversely affect the District. Further State actions taken to address its budgetary difficulties could have the effect of reducing District support indirectly, and the District is unable to predict the nature, extent or effect of such reductions.

The District cannot predict whether the State will continue to encounter budgetary difficulties in the current or future fiscal years. The District also cannot predict the impact future State Budgets will have on District finances and operations or what actions the State Legislature and the Governor may take

to respond to changing State revenues and expenditures. Current and future State Budgets will be affected by national and State economic conditions and other factors which the District cannot control.

In addition, the District cannot predict the effect that the general economic conditions within the State and the State's budgetary problems may have in the future on the District budget or operations.

Significant Accounting Policies and Audited Financial Statements

The California State Department of Education imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the California School Accounting Manual. Nigro, Nigro & White, P.C., San Diego, California, serve as independent auditors to the District and excerpts of their report for the Fiscal Year Ended June 30, 2009, are attached hereto as APPENDIX C. The District's auditors have not specifically approved the inclusion of such excerpts herewith.

California Assembly Bill 1200 ("A.B. 1200"), effective January 1, 1992, tightened the budget development process and interim financial reporting for school districts, enhancing the authority of the county schools superintendents' offices and establishing guidelines for emergency State aid apportionments. Many provisions affect District operations directly, while others create a foundation from which outside authorities (primarily state and county school officials) may impose actions on the District. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the county office of education as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county office of education reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and subsequent two fiscal years. A negative certification is assigned to any school district that will be unable to meet its financial obligations for the remainder of the fiscal year or subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or two subsequent fiscal years. Each certification is based on then-current projections. The District currently holds a positive certification from the Contra County Office of Education for its budget submissions.

Independently audited financial reports are prepared annually in conformity with generally accepted accounting principles for educational institutions. The annual audit report is generally available about six months after the June 30 close of each fiscal year. For the District's most recent available audited financial statements, see "APPENDIX C."

Ad Valorem Property Taxes

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1, effective with the lien date of January 1, 1997. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this

formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll secured by the assessee’s fee ownership of land with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Those properties on the secured roll that become tax-defaulted on June 30 of the fiscal year that are not secured by the assessee’s fee ownership of land are transferred to the unsecured roll and are then subject to the Treasurer’s enforcement procedures (*i.e.*, seizures of money and property, liens and judgments). Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

Proposition 98

General. In 1988, California voters approved Proposition 98, an initiative that amended Article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual grade kindergarten to 14 (“K-14”) funding. The constitutional provision links the K-14 funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in June 1990, among other things, revised certain funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding “test” to calculate the annual funding guarantee. This third calculation is operative in years in which general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the annual cost of living adjustment (“COLA”) for the minimum guarantee would be the change in California’s per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIII B).

Calculating Minimum Funding Guarantee. There are currently three tests which determine the minimum level of K-14 funding. Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in 1986-87. Initially, that share was just over 40 percent. Because of the major shifts of property tax from local government to community colleges and K-12 which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

Under implementing legislation (AB 198 and SB 98 of 1989), each segment of public education (K-12 districts, community college districts, and direct elementary and secondary level instructional

services provided by the State of California) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is 1989-90. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount Proposition 98 guarantee (K-14 aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. This statutory split has been suspended in every year beginning with 1992-93. In those years, community colleges received less than was required from the statutory split.

Test 2 provides that K-14 education will receive as a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth (“ADA”) and per-capita personal income COLA.

A third formula, established pursuant to Proposition 111 as “Test 3,” provides an alternative calculation of the funding base in years in which State per-capita General Fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of one percent of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years K-14 education receives a maintenance allowance equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue outpaces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990 (SB 88, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

Supplemental Information Concerning Litigation Against the State of California

In June 1998, a complaint was filed in Los Angeles County Superior Court challenging the authority of the State Controller to make payments in the absence of a final, approved State Budget. The Superior Court judge issued a preliminary injunction preventing the State Controller from making payments including those made pursuant to continuing appropriations prior to the enactment of the State’s annual budget. As permitted by the State Constitution, the Legislature immediately enacted and the Governor signed an emergency appropriations bill that allowed continued payment of various State obligations, including debt service, and the injunction was stayed by the California Court of Appeal, pending its decision.

On May 29, 2003, the California Court of Appeal for the Second District decided the case of *Steven White, et al. v. Gray Davis (as Governor of the State of California), et al.* The Court of Appeal concluded that, absent an emergency appropriation, the State Controller may authorize the payment of state funds during a budget impasse only when payment is either (i) authorized by a “continuing appropriation” enacted by the Legislature, (ii) authorized by a self-executing provision of the California Constitution, or (iii) mandated by federal law. The Court of Appeal specifically concluded that the provisions of Article XVI, Section 8 of the California Constitution – the provision establishing minimum funding of K-14 education enacted as part of Proposition 98 – did not constitute a self-executing authorization to disburse funds, stating that such provisions merely provide formulas for determining the

minimum funding to be appropriated every budget year but do not appropriate funds. The State Controller has concluded that the provisions of the Education Code establishing K-12 and county office revenue limit funding do constitute continuing appropriations enacted by the Legislature and, therefore, the State Controller has indicated that State payments of such amounts would continue during a budget impasse. However, no similar continuing appropriation has been cited with respect to K-12 categorical programs and revenue limit funding for community college districts, and the State Controller has concluded that such payments are not authorized pursuant to a continuing appropriation enacted by the Legislature and, therefore, cannot be paid during a budget impasse. The California Supreme Court granted the State Controller's Petition for Review on a procedural issue unrelated to continuous appropriations and on the substantive question as to whether the State Controller is authorized to pay State employees their full and regular salaries during a budget impasse. No other aspect of the Court of Appeal's decision was addressed by the State Supreme Court.

On May 1, 2003, with respect to the substantive question, the California Supreme Court concluded that the State Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those state employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act. The Supreme Court also remanded the preliminary injunction issue to the Court of Appeal with instructions to set aside the preliminary injunction in its entirety.

The Class Size Reduction Kindergarten-University Public Education Facilities Bond Acts of 2002 and 2004

Proposition 47. The Class Size Reduction Kindergarten - University Public Education Facilities Bond Act of 2002 ("Proposition 47") appeared on the November 5, 2002 ballot as Proposition 47 and was approved by the California voters. This measure authorized the sale and issuance of \$13.05 billion in general obligation bonds for construction and renovation of K-12 school facilities (\$11.4 billion) and higher education facilities (\$1.65 billion). Proposition 47 included \$6.35 billion for acquisition of land and new construction of K-12 school facilities. Of this amount, \$2.9 billion was set aside to fund backlog projects for which school districts submitted applications to the State on or prior to February 1, 2002. The balance of \$3.45 billion would be used to fund projects for which school districts submitted applications to the State after February 1, 2002. K-12 school districts will be required to pay 50 percent of the costs for acquisition of land and new construction with local revenues. In addition, \$100 million of the \$3.45 billion would be available for charter school facilities. Proposition 47 makes available \$3.3 billion for reconstruction or modernization of existing K-12 school facilities. Of this amount, \$1.9 billion will be set aside to fund backlog projects for which school districts submitted applications to the State on or prior to February 1, 2002 and the balance of \$1.4 billion would be use to fund projects for which school districts submitted applications to the State after February 1, 2002. K-12 school districts will be required to pay 40 percent of the costs for reconstruction or modernization with local revenues. Proposition 47 provides a total of \$1.7 billion to K-12 school districts which are considered critically overcrowded, specifically to schools that have a large number of pupils relative to the size of the school site. In addition, \$50 million will be available to fund joint-use projects. Proposition 47 also includes \$1.65 billion to construct new buildings and related infrastructure, alter existing buildings and purchase equipment for use in the State's public higher education systems.

Proposition 47 represents the second largest general obligation bond measure for school construction and modernization approved by California voters in the last several years. Proposition 1A was previously approved in November 1998 and provided \$6.7 billion of capital funding for schools.

The new buildings and infrastructure constructed by community colleges with the proceeds of Proposition 47 general obligation bonds were selected by the Governor and the Legislature, based upon applications from the college districts.

Proposition 55. The Kindergarten-University Public Education Facilities Bond Act of 2004 (“Proposition 55”) appeared on the March 2, 2004 ballot as Proposition 55 and was approved by the California voters. This measure authorizes the sale and issuance of \$12.3 billion in general obligation bonds for the construction and renovation of K-12 school facilities (\$10 billion) and higher education facilities (\$2.3 billion). Proposition 55 includes \$5.26 billion for the acquisition of land and construction of new school buildings. A district would be required to pay for 50 percent of costs with local resources unless it qualifies for state hardship funding.

Proposition 55 makes \$2.25 billion available for the reconstruction or modernization of existing school facilities. Districts would be required to pay 40 percent of project costs from local resources. Proposition 55 directs a total of \$2.44 billion to districts with schools which are considered critically overcrowded. These funds would go to schools that have a large number of pupils relative to the size of the school site. Proposition 55 also makes a total of \$50 million available to fund joint-use projects. Proposition 55 includes \$2.3 billion to construct new buildings and related infrastructure, alter existing buildings and purchase equipment for use in these buildings for California’s public higher education systems. The measure allocates \$690 million to each University of California and California State University campus and \$920 million to California community colleges. The Governor and the Legislature will select specific projects to be funded by the bond proceeds.

Proposition 1A

Proposition 1A (SCA 4), proposed by the Legislature in connection with the 2004-05 Budget Act and approved by the voters in November 2004, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the State Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the Vehicle License Fee rate currently in effect, which is 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, schools or community colleges, excepting mandates relating to employee rights, in any year that the State does not fully reimburse local governments for their costs of compliance with such mandates.

Financial Statements

The District’s financial statements are prepared on a modified accrual basis of accounting in accordance with generally accepted accounting principles as set forth by the Governmental Accounting Standards Board. See “DISTRICT FINANCIAL INFORMATION – The General Fund” for more information regarding the District’s financial statements for recent Fiscal Years.

Funds used by the District are categorized as follows:

Governmental Funds

General Fund
Special Revenue Funds
Debt Service Funds
Capital Project Funds

Fiduciary Funds

Trust and Agency Funds
Proprietary Funds
Internal Service Funds

The General Fund of the District, as shown herein, is a combined fund comprised of moneys which are unrestricted and available to finance the legally authorized activities of the District not financed by restricted funds and moneys which are restricted to specific types of programs or purposes. General Fund revenues shown thereon are derived from such sources as taxes, aid from other government agencies, charges for current services and other revenue.

The financial statements included herein were prepared by the District using information from the Annual Financial Reports which are prepared by the Chief Financial Officer for the District and audited by independent certified public accountants each year. Excerpts from the District's audited financial statements for the year ending June 30, 2009, are attached hereto as APPENDIX C.

Budgets of District

The fiscal year of the District begins on the first day of July of each year and ends on the 30th day of June of the following year. The District adopts on or before July 1 of each year a fiscal line-item budget setting forth expenditures in priority sequence so that appropriations during the fiscal year can be adjusted if revenues do not meet projections.

The District is required by provisions of the California Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed the revenues plus the carry-over fund balance from the previous year. See "DISTRICT FINANCIAL INFORMATION – General Fund."

**CONSTITUTIONAL AND STATUTORY LIMITATIONS
ON TAXES AND APPROPRIATIONS**

Article XIII A of the California Constitution

Article XIII A of the California Constitution limits the amount of any *ad valorem* tax on real property, to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment." The full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full market value on the tax rolls, with tax rates expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Article XIII B of the California Constitution

Under Article XIII B of the California State Constitution state and local government entities have an annual “appropriations limit” and are not permitted to spend certain moneys which are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and certain other funds) in an amount higher than the “appropriations limit.” Article XIII B does not affect the appropriations of moneys which are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the “appropriations limit” is to be based on certain 1978-79 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Unitary Property

AB 454 (Chapter 921, Statutes of 1986) provides that revenues derived from most utility property assessed by the State Board of Equalization (“Unitary Property”), commencing with the 1988-89 fiscal year, will be allocated as follows: (1) each jurisdiction will receive up to 102% of its prior year State-assessed revenue; and (2) if county-wide revenues generated from Unitary Property are less than the previous year’s revenues or greater than 102% of the previous year’s revenues, each jurisdiction will share the burden of the shortfall or excess revenues by a specified formula. This provision applies to all Unitary Property except railroads, whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the methods of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

California Lottery

In the November 1984 general election, the voters of the State approved a Constitutional Amendment establishing a California State Lottery (the “State Lottery”), the net revenues (revenues less

expenses and prizes) of which shall be used to supplement other moneys allocated to public education. The legislation further requires that the funds shall be used for the education of pupils and students and cannot be used for the acquisition of real property, the construction of facilities or the financing of research.

Allocation of State Lottery net revenues is based upon the average daily attendance of each school and community college district; however, the exact allocation formula may vary from year to year. In 2009-10, the District budgeted \$4,271,331 in State Lottery aid and has budgeted \$4,352,360 for such aid in 2010-11. At this time, the amount of additional revenues that may be generated by the State Lottery in any given year cannot be predicted. See "MT. DIABLO UNIFIED SCHOOL DISTRICT - State Budget" herein.

Proposition 46

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school and community college districts may increase the property tax rate above 1% for the period necessary to retire new, general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Proposition 39

On November 7, 2000, California voters approved Proposition 39, called the "Smaller Classes, Safer Schools and Financial Accountability Act" (the "Smaller Classes Act") which amends Section 1 of Article XIII A, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code and allows an alternative means of seeking voter approval for bonded indebtedness by 55 percent of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The 55 percent voter requirement applies only if the bond measure submitted to the voters includes, among other items: (1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," (2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list" and (3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIII A has been added to exempt the 1% *ad valorem* tax limitation that Section 1(a) of Article XIII A of the Constitution levies, to pay bonds approved by 55 percent of the voters, subject to the restrictions explained above.

The Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39 and amends various sections of the Education Code. Under amendments to Section 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply in any single election: (1) for an elementary and high school district, indebtedness shall not exceed \$30 per \$100,000 of taxable property, (2) for a unified school district, indebtedness shall not exceed \$60 per \$100,000 of taxable property, and (3) for a community college district, indebtedness shall not exceed \$25 per \$100,000 of taxable property. Finally, AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.

Article XIIC and XIID of the California Constitution

On November 5, 1996, an initiative to amend the California Constitution known as the “Right to Vote on Taxes Act” (“Proposition 218”) was approved by a majority of California voters. Proposition 218 added Articles XIIC and XIID to the State Constitution and requires majority voter approval for the imposition, extension or increase of general taxes and 2/3 voter approval for the imposition, extension or increase of special taxes by a local government, which is defined in Proposition 218 to include counties. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995, and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years following November 6, 1996. All local taxes and benefit assessments which may be imposed by public agencies will be defined as “general taxes” (defined as those used for general governmental purposes) or “special taxes” (defined as taxes for a specific purpose even if the revenues flow through the local government’s general fund) both of which would require a popular vote. New general taxes require a majority vote and new special taxes require a two-thirds vote. Proposition 218 also extends the initiative power to reducing or repealing local taxes, assessments, fees and charges, regardless of the date such taxes, assessments or fees or charges were imposed, and lowers the number of signatures necessary for the process. In addition, Proposition 218 limits the application of assessments, fees and charges and requires them to be submitted to property owners for approval or rejection, after notice and public hearing.

The District has no power to impose taxes except property taxes associated with a general obligation bond election, following approval by 55% or 2/3 of the District’s voters, depending upon the Article of the Constitution under which it is passed. Under previous law, the District could apply provisions of the Landscape and Lighting Act of 1972 to create an assessment district for specified purposes, based on the absence of a majority protest. Proposition 218 significantly reduces the ability of the District to create such special assessment districts. Any assessments, fees or charges levied or imposed by any assessment district created by the District will become subject to the election requirements of Proposition 218 as described above, a more elaborate notice and balloting process and other requirements.

Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed, and reduces the number of signatures required for the initiative process. This extension of the initiative power to some extent constitutionalizes the March 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in *Rossi v. Brown* by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution.

Proposition 218 has no effect upon the District’s ability to pursue approval of a general obligation bond issue or a Mello-Roos Community Facilities District bond issue in the future, both of which are already subject to a 2/3 vote, although certain procedures and burdens of proof may be altered slightly.

The District is unable to predict the nature of any future challenges to Proposition 218 or the extent to which, if any, Proposition 218 may be held to be unconstitutional.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C, Article XIII D and Propositions 98, 46 and 39 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting the District's revenues or their ability to expend revenues.

THE CONTRA COSTA COUNTY TREASURY POOL

This section provides a general description of the County's investment policy, current portfolio holdings, and valuation procedures. The information has been prepared by the County Treasurer (the "Treasurer") for inclusion in this Official Statement. Neither the District nor the Underwriters make any representation as to the accuracy or completeness of such information. Further information may be obtained from the office of the Treasurer-Tax Collector of the County of Contra Costa, 1600 Finance Building, Room 100, 625 Court Street, Martinez, California 4553.

The Treasurer manages the County Pool in which certain funds of the County and certain funds of other participating entities are invested pending disbursement (including the Debt Service Fund of the District). Amounts held for the County, school districts and special districts located within the County constitute most of the County Pool. The Treasurer is the *ex officio* treasurer of each of these participating entities, which therefore are legally required to deposit their cash receipts and revenues in the County treasury. Under State law, withdrawals are allowed only to pay for expenses, which have become due. The remaining amounts in the County Pool are not legally required to be maintained in the County Pool and can be withdrawn by the depositors for whom these amounts are held, provided such withdrawals conform to legal mandates and procedures.

Each governing board of school districts and special districts within the County may allow, by appropriate board resolutions, certain withdrawals of non-operating funds for purposes of investing outside the County Pool. Some districts have from time to time authorized the Treasurer to purchase specified investments for certain district funds to mature on predetermined future dates when cash would be required for disbursements.

Funds held in the County Pool are invested by the Treasurer in accordance with State law and the County's investment policy, which is prepared by the Treasurer and approved by the Contra Costa County Board of Supervisors. The District's bond proceeds will be invested at the direction of the District. The Treasurer neither monitors investments for arbitrage compliance, nor does it perform arbitrage calculations. The District will maintain or cause to be maintained detailed records with respect to the applicable proceeds. The current investment policy was adopted by the Board of Supervisors in June 2010. The policy statement sets forth the Treasurer's investment objectives, which are, in order of importance, safety of principal, liquidity, and yield. In addition, the County's investment policy describes the instruments eligible for inclusion in the investment portfolio and the limitations applicable to each type. An Investment Oversight Committee meets quarterly to advise the County on any future changes in investment policy as well as to regularly monitor and report on the investment performance of the County Pool.

As of March 31, 2010, over 87% or over \$1.73 billion of the County Pool was invested in maturities of less than one year. As of that date, the weighted average maturity of the County Pool was

approximately 129 days. A detailed description of the composition, cost, par value and market value of the County Pool is provided in the following table.

<u>Type</u>	<u>Par Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Percent of Total Cost</u>
A. Investments Managed by Treasurers Office				
U.S. Treasuries (STRIPS, Bills, Notes)	\$ 22,827,000.00	\$ 22,398,009.57	\$ 22,983,827.92	1.13%
U.S. Agencies				
Federal Agriculture Mortgage Corp.	6,751,000.00	7,032,398.93	7,095,186.25	0.35%
Federal Home Loan Banks	124,629,000.00	126,141,767.77	126,853,918.61	6.36
Federal National Mortgage Assoc.	81,060,000.00	80,933,956.41	81,302,737.86	4.08
Federal Farm Credit Banks	23,593,000.00	23,939,540.83	23,998,324.08	1.21
Federal Home Loan Mortgage Corp.	74,241,000.00	74,959,669.40	74,777,553.94	3.78
Municipal Bonds	<u>1,000,000.00</u>	<u>1,000,000.00</u>	<u>1,000,000.00</u>	<u>0.05</u>
Subtotal	\$311,274,000.00	\$314,007,333.34	\$315,027,720.74	15.83%
Money Market Instruments				
Bankers Acceptances	32,712,930.00	32,677,207.65	32,691,602.16	1.65%
Repurchase Agreements	230,000,000.00	230,000,000.00	230,000,000.00	11.60
Commercial Paper	506,449,000.00	506,218,852.79	506,326,736.10	25.52
Negotiable Certificates of Deposit	178,550,000.00	178,550,000.00	178,602,512.88	9.00
Corporate Notes	40,747,000.00	41,535,083.53	41,158,687.73	2.09
Time Deposit	<u>3,076.96</u>	<u>3,076.96</u>	<u>3,076.96</u>	<u>0.00</u>
Subtotal	988,462,006.96	988,984,220.93	988,782,615.83	49.86%
TOTAL	\$1,322,563,006.96	\$1,325,389,563.84	\$1,326,794,164.49	66.83%
B. Investments Managed by Outside Contractors				
Local Agency Investment Fund	\$419,948,982.07	\$419,948,982.07	\$420,445,819.93	21.71%
Other				
California Asset Management Program	29,295.47	29,295.47	29,359.92	0.00%
Miscellaneous (BNY, Mechanics)	277,002.69	277,002.69	242,977.62	0.01
Wells Fargo Asset Management	44,985,089.00	44,985,089.00	45,193,743.28	2.27
Columbia Management Group	38,129,917.00	38,129,917.00	38,463,209.00	1.92
CalTRUST	<u>88,627,825.68</u>	<u>88,627,825.68</u>	<u>88,627,825.68</u>	<u>4.47</u>
Subtotal	\$ 172,049,129.84	\$ 172,049,129.84	\$ 172,557,115.50	8.67%
TOTAL	\$ 591,998,111.91	\$ 591,998,111.91	\$ 593,002,935.43	29.85%
C. Cash	\$ 65,974,256.12	\$ 65,974,256.12	\$ 65,974,256.12	3.33%
GRAND TOTAL	<u>\$1,980,535,374.99</u>	<u>\$1,983,361,931.87</u>	<u>\$1,985,771,356.04</u>	<u>100.00</u>

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") by not later than 290 days following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2010-11 Fiscal Year, and to provide notices of the occurrence of certain enumerated events, if material. The District has entered into a Continuing Disclosure Agreement ("Continuing Disclosure Agreement") for the benefit of the Owners of the Bonds. The Annual Report and each notice of material events will be filed by the District with the Electronic Municipal Markets Access system ("EMMA") of the Municipal Securities Rulemaking Board (the "MSRB"), or any other repository then recognized by the Securities and Exchange Commission. The specific nature of the information to be contained in the Annual Report or the notices of material events is set forth below under the caption "APPENDIX D – FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

LEGAL MATTERS

The legal opinion of Matt Juhl Darlington & Associates, Los Angeles, California, Bond Counsel to the District ("Bond Counsel"), attesting to the validity of the Bonds, will be supplied to the original purchasers of the Bonds without charge. A copy of the legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Tax Counsel to the District ("Special Tax Counsel") will be attached to the Bonds. Bond Counsel and Special Tax Counsel will receive compensation contingent upon the sale and delivery of the Bonds.

TAX MATTERS

Series A Bonds.

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Tax Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986 (the "Code") that must be satisfied subsequent to the issuance of the Series A Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series A Bonds.

Tax Treatment of Original Issue Discount. If the initial offering price to the public (excluding bond houses and brokers) at which a Series A Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount is disregarded.

Under the Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Series A Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Series A Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Series A Bond. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Series A Bonds who purchase the Series A Bonds after the initial offering of a substantial amount of such maturity. Owners of such Series A Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series A Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Series A Bonds under federal individual and corporate alternative minimum taxes.

Tax Treatment of Original Issue Premium. If the initial offering price to the public (excluding bond houses and brokers) at which each Series A Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Code, original issue premium is amortized on an annual basis over the term of the Series A Bond (said term being the shorter of the Series A Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Series A Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Series A Bond is amortized each year over the term to maturity of the Series A Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straightline interpolations between compounding dates). Amortized Series A Bond premium is not deductible for federal income tax purposes. Owners of premium Series A Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Series A Bonds. De minimis original issue premium is disregarded.

California Tax Status. In the opinion of Special Tax Counsel, interest on the Series A Bonds is exempt from California personal income taxes.

Other Tax Considerations. Owners of the Series A Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Series A Bonds may have federal or state tax consequences other than as described above. Special Tax Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Series A Bonds other than as expressly described above.

Form of Special Tax Counsel Opinion. The form of the proposed opinion of Special Tax Counsel relating to the Series A Bonds is attached to this Official Statement as Appendix A-2.

Series B Bonds.

Federal Tax Status. In the opinion of Special Tax Counsel, subject, however to the qualifications set forth below, under existing law, the Series B Bonds constitute "New Clean Renewable Energy Bonds" within the meaning of Section 54C of the Code. The District has irrevocably elected to apply the provisions of Section 6431(f) of the Code to the Series B Bonds, and the Series B Bonds are specified tax

credit bonds (“Qualified Bonds”) eligible for the credit payable by the federal government under Section 6431(f)(2) of the Code (the “Bond Subsidy Payments”).

The opinions set forth in the preceding sentence are subject to the condition that the District complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Series B Bonds in order for the Series B Bonds to be treated as Qualified Bonds and continue to be eligible for the Bond Subsidy Payments. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may result in a delay or forfeiture of all or a portion of the Bond Subsidy Payments and may cause the Series B Bonds to cease to be treated as Qualified Bonds either prospectively from the date of determination of a failure to comply with the requirements or retroactively to the date of issuance of the Series B Bonds. Special Tax Counsel express no opinion regarding the procedures regarding, and availability of funds with respect to, the payment of the Bond Subsidy Payments by the federal government, nor does Special Tax Counsel express any opinion regarding other federal tax consequences arising with respect to the Series B Bonds.

Interest on the Series B Bonds is not intended to be excluded from gross income for federal income tax purposes, and the holders of the Series B Bonds will not be entitled to any tax credits as a result of their ownership of such Series B Bonds.

California Tax Status. In the opinion of Special Tax Counsel, interest on the Series B Bonds is exempt from personal income taxation imposed by the State of California.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public (excluding bond houses and brokers) at which a Series B Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which each Series B Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes “original issue premium” for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and premium are disregarded. Owners of Series B Bonds with original issue discount or original issue premium, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to federal income tax and State of California personal income tax consequences of owning such Series B Bonds.

Expenditure Period. In the event the District fails to expend all of certain proceeds of the Series B Bonds for a qualified purpose with respect to the project within the period ending three years after the date of issue of the Series B Bonds or such later date if extended by the IRS (the “Expenditure Period”), the District is required to use said unexpended proceeds to redeem all or a portion of the Series B Bonds all in accordance with the requirements of Section 54A(d)(2)(B) of the Code in the time and manner prescribed by the Code. See “THE BONDS – Redemption” above.

Other Tax Considerations. Owners of the Series B Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Series B Bonds may have federal or state tax consequences other than as described above. Special Tax Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Series B Bonds other than as expressly described above.

Circular 230 Disclaimer. To ensure compliance with requirements imposed by the IRS, Special Tax Counsel informs owners of the Series B Bonds that any U.S. federal tax advice contained in this Official Statement (including any attachments) (a) was not intended or written to be used and cannot be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer and (b)

was written to support the promotion or marketing of the Series B Bonds. Each taxpayer should seek advice based on that taxpayer's particular circumstances from an independent tax advisor.

Form of Special Tax Counsel Opinion. The form of the proposed opinion of Special Tax Counsel relating to the Series B Bonds is attached to this Official Statement as Appendix A-3.

LEGALITY FOR INVESTMENT

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the investing bank, are prudent for the investment of funds of depositors. Under provisions of the California Government Code, the Bonds are eligible to secure deposits of public moneys in California.

RATINGS

Moody's Investors Service ("Moody's") and Standard & Poor's ("S&P") have assigned their municipal bond ratings of "___" and "___" respectively, to the Bonds. Such ratings reflect only the views of Moody's and S&P, respectively, and an explanation of the significance of such ratings may be obtained as follows: Moody's at 99 Church Street, New York, New York 10007, tel. (212) 553-0300 and S&P at Municipal Finance Department, 55 Water Street, New York, New York 10041, tel. (212) 208-8000. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

ESCROW VERIFICATION

The sufficiency of amounts and investment earnings on deposit in the 1998 Prepayment Account will be verified by _____, certified public accountants (the "Verification Agent"). The Verification Agent will deliver a report to that effect on the date of delivery of the Bonds.

UNDERWRITING

Stone & Youngberg LLC, as representative of itself, George K. Baum & Company and Brandis Tallman LLC, has agreed to purchase the Series A Bonds at the purchase price of \$_____ (reflecting the principal or issue amount of the Series A Bonds plus a net original issue premium in the amount of \$_____ less an Underwriters' discount of \$_____ and payment of certain costs of issuance in the amount of \$_____), at the rates and yields shown on the inside cover hereof. The Representative has agreed to purchase the Series B Bonds at the purchase price of \$_____ (reflecting the principal amount of the Series B Bonds plus a net original issue premium in the amount of \$_____ less an Underwriters' discount of \$_____ and payment of certain costs of issuance in the amount of \$_____), at the rates and yields shown on the inside cover hereof.

The Underwriters may offer and sell the Bonds to certain dealers and others at yields other than the yields stated on the inside cover page. The offering prices may be changed from time to time by the Underwriters.

NO LITIGATION

No litigation is pending concerning the validity of the Bonds, and the District's certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not

aware of any litigation pending or threatened questioning the political existence of the District or contesting the District's ability to receive *ad valorem* taxes or to collect other revenues or contesting the District's ability to issue the Bonds.

OTHER INFORMATION

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made such documents and reports for full and complete statements of the contents thereof. Copies of the Resolution are available upon request from the Mt. Diablo Unified School District, 1936 Carlotta Drive, Concord, California 94519.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the District.

MT. DIABLO UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A-1

FORM OF BOND COUNSEL OPINION

[Closing date]

Board of Education
Mt. Diablo Unified School District
1936 Carlotta Drive
Concord, California 94519

Re: \$_____ Mt. Diablo Unified School District General Obligation Bonds, 2010 Election, 2010 Series A and \$_____ Mt. Diablo Unified School District General Obligation Bonds, 2010 Election, 2010 Series B (Federally Taxable New Clean Renewable Energy Bonds- Direct Payment)

Ladies and Gentlemen:

We have acted as bond counsel for the Mt. Diablo Unified School District, County of Contra Costa, State of California (the "District"), in connection with the issuance by the District of \$_____ aggregate principal or issue amount of General Obligation Bonds, 2010 Election, 2010 Series A (the "Series A Bonds") and \$_____ aggregate principal amount of the District's General Obligation Bonds, 2010 Election, 2010 Series B (Federally Taxable New Clean Renewable Energy Bonds- Direct Payment) (the "Series B Bonds," and, together with the Series A Bonds, the "Bonds. The Bonds are issued pursuant to the Government Code of the State of California (commencing at Section 53506), as amended and that certain resolution adopted by the Board of Education of the District on August 10, 2010 (the "Resolution"). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As bond counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the District for the authorization and issuance of the Bonds, including the Resolution. Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection, we have also examined such certificates of public officials and officers of the District and the County as we have considered necessary for the purposes of this opinion.

Certain agreements, requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Bond if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties

other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution. We call attention to the fact that the rights and obligations under the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors, rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security for the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

2. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District.

We express no opinion with respect to any federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of results.

Respectfully submitted,

APPENDIX A-2

FORM OF SERIES A SPECIAL TAX COUNSEL OPINION

____, 2010

Board of Education
Mt. Diablo Unified School District
1936 Carlotta Drive
Concord, California 92780

OPINION: § _____ Mt. Diablo Unified School District (Contra Costa County, California)
General Obligation Bonds, 2010 Election, 2010 Series A

Members of the Board of Education:

We have acted as special tax counsel to the Mt. Diablo Unified School District (the “District”) in connection with the issuance by the District, of the above-captioned bonds (the “Series A Bonds”). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we deem necessary to render this opinion.

The Series A Bonds are issued pursuant to a resolution (the “Resolution”) of the Board of Education of the District adopted on _____, 2010. Regarding questions of fact material to our opinion, we have relied upon certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

We have assumed the accuracy of the final approving opinion relating to the Series A Bonds (the “Bond Counsel Opinion”) of Matt Juhl Darlington & Associates, Bond Counsel, as to the matters covered in the Bond Counsel Opinion. We note that the Bond Counsel Opinion is subject to a number of qualifications and limitations. Failure of any of the matters covered in the Bond Counsel Opinion to be true may cause the inclusion of interest on the Series A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series A Bonds.

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

1. The interest on the Series A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Series A Bonds in

order that interest thereon be, or continue to be, excluded from gross income for federal tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series A Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series A Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series A Bonds.

2. The interest on the Series A Bonds is exempt from personal income taxation imposed by the State of California.

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

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX A-3

FORM OF SERIES B SPECIAL TAX COUNSEL OPINION

____, 2010

Board of Education
Mt. Diablo Unified School District
1936 Carlotta Drive
Concord, California 92780

OPINION: \$_____ Mt. Diablo Unified School District (Contra Costa County, California)
General Obligation Bonds, 2010 Election, 2010 Series B (Federally Taxable New
Clean Renewable Energy Bonds – Direct Payment)

Members of the Board of Education:

We have acted as special tax counsel to the Mt. Diablo Unified School District (the “District”) in connection with the issuance by the District, of the above-captioned bonds (the “Series B Bonds”). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we deem necessary to render this opinion.

The Series B Bonds are issued pursuant to a resolution (the “Resolution”) of the Board of Education of the District adopted on _____, 2010. Regarding questions of fact material to our opinion, we have relied upon certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

We have assumed the accuracy of the final approving opinion relating to the Series B Bonds (the “Bond Counsel Opinion”) of Matt Juhl Darlington & Associates, Bond Counsel, as to the matters covered in the Bond Counsel Opinion. We note that the Bond Counsel Opinion is subject to a number of qualifications and limitations. Failure of any of the matters covered in the Bond Counsel Opinion to be true may result in a delay or forfeiture of all or a portion of the Bond Subsidy Payments (described below) and may cause the Series B Bonds to cease to be treated as a Qualified Bond either prospectively from the date of determination or retroactively to the date of issuance of the Series B Bonds.

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

1. The Series B Bonds are “new clean renewable energy bonds”, as that term is defined in Section 54C of the Internal Revenue Code of 1986 (the “Tax Code”). The District has irrevocably elected to apply the provisions of Section 6431(f) of the Tax Code to the Series B Bonds, and the Series B Bonds are specified tax credit bonds (“Qualified Bonds”) eligible for the credit payable to the District by the Federal government under Section 6431(f) of the Tax Code (the “Bond Subsidy Payments”). The

opinions set forth in the preceding sentences are subject to the condition that the District complies with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Series B Bonds in order for the Series B Bonds to be treated as Qualified Bonds and to continue to be eligible for the Bond Subsidy Payments. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may result in a delay or forfeiture of all or a portion of the Bond Subsidy Payments and may cause the Series B Bonds to cease to be treated as Qualified Bonds either prospectively from the date of determination or retroactively to the date of issuance of the Series B Bonds. The interest on the Series B Bonds is not intended to be excludable from gross income for federal income tax purposes. We express no opinion regarding the procedures regarding, and availability of funds with respect to, the payment of the Bond Subsidy Payments by the Federal government, nor do we express any opinion regarding other federal tax consequences arising with respect to the Series B Bonds.

2. The interest on the Series B Bonds is exempt from personal income taxation imposed by the State of California.

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

To ensure compliance with requirements imposed by the IRS, we inform the owners of the Series B Bonds that any U.S. federal tax advice contained herein for the Bonds (including any attachments) (a) was not intended or written to be used and cannot be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer and (b) was written to support the promotion or marketing of the Series B Bonds. Each taxpayer should seek advice based on that taxpayer's particular circumstances from an independent tax advisor.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX B

SELECTED INFORMATION REGARDING THE COUNTY OF CONTRA COSTA

The following information has been obtained from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District or the Underwriters. The District comprises only a portion of the County of Contra Costa, and the Bonds are only payable from *ad valorem* property taxes levied on property in the District.

County of Contra Costa

The County of Contra Costa, California (the "County") was incorporated in 1850 as one of the original 27 counties of the State of California (the "State"), with the City of Martinez as the County Seat. It is one of the nine counties in the San Francisco-Oakland Bay Area. The County is the ninth most populous county in California, with its population reaching approximately 1,073,055 as of January 1, 2010.

The County provides services to residents through departments and agencies including the Departments of Building Inspection, Community Development, Economic & Redevelopment, Airports, Flood Control, Parks, and Road and Transportation. Each city within the County provides for local services such as police, fire, water, and various other services normally associated with municipalities.

Government

The County is governed by a County Administrator and a Board of Supervisors of five members. Each supervisor is responsible for one of five districts within the County.

The County Administrator's Office is responsible for staffing the Board and Board committees, planning and overseeing County operations, and ensuring that Board policies are carried out in the most efficient and service oriented manner.

The duties and responsibilities of the Board of Supervisors include appointing County department heads and employees, providing for the compensation of all County officials and employees, creating officers, boards and commissions as needed, awarding all contracts for Public Works and all other contracts exceeding \$25,000, adopting an annual budget, and supervising the operations of departments and exercising executive and administrative authority through the County government and County Administrator.

Population

The population of the three largest cities in the County; Antioch, Concord and Richmond, as well as the population in the County for calendar years 2005 through 2010 is presented in the following table.

**CITIES OF ANTIOCH, CONCORD AND RICHMOND
AND THE COUNTY
Calendar Years 2005 through 2010**

<u>Year</u>	<u>City of Antioch</u>	<u>City of Concord</u>	<u>City of Richmond</u>	<u>Contra Costa County</u>
2006	99,368	123,371	102,182	1,025,436
2007	99,334	122,896	103,306	1,035,097
2008	99,988	123,693	103,895	1,048,185
2009	101,041	124,703	104,602	1,061,325
2010	102,330	125,864	105,630	1,073,055

Population shown as of January 1st of the given year
Source: California State Department of Finance.

Employment

The civilian labor force in the County consists of an average of 526,000 workers as of 2009. The total employment component of the labor force is 471,700. County residents seeking employment averaged 54,300 during 2009.

CONTRA COSTA COUNTY, CALIFORNIA, AND UNITED STATES
Labor Force, Employment, and Unemployment⁽¹⁾

<u>Year and Area</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate⁽²⁾</u>
2005				
Contra Costa County	512,700	487,700	25,000	4.9%
California	17,629,200	16,671,900	957,200	5.4
United States	149,296,000	141,715,000	7,591,000	5.1
2006				
Contra Costa County	515,900	493,800	22,100	4.3
California	17,821,100	16,948,400	872,700	4.9
United States	151,413,000	144,419,000	7,001,000	4.6
2007				
Contra Costa County	519,700	495,400	24,300	4.7
California	18,391,800	17,108,700	969,300	5.4
United States	153,124,000	146,047,000	7,078,000	4.6
2008				
Contra Costa County	529,200	496,400	32,700	6.2
California	18,391,800	17,059,600	1,332,300	7.2
United States	154,287,000	145,362,200	8,924,000	5.8
2009				
Contra Costa County	526,000	471,700	54,300	10.3
California	18,250,200	16,169,700	2,080,500	11.4
United States	154,142,000	139,877,000	14,265,000	9.3

⁽¹⁾ Data reflects employment status of individuals by place of residence.

⁽²⁾ Unemployment rate is based on unrounded data.

Source: California State Employment Development Department and U.S. Department of Labor.

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Major Employers Within the County

Although the County is primarily suburban, the County is host to a diverse mix of major employers representing industries ranging from government and health services to diversified manufacturing. The following table lists the County's major employers.

COUNTY OF CONTRA COSTA MAJOR EMPLOYERS

<u>Employer</u>	<u>No. of Employees</u>	<u>Location</u>	<u>Industry</u>
Chevron Corp	5,000-9,999	San Ramon	Oil Refiners (Manufacturers)
Chevron Global Downstream LLC	1,000-4,999	San Ramon	Petroleum Products (Wholesale)
Contra-Costa Regional Medical Center	1,000-4,999	Martinez	Hospitals
Doctor's Medical Center	1,000-4,999	San Pablo	Hospitals
John Muir Medical Center	1,000-4,999	Walnut Creek	Hospitals
John Muir Medical Center	1,000-4,999	Concord	Hospitals
John Muir Physical Rehab.	1,000-4,999	Concord	Rehabilitation Services
Kaiser Permanente Medical Center	1,000-4,999	Walnut Creek	Clinics
Kaiser Permanente Medical Center	1,000-4,999	Walnut Creek	Hospitals
St. Mary's College of California	1,000-4,999	Moraga	Schools – Universities & Colleges Academic
USS-POSCO Industries	1,000-4,999	Pittsburg	Steel Mills (Manufacturers)
Bank of the West	500-999	Walnut Creek	Banks
Bio-Rad Laboratories Inc	500-999	Hercules	Laboratory
C & H Sugar	500-999	Crockett	Sugar Refiners (Manufacturers)
Concord Naval Weapons Station	500-999	Concord	Federal Government-National Security
Department of Veteran Affairs	500-999	Martinez	Physicians & Surgeons
MuirLab	500-999	Richmond	Laboratories – Medical
Richmond City Offices	500-999	Richmond	Gov. Offices – City, Village & Township
San Ramon Regional Medical Center	500-999	San Ramon	Hospital
Shell Martinez Refinery	500-999	Martinez	Oil Refiners (Manufacturers)
Shell Oil Products Company	500-999	Martinez	Service Stations – Gasoline & Oil
Sutter Delta Medical Ctr.	500-999	Antioch	Hospitals
Tesoro Golden Eagle Refinery	500-999	Pacheco	Oil Refiners (Manufacturers)
VA Outpatient Clinic	500-999	Martinez	Physicians & Surgeons

Source: California Employment Development Department, America's Labor Market Information System Employer Database, 2010 1st Edition.

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Industry

The following table shows the estimated number of labor force by industry group for 2004 through 2008, the most recent data available.

**COUNTY OF CONTRA COSTA
NON-AGRICULTURAL LABOR FORCE AND INDUSTRY EMPLOYMENT
ANNUAL AVERAGES
2004 through 2008 by Class of Work**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Mining	400	400	500	400	300
Construction	87,700	90,800	92,600	87,000	76,200
Manufacturing	104,300	104,500	103,600	102,500	102,300
Transportation and Public Utilities	28,500	28,400	28,700	28,800	29,300
Wholesale and Retail Trade	186,800	191,000	192,700	193,600	186,700
Finance, Insurance, and Real Estate	74,900	76,200	76,900	73,600	69,200
Other Services	1,067,900	1,086,400	1,103,200	48,300	48,800
Government	214,300	215,100	217,700	222,400	225,200
Non Agriculture Total	<u>1,260,300</u>	<u>1,282,100</u>	<u>1,299,900</u>	<u>1,308,800</u>	<u>1,299,200</u>

Source: California State Employment Development Department.

Building Permits

The following table provides a summary of the building permit valuations, and the number of new dwelling units authorized in the County from 2005 through March, 2010. The valuation of non-residential permits includes both private commercial construction and publicly funded, non-tax generating projects.

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COUNTY OF CONTRA COSTA
Building Permit Valuations
and Number of Dwelling Units
2005 through 2010⁽¹⁾

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010⁽¹⁾</u>
<u>Valuation⁽²⁾</u>						
Residential	\$1,925,422	\$1,451,820	\$1,216,666	\$661,935	\$504,632	\$212,742
Nonresidential	392,872	412,505	491,318	459,935	314,305	111,950
Total	<u>\$2,318,294</u>	<u>\$1,864,325</u>	<u>\$1,707,984</u>	<u>\$1,121,870</u>	<u>\$818,937</u>	<u>\$324,692</u>
<u>Number of New Dwelling Units</u>						
Single Family	5,452	3,310	2,698	985	1,038	397
Multiple Family	860	1,178	909	909	163	133
Total	<u>6,312</u>	<u>4,488</u>	<u>3,607</u>	<u>1,894</u>	<u>1,201</u>	<u>530</u>

⁽¹⁾ Data through May 31, 2010.

⁽²⁾ Valuation in thousands.

Source: Construction Industry Research Board.

Commercial Activity

The County has both residential and industrial areas, with major manufacturers which include oil and gas, plastic, metals and furniture. Taxable transactions from 2004 through 2008 are summarized below.

COUNTY OF CONTRA COSTA
Taxable Retail Sales

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Sales Tax Permits	23,571	23,692	23,249	23,181	23,149
Taxable Sales (in thousands)	\$12,990,538	\$13,480,075	\$13,867,661	\$14,086,295	\$13,307,681

Source: California State Board of Equalization.

Transportation

Centrally located in the east bay region of the San Francisco bay area, the County is accessible to major transportation resources including Bay Area Rapid Transit which connects five counties including the San Francisco peninsula, Oakland, Berkeley, Fremont, Walnut Creek, Pleasant Hill, Concord Dublin/Pleasanton, and other cities within and without the County. The County is also in close proximity to Highways 5, 205, 580 and 680 as well as approximately 20 miles east of Oakland International Airport and 30 miles northeast of San Francisco International Airport providing for convenient interstate transportation. The County is also home to two non-commercial airports; Buchanan Field Airport and Byron Airport, located in Concord and Byron, respectively.

Education

The County is comprised of 19 school districts, 5 community colleges, and is both home to and has access to major universities, including California State University, East Bay, University of California, Berkeley, Mills College, San Francisco State University, Golden Gate University, St Mary's College of California and John F. Kennedy University. The District serves approximately one-third of the County and is the largest school district within the County.

Community Facilities and Recreation

The County is home to Mt. Diablo State Park (the "Park"), which was designated a State park in 1921. Within the Park, Mount Diablo has an elevation of 3,849 feet providing a view west across the Golden Gate Bridge to the Farallon islands, southeast to the James Lick Observatory, south to the Santa Cruz mountains, east to the San Joaquin and Sacramento Rivers and north to Mount Saint Helens and Mount Lassen in the Cascades. The Park's 22,000 acres consist mostly of typical central California oak and grassland country with extensive areas of chaparral. Areas of riparian woodland, knobcone pine and coulter pine are also scattered throughout the park. Over 400 species of plants have been identified within the park as well as abundant wildlife including deer, raccoons, gray fox, bobcat, mountain lions and striped and spotted skunks. The Park provides guided hiking, rock climbing horseback riding, biking, camping and picnic facilities for visitors.

The County also contains numerous local parks and recreation facilities including Lefty Gomez Recreation Building and Ball Field Complex, an 11 acre park with ball fields, tennis courts, playground equipment, picnic and barbecue facilities and a community center, Montalvin Park, a seven acre community park with a basketball court, a tennis court and picnic facilities, MonTaraBay Park Community Center and Ball Field Complex, a four acre complex with a ball field and community center and Rodeo Creek Trail, a two and a half mile trail with indigenous trees, shrubs, grasses and wildflowers.

APPENDIX C

MT. DIABLO UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2009

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered by the Mt. Diablo Unified School District (the “District”) in connection with the execution and delivery of \$_____ aggregate principal or issue amount of the District’s General Obligation Bonds, 2010 Election, 2010 Series A and \$_____ aggregate principal amount of the District’s Federally Taxable General Obligation Bonds, 2010 Election, 2010 Series B (Federally Taxable New Clean Renewable Energy Bonds - Direct Payment), (the “Bonds”). The Bonds are being issued pursuant to a Resolution adopted by the Board of Education of the District on _____, 2010 (the “Resolution”). Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Resolution.

In consideration of the execution and delivery of the Bonds by the District and the purchase of such Bonds by the Underwriters described below, the District hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District for the benefit of the Bondholders and in order to assist Stone & Youngberg LLC, George K. Baum & Company and Brandis Tallman LLC (collectively, the “Underwriters”) in complying with Rule 15c2-12(b)(5) (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

SECTION 2. Additional Definitions. In addition to the above definitions and the definitions set forth in the Resolution, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Agreement.

“Bondholder” or “Holder” means any holder of the Bonds or any beneficial owner of the Bonds so long as they are immobilized with DTC.

“Designated Material Event” means any of the events listed in Section 6(a) of this Disclosure Agreement.

“Dissemination Agent” shall mean any Dissemination Agent, or any alternate or successor Dissemination Agent, designated in writing by the Superintendent or Assistant Superintendent, Administrative Services (or otherwise by the District), which Agent has evidenced its acceptance in writing. Initially, and in the absence of the specific designation of a successor or alternate Dissemination Agent, the Dissemination Agent shall be the District.

“Material Events Disclosure” means dissemination of a notice of a Material Event as set forth in Section 6.

“MSRB” shall mean the Municipal Securities Rulemaking Board, through its electronic municipal market access system, which can be found at <http://emma.msrb.org/>, or any repository of disclosure information that may be designated by the Securities and Exchange Commission for purposes of the Rule.

SECTION 3. CUSIP Numbers and Final Official Statement. The CUSIP Numbers for the Bonds have been assigned. The Final Official Statement relating to the Bonds is dated _____, 2010 (“Final Official Statement”).

SECTION 4. Provision of Annual Reports.

(a) The District shall cause the Dissemination Agent, not later than 240 days after the end of the District's fiscal year (currently ending June 30), commencing with the report for the fiscal year ending June 30, 2011, to provide to the MSRB an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted, when and if available, separately from the balance of the relevant Annual Report.

(b) If the District is unable to provide to the MSRB an Annual Report by the date required in paragraph (a) above, the District shall send a notice to the MSRB in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine the name and address of the MSRB each year prior to the date established hereunder for providing the Annual Report; and

(ii) if the Dissemination Agent is other than the District or an official of the District, the Dissemination Agent shall file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 5. Content of Annual Report. The District's Annual Report shall contain or incorporate by reference the following:

(a) Financial information including the general purpose financial statements of the District for the preceding Fiscal Year, prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. If audited financial information is not available by the time the Annual Report is required to be filed pursuant to Section 4(a) hereof, the financial information included in the Annual Report may be unaudited, and the District will provide audited financial information to the MSRB as soon as practical after it has been made available to the District.

(b) Operating data, including the following information with respect to the District's preceding Fiscal Year (to the extent not included in the audited financial statements described in paragraph (a) above):

(i) General fund budget and actual results;

(ii) Assessed valuations;

(iii) Largest local secured taxpayers; and

(iv) Secured tax charges and delinquencies, only if the County terminates or discontinues the Teeter Plan within the District.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the District or related public entities, which

have been submitted to each of the Repositories or to the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each other document so incorporated by reference.

SECTION 6. Reporting of Designated Material Events.

(a) The District agrees to provide or cause to be provided, in a timely manner, to the MSRB, in readable PDF or other electronic format as prescribed by the MSRB, notice of the following events with respect to the Bonds, if material:

- (i) Principal and interest payment delinquencies.
- (ii) Nonpayment-related defaults.
- (iii) Unscheduled draws on any debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on any credit enhancements reflecting financial difficulties.
- (v) Substitution of or failure to perform by any credit provider.
- (vi) Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
- (vii) Modifications to rights of security holders.
- (viii) Bond calls (other than mandatory, scheduled redemptions, not otherwise contingent upon the occurrence of an event).
- (ix) Defeasances.
- (x) Release, substitution or sale of any property securing the repayment of the Bonds.
- (xi) Rating changes.

SECTION 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Agreement shall terminate when the District is no longer an obligated person with respect to the Bonds, as provided in the Rule, upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 8. Dissemination Agent. The Superintendent may, from time to time, appoint or engage an alternate or successor Dissemination Agent to assist in carrying out the District's obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

The Dissemination Agent shall be entitled to the protections, limitations from liability, immunities and indemnities provided to the Paying Agent as set forth in the Resolution which are incorporated by reference herein. The Dissemination Agent agrees to perform only those duties of the Dissemination Agent specifically set forth in the Agreement, and no implied duties, covenants or obligations shall be read into this Agreement against the Dissemination Agent.

The Dissemination Agent shall have no duty or obligation to review the Annual Report nor shall the Dissemination Agent be responsible for filing any Annual Report not provided to it by the District in a timely manner in a form suitable for filing. In accepting the appointment under this Agreement, the Dissemination Agent is not acting in a fiduciary capacity to the registered holders or beneficial owners of the Bonds, the District, or any other party or person.

The Dissemination Agent may consult with counsel of its choice and shall be protected in any action taken or not taken by it in accordance with the advice or opinion of such counsel. No provision of this Agreement shall require the Dissemination Agent to risk or advance or expend its own funds or incur any financial liability. The Dissemination Agent shall have the right to resign from its duties as Dissemination Agent under this Agreement upon thirty days' written notice to the District. The Dissemination Agent shall be entitled to compensation for its services as Dissemination Agent and reimbursement for its out-of-pocket expenses, attorney's fees, costs and advances made or incurred in the performance of its duties under this Agreement in accordance with its written fee schedule provided to the District, as such fee schedule may be amended from time to time in writing. The District agrees to indemnify and hold the Dissemination Agent harmless from and against any cost, claim, expense, cost or liability related to or arising from the acceptance of and performance of the duties of the Dissemination Agent hereunder, provided the Dissemination Agent shall not be indemnified to the extent of its willful misconduct or negligence. The obligations of the District under this Section shall survive the termination or discharge of this Agreement and the Bonds.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement under the following conditions, provided no amendment to this Agreement shall be made that affects the rights, duties or obligations of the Dissemination Agent without its written consent:

(a) The amendment may be made only 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 the obligated person, or type of business conducted;

(b) This Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment does not materially impair the interests of Holders, as determined either by parties unaffiliated with the District or another obligated person (such as the Bond Counsel) or by the written approval of the Bondholders; provided, that the Annual Report containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

SECTION 10. Additional Information. If the District chooses to include any information from any document or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or to include it in any future disclosure or notice of occurrence of a Designated Material Event.

Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of

occurrence of a Designated Material Event, in addition to that which is required by this Disclosure Agreement.

SECTION 11. Default. The District shall give notice to each NRMSIR or to the MSRB of any failure to provide the Annual Report when the same is due hereunder, which notice shall be given prior to July 1 of that year. In the event of a failure of the District to comply with any provision of this Disclosure Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriters and Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State, applicable to contracts made and performed in such State.

Dated: _____, 2010

MT. DIABLO UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Mt. Diablo Unified School District

Name of Issue: \$_____ General Obligation Bonds, 2010 Election, 2010 Series A and \$_____ General Obligation Bonds, 2010 Election, 2010 Series B (Federally Taxable New Clean Renewable Energy Bonds - Direct Payment)

Date of Issuance: _____, 2010

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 4(a) of the Continuing Disclosure Agreement dated _____, 2010. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

[ISSUER/DISSEMINATION AGENT]

By: _____

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The foregoing internet addresses are included for reference only, and the information on these internet sites is not incorporated by reference herein.*

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect

Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Paying Agent on behalf thereof) as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal, Maturity Value, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, Maturity Value, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, transfer and exchange of the Bonds.

The principal, Maturity Value of the Bonds and any premium and interest upon the redemption thereof prior to the maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially located in Los Angeles, California. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least \$1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of any authorized denomination upon presentation and surrender at the office of the Paying Agent, initially located in Los Angeles, California, together with a request for exchange signed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.

APPENDIX F
ACCRETED VALUE TABLE

ESCROW AND DEPOSIT AGREEMENT

This Escrow and Deposit Agreement, dated as of ____1, 2010 (the "Agreement") by and between WELLS FARGO BANK NATIONAL ASSOCIATION, a national banking association, as escrow agent hereunder (the "Escrow Agent"), and MT. DIABLO UNIFIED SCHOOL DISTRICT, a school district duly organized and existing under the laws of the State of California (the "District").

WITNESSETH:

WHEREAS, the District has heretofore executed and delivered that certain Lease/Purchase Agreement, dated as of September 1, 2006 (the "2006 Lease/Purchase Agreement"), with Mt. Diablo Unified School District Education Facilities Financing Corporation (the "Corporation") the proceeds of which were used to undertake certain energy efficiency projects; and

WHEREAS, pursuant to the 2006 Lease/Purchase Agreement, the District is required to make rental payments (the "2006 Rental Payments") to the Corporation annually on each September 21 through September 21, 2021; and

WHEREAS, the District has heretofore executed and delivered that certain Lease/Purchase Agreement, dated as of September 1, 2007 (the "2007 Lease/Purchase Agreement" and together with the 2006 Lease/Purchase Agreement, the "Lease/Purchase Agreements"), with the Corporation the proceeds of which were used to undertake certain energy efficiency projects; and

WHEREAS, pursuant to the 2007 Lease/Purchase Agreement, the District is required to make rental payments (the "2007 Rental Payments" and together with the 2006 Rental Payments, the "Rental Payments") to the Corporation annually on each September 11 through September 11, 2022; and

WHEREAS, in order to provide for the payment of certain of the Rental Payments, the District has issued \$_____ aggregate principal amount of its General Obligation Bonds, 2010 Election, 2010 Series A (the "Bonds"); and

WHEREAS, the District wishes to provide for the application of a portion of the net proceeds of the Bonds, together with the interest earned from the investment thereof, to pay certain of the Rental Payments as described on Schedule A hereto; and

WHEREAS, in connection with such refunding, the District requires the services of the Escrow Agent in accordance with the terms of this Agreement;

NOW, THEREFORE, the District and the Escrow Agent agree as follows:

ARTICLE I

REPRESENTATIONS, WARRANTIES AND AGREEMENTS

Each party hereto, as to itself and not as to the other party, hereby represents, warrants and agrees that:

Section 1.1 Authorization. The execution, delivery and performance of this Agreement by such party are within such party's respective powers and have been duly authorized by all necessary action of such party.

Section 1.2 No Conflict. (a) The District represents, warrants and agrees to its current actual knowledge that the execution, delivery and performance of this Escrow Agreement will not

violate or conflict with (i) the Lease/Purchase Agreements or any resolution of the District; (ii) the Constitution or laws of the State of California; or (iii) any decisions, statutes, ordinances, rulings, directions, rules, regulations, orders, writs, decrees, injunctions, permits, certificates or other requirements of any court or other governmental or public entity with jurisdiction over the District or its operations. The Escrow Agent represents and warrants that the execution, delivery and performance of this Escrow Agreement will not violate or conflict with (i) the charter or bylaws of the Escrow Agent; and (ii) any decisions, statutes, ordinances, rulings, directions, rules, regulations, orders, writs, decrees, injunctions, permits, certificates or other requirements of any court or other governmental or public entity with jurisdiction over the trust powers and operation of the Escrow Agent.

Section 1.3 Binding Obligation. This Escrow Agreement has been duly executed by, and is a legally valid and binding obligation of each party, enforceable against such party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights, and by general principles of equity.

Section 1.4 Title to Moneys Deposited in Escrow. The District has good, sufficient and legal title to the moneys deposited in the Escrow Fund established hereunder free and clear of all liens other than those created hereby.

ARTICLE II

ESTABLISHMENT OF ESCROW FUND

Section 2.1 Creation of Escrow Fund. The Escrow Agent is hereby directed to establish a special escrow fund to be designated as the "Mt. Diablo Unified School District Escrow Fund" (the "Escrow Fund"), into which the Escrow Agent shall deposit proceeds of the Bonds in the amount of \$_____ (the "Escrow Deposit"). Initially, with the exception of a \$_____ portion of the Escrow Deposit which shall remain uninvested in cash, the Escrow Agent agrees to purchase securities as described on Schedule B hereto. The Escrow Agent is hereby irrevocably directed by the District to make the deposit and investments as set forth hereinabove.

Section 2.2 Permitted Investments. The Escrow Deposit shall be invested by the Escrow Agent in those certain investments, all of which comply with California Government Code Section 53601 for the investment of surplus moneys of local agencies, as more particularly described on Schedule B to this Escrow Agreement, which is incorporated herein by this reference (the "Escrowed Securities"). The cash and proceeds of the Escrowed Securities shall be applied to pay the Rental Payments on the dates, in the amounts and at the address set forth on Schedule A hereto (the "Payment Dates"). The Escrow Agent agrees to liquidate the Escrowed Securities on or immediately before each Payment Date, in accordance with their terms and to apply the proceeds thereof to the payment of the Rental Payments as aforesaid.

Section 2.3 Additional Investments. The Escrow Agent is hereby authorized to invest and re-invest maturing principal and interest of the Escrowed Securities and/or to make substitutions of the Escrowed Securities held hereunder or to sell, transfer or otherwise dispose of the Escrowed Securities acquired hereunder as directed by the District in writing from time to time.

Section 2.4 Terms of Lease/Purchase Agreement. Receipt is hereby acknowledged by the Escrow Agent of a copy of the 2006 Lease/Purchase Agreement and the 2007 Lease/Purchase Agreement. Reference herein to, or citation herein of, any provision of the Lease/Purchase Agreements shall be deemed to be incorporated as a part hereof in the same manner and with the same effect as if they were fully set forth herein.

Section 2.5 Deposit of Funds. The Escrow Agent hereby acknowledges receipt of the deposit of the moneys into the Escrow Fund as described in Section 2.1 hereof.

Section 2.6 Purpose of Deposit. The deposit by the District of the Escrow Deposit in the Escrow Fund shall constitute an irrevocable deposit thereof for the uses and purposes specified in this Agreement and in the provisions of each of the Lease/Purchase Agreements expressly referred to herein, and such moneys and all interest thereon shall be held in trust and applied solely for such uses and purposes. The Escrow Deposit, along with the proceeds of investment thereof, shall be held by the Escrow Agent separate and apart from all other funds and shall not be commingled with other moneys for any purpose.

Section 2.7 Payment of Rental Payments. The Escrow Agent shall collect the matured principal of and payments of interest on the Escrowed Securities as the same become due and payable and deposit the same in the Escrow Fund. Not later than any Payment Date, as set forth in Schedule A, or if such date is not a Business Day (being any day upon which shall mean any day other than a Saturday or Sunday on which the Escrow Agent and banks and trust companies located in New York, New York, or San Francisco, California, are not authorized or required to remain closed and on which the New York Stock Exchange is open) then not later than the Business Day next preceding such date, the Escrow Agent shall transmit, from the funds in the Escrow Fund, the applicable amount to the address as set forth in Schedule A attached hereto. The Escrow Agent may conclusively rely upon Schedule A with respect to all information set forth therein.

If at any time it shall appear to the Escrow Agent that the money in the Escrow Fund will not be sufficient to make all payments required hereunder, the Escrow Agent shall give notice thereof to the District in accordance with Section 5.4 hereof of the amount of such deficiency and the District agrees to pay the amount of such deficiency into the Escrow Fund from any source of lawfully available moneys.

Any moneys held by the Escrow Agent in trust for the payment of the Rental Payments which remain unclaimed for 18 months after the date when all Rental Payments have become due and payable, shall be paid to the District to be used for any of its lawful purposes and the Escrow Agent shall thereupon be released and discharged with respect thereto.

Section 2.8 Reserved.

Section 2.9 Compensation; Indemnification. The District agrees to pay and shall pay to the Escrow Agent as compensation in full for all services to be rendered by the Escrow Agent under this Agreement the amounts set forth in a separate schedule of fees and expenses, as modified from time to time as agreed upon with the District. Any payment to the Escrow Agent pursuant to this paragraph shall be made from any moneys of the District lawfully available therefor, but the Escrow Agent shall have no lien whatsoever upon any of the moneys or Escrowed Securities in the Escrow Fund for any such payment.

To the extent authorized by law, the District assumes liability for and agrees to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including legal fees and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, at any time, the District or the Escrow Agent (whether or not also indemnified against by any person under any other contract or instrument) and in any way relating to or arising out of the execution and delivery of this Agreement, the acceptance and performance of the duties and obligations of the Escrow Agent hereunder, the establishment of the Escrow Fund, the acceptance of the moneys deposited in such fund, the retention of such moneys or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Agreement, provided, that the

District shall not be required to indemnify, protect, save and keep harmless the Escrow Agent against its own negligence, or willful misconduct. In no event shall the District be liable to any person by reason of the transactions contemplated hereby other than to the Escrow Agent as set forth in this paragraph. The indemnities contained in this paragraph shall survive the termination of this Agreement.

Section 2.10 Books and Records; Limited Liability. The Escrow Agent agrees to maintain books and records for the Escrow Fund and to account separately for deposits therein, investments thereof, earnings thereon and losses (if any) with respect thereto. The Escrow Agent shall only act in accordance with the specific provisions set forth herein and shall not assume any implied duties or obligations hereunder.

The Escrow Agent shall have no obligation to make any payment or disbursement of any type or incur any financial liability in the performance of its duties under this Agreement unless the District shall have deposited sufficient funds therefor with the Escrow Agent. The Escrow Agent may rely and shall be protected in acting upon the written or oral instructions of authorized representatives of the District or of their respective agents relating to any matter or action undertaken as Escrow Agent under this Agreement.

The liability of the Escrow Agent for the payment of moneys as hereinabove set forth respecting the payment of the Rental Payments shall be limited to the amounts deposited in the Escrow Fund established hereunder. The Escrow Agent shall not be liable for any loss resulting from any investment, sale, transfer, prepayment, substitution or other disposition made pursuant to this Agreement in compliance with the provisions hereof or the sufficiency of the moneys held hereunder to accomplish the payment of certain Rental Payments. The Escrow Agent shall not have any lien whatsoever upon any of the moneys deposited in accordance with Section 4.1 hereof for the payments of fees and expenses for services by it under this Agreement until after all payments required pursuant hereto in accordance herewith. The recitals of fact contained in the "whereas" clauses herein shall be taken as the statements of the District, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representations as to the sufficiency of the Escrowed Securities to be purchased pursuant hereto and any uninvested moneys to accomplish the refunding of the Rental Payments or to the validity of this Agreement as to the District and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Agreement. The Escrow Agent may consult with counsel, who may or may not be bond counsel to the District, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be provided or established prior to taking, suffering, or omitting any action under this Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel) may be deemed to be conclusively established by a written certification of the District. The Escrow Agent undertakes such duties as are expressly set forth herein, and no implied duties or obligations of the Escrow Agent shall be read into this Agreement. The District hereby agrees to indemnify and hold harmless the Escrow Agent against any and all liability incurred by the Escrow Agent arising from this Agreement and not resulting from its own negligence or willful misconduct. The obligations of the District hereunder shall survive the termination or discharge of this Agreement.

ARTICLE III

TERMINATION OF ESCROW AGREEMENT

Section 3.1 Termination of Escrow Agreement. It is the intention of the District that amounts in the Escrow Fund shall be applied on the dates and in the amounts shown on Schedule A, to the payment of the Rental Payments in accordance with the terms of each of the Lease/Purchase Agreements, respectively. The Escrow Agent agrees to apply the amounts deposited in the Escrow Fund to the payment of the Rental Payments as aforesaid; any moneys remaining in the Escrow Fund following the final such payment on September 21, 20__, shall, after payment of any amounts due the Escrow Agent, be transferred to the District. Upon the completion of such transfer, if any, this Escrow Agreement shall be terminated and of no further force or effect.

ARTICLE IV

FEES OF ESCROW AGENT

Section 4.1 Fees of Escrow Agent. The District shall pay to the Escrow Agent fees and expenses as are mutually agreed upon by the District and the Escrow Agent as and for payment in full for the services of the Escrow Agent as escrow holder hereunder, through the final payment of the Rental Payments as set forth herein.

It is also understood that the fee agreed upon for the services of the Escrow Agent hereunder shall be considered compensation for its ordinary services as contemplated by this Agreement, but in the event that the conditions of this Agreement are not promptly fulfilled or that the Escrow Agent renders any service hereunder not provided for in the foregoing instructions or that there is an assignment of any interest in the subject matter of this escrow, or modification hereof, or that any controversy arises hereunder or that the Escrow Agent is made a party to, or intervenes in, or, in good faith, interpleads in, any litigation pertaining to this escrow or the subject matter thereof, the Escrow Agent shall be reasonably compensated by the District for such extraordinary services and reimbursed for all costs and expenses, plus interest charged at the maximum rate permitted by law occasioned by such default, delay, controversy or litigation, including, without limitation, the fees and disbursements of legal counsel to the Escrow Agent.

Under no circumstances shall the Escrow Agent be entitled to assert a lien against the amounts held in the Escrow Fund to provide security for the payment of the fees described in this Section.

ARTICLE V

MISCELLANEOUS

Section 5.1 Severability of Provisions. If any one or more of the covenants or agreements provided in this Agreement on the part of the parties hereto to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

Section 5.2 Execution in Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original and shall constitute and be but one and the same instrument.

Section 5.3 Applicable Law. This Agreement shall be governed by the applicable laws of the State of California, applicable to contracts made and performed in said State.

Section 5.4 Notices. All notices, demands and formal actions under this Agreement shall be in writing and mailed, telegraphed or delivered to:

The District: Mt. Diablo Unified School District
1936 Carlotta Drive
Concord, CA 94519
Attention: Chief Financial Officer

The Escrow Agent: Wells Fargo Bank National Association
333 Market Street, 18th Floor
San Francisco, CA 94105
Corporate Trust Services

Section 5.5 Amendments. This Agreement may be modified or amended at any time by a supplemental agreement which shall become effective with the written consent of the District and the Escrow Agent.

IN WITNESS WHEREOF, the District has entered into this Escrow and Deposit Agreement with the Escrow Agent as of the date first above written.

MT. DIABLO UNIFIED SCHOOL DISTRICT

By: _____
Chief Financial Officer

ACKNOWLEDGED AND ACCEPTED BY:
WELLS FARGO BANK NATIONAL
ASSOCIATION, as Escrow Agent

By: _____
Authorized Officer

SCHEDULE A

PAYMENT SCHEDULE

<u>Payment Date</u>	<u>Payment Amount</u>
September 11, 20__	
September 21, 20__	
September 11, 20__	
September 21, 20__	

⁽¹⁾ Payment should be delivered to the address below:

If by Check – First Class Mail

All Points Public Funding, LLC
Attention: _____

If by Check - Overnight Mail

All Points Public Funding, LLC
Attention: _____

SCHEDULE B

ESCROWED SECURITIES

<u>Security</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturity Date</u>
-----------------	-------------------	----------------------	--------------	----------------------