PAYING AGENT AGREEMENT

Relating to the Issuance of
$[Principal Amount]
San Leandro Unified School District
General Obligation Bonds, Election of 2010, Series B
(Tax-Exempt)

This PAYING AGENT AGREEMENT (this "Agreement"), dated as of August 1, 2013, is between the SAN LEANDRO UNIFIED SCHOOL DISTRICT, a unified school district organized and existing under the laws of the State of California (the "District") and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as paying agent (the "Paying Agent").

B A C K G R O U N D :

1. A special bond election was duly and regularly held in the San Leandro Unified School District (the "District") on November 2, 2010, under the procedures specified in Proposition 39 (Article XIII A Section 1 paragraph (b) of the California Constitution) for the purpose of submitting Measure M (the "Bond Measure") to the qualified electors of the District authorizing the issuance of general obligation bonds of the District in the maximum aggregate principal amount of $50,100,000 (the "General Obligation Bonds"), and more than 55% of the votes cast at said election were in favor of the issuance of the General Obligation Bonds.

2. On March 4, 2000, the Board of Supervisors of the County of Alameda (the "County") adopted its resolution No. R-2000-436 under Section 15140(b) of the Education Code, authorizing the Board of Education of the District to issue and sell the bonds directly.

3. The District issued the first series of Bonds on May 24, 2011 in the principal amount of $30,000,000 (the "Series A Bonds").

4. The District has determined to issue a second and final series of its Bonds (the "Series B Bonds") in the principal amount of $[Principal Amount] pursuant to a resolution adopted by the Board on May 21, 2013 and this Paying Agent Agreement.

A G R E E M E N T:

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

ARTICLE I

DEFINITIONS; AUTHORITY

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

"Authorizing Resolution" means Resolution No. 13-__ adopted by the Board on May 21, 2013, authorizing the issuance of the Series B Bonds.

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

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

"Bond Law" means Sections 15100 et seq. of the California Education Code as in effect on the date of adoption hereof, and as amended hereafter, as amended from time to time.

"Bond Measure" means the measure (Measure M) submitted to, and approved by at least 55% of, the voters under which the issuance of the Bonds has been authorized.

"Building Fund" means the fund established and held by the County Treasurer under Section 3.04.

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

"Closing Date" means the date upon which there is a physical delivery of the Series B Bonds in exchange for the amount representing the purchase price of the Series B Bonds by the Original Purchaser.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the District and related to the authorization, issuance, sale and delivery of the Series B Bonds, including but not limited to the costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Paying Agent and its counsel, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and charges for preparation, execution and safekeeping of the Series B Bonds and any other cost or fee in connection with the original issuance of the Series B Bonds.

"Costs of Issuance Fund" means the fund established and held by the Paying Agent under Section 3.03.

"County" means the County of Alameda, a political subdivision of the State of California, duly organized and existing under the Constitution and laws of the State of California.

"County Treasurer" means the Treasurer-Tax Collector of the County, or any successor officer of the County performing the duties of a county treasurer and tax collector..

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

"Depository" means (a) initially, DTC, and (b) any other Securities Depository acting as Depository under Section 2.09.

"Depository System Participant" means any participant in the Depository's book-entry system.

"District" means the San Leandro Unified School District, a unified school district organized under the Constitution and laws of the State of California, and any successor thereto.

"District Representative" means the Superintendent, the Assistant Superintendent Business and Operations, the Clerk of the Board, or any other duly appointed officer of the District authorized by resolution of the Board to act as a representative of the District hereunder.

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

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

"Interest Payment Date" means, with respect to the Bonds, February 1, 2014, and the first day of each succeeding August 1 and February 1.

"Original Purchaser" means _____.

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

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

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

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

"Record Date" means the 15th day of the month preceding an Interest Payment Date occurs, whether or not such day is a Business Day.

"Registration Books" means the records maintained by the Paying Agent for the registration of ownership and registration of transfer of the Series B Bonds under Section 2.08.

"Series B Bonds" means the $[Principal Amount] aggregate principal amount of San Leandro Unified School District (Alameda County, California) General Obligation Bonds Election of 2010, Series B, at any time Outstanding under this Agreement.

"Supplemental Agreement" means any agreement supplemental to or amendatory of this Agreement, approved by the District in accordance with Article VIII.

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with

applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

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

SECTION 1.02. *Interpretation*.

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

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

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

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

ARTICLE II

TERMS OF SERIES B BONDS

SECTION 2.01. *Authorization*. The Board has authorized the issuance of the Series B Bonds under the Authorizing Resolution, in the aggregate principal amount of $[Principal Amount]. The Series B Bonds have been issued under the provisions of the Bond Law and this Agreement for the purpose of raising money to finance educational facilities for which the General Obligation Bonds have been authorized under the Bond Measure and for the purpose of paying Costs of Issuance. The Authorizing Resolution

and this Agreement constitute a continuing agreement between the District and the Owners of all of the Outstanding, Series B Bonds to secure the full and final payment of principal of and interest on the Series B Bonds, subject to the covenants, agreements, provisions and conditions herein contained. The Series B Bonds are designated the "San Leandro Unified School District (Alameda County, California) General Obligation Bonds Election of 2010, Series B".

SECTION 2.02. *Terms of Series B Bonds*.

(a) Terms of Bonds. The Bonds shall be in fully registered form, without coupons, in the denomination of $5,000 each or any integral multiple thereof. The Bonds shall be lettered and numbered as the Paying Agent may prescribe. The Bonds shall be dated as of the Closing Date.

The Bonds shall mature in the amounts, and shall bear interest at the rates set forth below, with interest payable semi-annually on each Interest Payment Date.

Maturity Date (August 1)	**Principal Amount**	**Interest Rate**	**Maturity Date (August 1)**	**Principal Amount**	**Interest Rate**

Each Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it shall bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the 15` day of the month on which such Interest Payment Date occurs, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the first Record Date, in which event it shall bear interest from the Closing Date. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(b) CUSIP Identification Numbers. CUSIP identification numbers shall be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Bonds. In addition, failure on the part of the District or the Paying Agent to use such CUSIP numbers in any notice to Owners of the Bonds shall not constitute an event of default or any violation of the District's contract with such Owners and shall not impair the

effectiveness of any such notice. Notices containing such CUSIP numbers may state that no representation is made as to the accuracy or correctness of such CUSIP numbers printed therein or on the Bonds.

(e) Payment. Interest on the Series B Bonds (including the final interest payment upon maturity or redemption) is payable by check or draft of the Paying Agent mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; except that at the written request of the Owner of at least $1,000,000 aggregate principal amount of the Series B Bonds, which written request is on file with the Paying Agent as of any Record Date, interest on such Series B Bonds shall be paid by wire on the succeeding Interest Payment Date to such account as shall be specified in such written request. Principal of the Series B Bonds is payable in lawful money of the United States of America upon presentation and surrender at the designated `office of the Paying Agent.

SECTION 2.03. *Redemption*.

(a) Optional Redemption. Bonds maturing on or before August 1, 2023 are not subject to redemption prior to their respective maturity dates. Bonds maturing on or after August 1, 2024, shall be subject to redemption prior to their respective maturity dates as a whole on any date, as designated by the District and, absent any such designation, pro rata among maturities and by lot within a maturity, from moneys provided at the option of the District, in each case on and after August 1, 2023, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

(b) Mandatory Sinking Fund Redemption. The Bonds maturing August 1, 20__ are subject to mandatory sinking fund redemption in part, by lot, prior to their stated maturity date, on each August 1 on and after August 1, 20__, at a redemption price equal to 100% of the principal amount thereof called for redemption, plus accrued interest to the redemption date, without premium, as follows:

Date (August 1)	Amount

(c) Notice of Redemption. The Paying Agent shall cause notice of any redemption to be mailed, first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the respective Owners of any Series B Bonds designated for redemption, at their addresses appearing on the Registration Books. Such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice shall not affect the validity of the proceedings for the redemption of such Series B Bonds.

Such notice shall (i) state the redemption date and the redemption price, (ii) if less than all of the then Outstanding Series B Bonds are to be called for redemption, designate the serial numbers of the Series B Bonds to be redeemed by giving the individual number of each Series B Bond or by stating that all Series B Bonds between two stated numbers, both inclusive, or by stating that all of the Series B Bonds of one or more maturities have been called for redemption, (iii) require that such Series B Bonds be then surrendered at the Principal Office of the Paying Agent for redemption at the said redemption price, and (iv) state that further interest on such Series B Bonds will not accrue from and after the redemption date.

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

(d) Right to Rescind Notice of Optional Redemption. The District has the right to rescind any notice of the optional redemption of Bonds under subsection (a) of this Section by written notice to the Paying Agent on or prior to the dated fixed for redemption. Any notice of optional redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default. The District and the Paying Agent have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Paying Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under subsection (c) of this Section.

(e) Manner of Redemption. Whenever provision is made in this Section 2.03 for the redemption of less than all of the Bonds, the Paying Agent shall select the Bonds to be redeemed by lot in any manner which the Paying Agent in its sole discretion deems appropriate. For purposes of such selection, all Bonds will be deemed to be comprised of separate $5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

(f) Effect of Redemption. From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the principal of and interest on the Series B Bonds so called for redemption have been duly provided, such Series B Bonds so called will cease to be entitled to any benefit under this Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice. The Paying Agent shall cancel and destroy, in accordance with its standard procedures, all of the Series B Bonds, and (if requested by the District) submit a certificate of cancellation to the District.

SECTION 2.04. *Form of Series B Bonds*. The Series B Bonds, the form of the Paying Agent's certificate of authentication and registration and the form of assignment to appear thereon shall be substantially in the form, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, as set forth in Appendix A.

SECTION 2.05. *Execution of Series B Bonds*. The Series B Bonds shall be signed by the facsimile signature of the President or Vice President of the Board and shall be attested by the facsimile signature of the Clerk of the Board, and the seal of the District shall be reproduced thereon. No Series B Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Agreement unless and until the certificate of authentication printed on the Series B Bond is signed by the Paying Agent as authenticating agent.

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

SECTION 2.06. *Transfer of Series B Bonds*. Any Series B Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney, upon surrender of such Series B Bond for cancellation at the Principal Office at the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The District and/or the Paying Agent may charge a reasonable sum for each new Series B Bond issued upon any transfer.

Whenever any Series B Bond is surrendered for transfer, the District shall execute and the Paying Agent shall authenticate and deliver a new Series B Bond or Bonds, for like aggregate principal amount. No transfers of Series B Bonds may be made (a) 15 days prior to the date established by the Paying Agent for selection of Series B Bonds for redemption or (b) with respect to a Series B Bond which has been selected for redemption.

SECTION 2.07. *Exchange of Series B Bonds*. Series B Bonds may be exchanged at the Principal Office of the Paying Agent for a like aggregate principal amount of Series B Bonds of authorized denominations and of the same maturity. The District may charge a reasonable sum for each new Series B Bond issued upon any exchange (except in the case of any exchange of temporary Series B Bonds for definitive Series B Bonds). No exchanges of Series B Bonds shall be required to be made (a) the 15 days prior to the date established by the Paying Agent for selection of Series B Bonds for redemption or

(b) with respect to a Series B Bond after such Series B Bond has been selected for redemption.

SECTION 2.08. *Registration Books*. The Paying Agent shall keep or cause to be kept sufficient books for the registration and transfer of the Series B Bonds, which shall at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Series B Bonds as herein before provided.

SECTION 2.09. *Book-Entry System for Bonds*. Except as provided below, the Owner of all of the Bonds shall be DTC, and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. The Bonds shall be initially executed and delivered in the form of a single fully registered Bond for each maturity date of the Bonds in the full aggregate principal amount of the Bonds maturing on such date. The Paying Agent and the District may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for all purposes of this Agreement, and neither the Paying Agent nor the District shall be affected by any notice to the contrary. The Paying Agent and the District shall not have any responsibility or obligation to any Depository System Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or a Depository System Participant, or any other person which is not shown on the register of the District as being an owner, with respect to the accuracy of any records maintained by DTC or any Depository System Participant or the payment by DTC or any Depository System Participant by DTC or any Depository System Participant of any amount in respect of the principal or interest with respect to the Bonds. The District shall cause to be paid all principal and interest with respect to the Bonds only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to the principal and interest with respect to the Bonds to the extent of the sum or sums so paid. Except under the conditions noted below, no person other than DTC shall receive a Bond. Upon delivery by DTC to the District of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the term "Cede & Co." in this Agreement shall refer to such new nominee of DTC.

If the District determines that it is in the best interest of the beneficial owners that they be able to obtain Bonds and delivers a written certificate to DTC and the District to that effect, DTC shall notify the Depository System Participants of the availability through DTC of Bonds. In such event, the District shall issue, transfer and exchange Bonds as requested by DTC and any other owners in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the District shall be obligated to deliver Bonds as described in this Agreement. Whenever DTC requests the District to do so, the District will cooperate

with DTC in taking appropriate action after reasonable notice to (a) make available one or more separate Bonds evidencing the Bonds to any Depository System Participant having Bonds credited to its DTC account or (b) arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

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

ARTICLE III

SALE OF SERIES B BONDS; APPLICATION OF PROCEEDS

SECTION 3.01. *Issuance of Series B Bonds*. Upon the execution and delivery of this Agreement, the District shall execute and deliver Series B Bonds in the aggregate principal amount of $[Principal Amount] to the Paying Agent, and the Paying Agent shall authenticate and deliver the Bonds to the Original Purchaser upon receipt of a Written Request of the District therefor.

SECTION 3.02. *Deposit and Application of Proceeds*. On the Closing Date, the proceeds of sale of the Series B Bonds shall be applied as follows:

(a) The District shall cause the amount of $_____ received on the sale of the Bonds to be paid by the Original Purchaser to the County, for deposit in the Building Fund which is maintained by the County Treasurer.

(b) The District shall cause the amount of $_____ received on the sale of the Bonds to be paid by the Original Purchaser of the Bonds to the Paying Agent, for deposit in the Costs of Issuance Fund which is maintained by the Paying Agent.

SECTION 3.03. *Costs of Issuance Fund*. The Paying Agent shall establish, maintain and hold in trust a separate fund designated as the "Costs of Issuance Fund", into which the Paying Agent shall deposit the proceeds of sale of the Bonds under Section 3.02(b). The Paying Agent shall disburse moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon submission of a Written Request of the District stating (a) the person to whom payment is to be made, (b) the amounts to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Written Request of the District; in each case together with a statement or invoice for each amount requested thereunder. On October 1, 2011, the Paying Agent shall

transfer any amounts remaining in the Costs of Issuance Fund to the County Treasurer for deposit in the Building Fund.

SECTION 3.04. *Building Fund*. The District has in the Authorizing Resolution directed the County Treasurer to establish, hold and maintain a fund to be known as the "San Leandro Unified School District, Election of 2010, Series B Bonds Building Fund", which the County Treasurer shall maintain as a separate account, distinct from all other funds of the County and the District. The proceeds from the sale of the Bonds set forth in Section 3.02(a) shall be transferred to the County Treasurer to be credited to the Building Fund. Amounts on deposit in the Building Fund shall be expended by the District solely to finance school facilities for which the Series B Bond proceeds are authorized to be expended under the Bond Measure, subject to the provisions of Section 5.04 relating to federal tax covenants. All interest and other gain arising from the investment of amounts deposited to the Building Fund shall be retained in the Building Fund and used for the purposes thereof.

ARTICLE IV

SECURITY FOR THE SERIES B BONDS; PAYMENT OF DEBT SERVICE

SECTION 4.01. *Security for the Series B Bonds*. The Series B Bonds are general obligations of the District payable from the levy of *ad valorem* taxes upon all property within the District subject to taxation by the District, without limitation as to rate or amount (except for personal property, which is taxed at limited rates), for the payment of the Series B Bonds and the interest thereon. The District has in the Authorizing Resolution directed the County to levy on all the taxable property in the District, in addition to all other taxes, a continuing direct and *ad valorem* tax annually during the period the Series B Bonds are Outstanding in an amount sufficient to pay the principal of and interest on the Series B Bonds when due, which moneys when collected will be placed in the Debt Service Fund.

The principal of and interest on Series B Bonds do not constitute a debt of the County, the State of California, or any of its political subdivisions other than the District, or any of the officers, agents or employees thereof, and neither the County, the State of California, any of its political subdivisions nor any of the officers, agents or employees thereof shall be liable thereon. In no event are the principal of and interest on Series B Bonds payable out of any funds or properties of the District other than *ad valorem* taxes levied upon all taxable property in the District.

SECTION 4.02. *Establishment of Debt Service Fund*. The District has in the Authorizing Resolution directed the County Treasurer to establish, hold and maintain a fund to be known as the "San Leandro Unified School District, Election of 2010, Series B

Bonds Debt Service Fund", to be maintained by the County Treasurer as a separate account, distinct from all other funds of the County and the District. All taxes levied by the County, as directed by the District herein, for the payment of the principal of and interest on the Series B Bonds in accordance with Section 4.01 shall be deposited in the Debt Service Fund by the County Treasurer promptly upon apportionment of said levy. The District hereby irrevocably pledges the Debt Service Fund for the payment of the principal of and interest on the Series B Bonds when and as the same become due. The County Treasurer shall transfer amounts in the Debt Service Fund to the Paying Agent, to the extent necessary to pay the principal of and interest on the Series B Bonds as the same become due and payable.

SECTION 4.03. *Disbursements From Debt Service Fund*. The County Treasurer shall administer the Debt Service Fund and make disbursements therefrom in the manner set forth in the Authorizing Resolution. The County Treasurer shall transfer amounts on deposit in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Series B Bonds when due and payable, to the Paying Agent which, in turn, shall apply such moneys to pay the principal of and interest on the Series B Bonds. Any moneys remaining in the Debt Service Fund after the Series B Bonds and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the General Fund of the District, as provided in Section 15234 of the Education Code. As provided in Section 15232 of the Education Code, amounts in the Debt Service Fund shall also be applied to pay the expense of paying the Series B Bonds elsewhere than at the office of the County Treasurer.

SECTION 4.04. *Investments.* All moneys in the Costs of Issuance Fund shall be invested by the Paying Agent solely in investments pursuant to and as identified in the Written Request of the District given to the Paying Agent in advance of the making of such investments.

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

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the fund or account from which such investment was made, and shall be expended for the purposes thereof. The District covenants that all investments of amounts deposited in any fund or account created by or under this Agreement, or otherwise containing proceeds of the Series B Bonds, shall be acquired and disposed of at the Fair Market Value thereof. For purposes of this Section, the term "Fair Market Value" shall mean, with respect to any investment, the price at which a willing buyer would purchase such investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or

sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as described above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate that is acquired in accordance with applicable regulations under the Tax Code, or (iii) the investment is a United States Treasury Security - State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt. In determining Fair Market Value of investments, the Paying Agent may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it. The Paying Agent shall have no obligation to invest and reinvest any cash held by it hereunder in the absence of timely and specific written investment direction from the District. In no event shall the Paying Agent be liable for the selection of investments or for investment losses incurred thereon. The Paying Agent shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of the District to provide timely written investment direction. The District acknowledges that regulations of the Comptroller of the Currency grant the District the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the District-specifically waives - compliance with 12 C.F.R. 12 and hereby notify the Paying Agent that no brokerage confirmations need be sent relating to the security transactions as they occur. The Paying Agent may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Agreement.

ARTICLE V

OTHER COVENANTS OF THE DISTRICT; SECURITY FOR THE SERIES B BONDS

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

SECTION 5.02. *Books and Accounts; Financial Statements*. The District will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the District in which complete and correct entries shall be made of all transactions relating to the expenditure of the proceeds of the Series B Bonds. Such books of record and accounts shall at all times during business hours be subject to the

inspection of the Paying Agent and the Owners of not less than 10% in aggregate principal amount of the Series B Bonds then Outstanding, or their representatives authorized in writing.

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

SECTION 5.04. *Tax Covenants*.

(a) **No Arbitrage**. The District shall not take, or permit or suffer to be taken by the Paying Agent or otherwise, any action with respect to the proceeds of the 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 Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

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

(c) **Private Activity Bond Limitation**. The District shall assure that the proceeds of the Bonds are not so used as to cause the 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.

(d) **Maintenance of Tax-Exemption**. The District shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the 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 Bonds.

(e) **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 Bonds.

(f) **Information Report**. The Superintendent is hereby directed to assure the filing of an information report for the Bonds in compliance with Section 149(e) of the Code.

SECTION 5.05. *Continuing Disclosure*. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, which shall be executed by a District Representative and delivered on the

Closing Date. Notwithstanding any other provision of this Agreement, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered a default by the District hereunder or under the Series B Bonds; however, any Participating Underwriter (as such term is defined in the Continuing Disclosure Certificate) or any holder or beneficial owner of the Series B Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

SECTION 5.06. *Further Assurances*. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and for the better assuring and confirming unto the Owners of the Series B Bonds of the rights and benefits provided in this Agreement.

ARTICLE VI

THE PAYING AGENT

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

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

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

the successor Paying Agent. If no successor shall have been appointed or has accepted such appointment within 30 days of the retiring Paying Agent's removal or resignation, such retiring Paying Agent may petition a court of competent jurisdiction for the appointment of a successor.

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

SECTION 6.03. *Liability of Agents*. The recitals of facts, covenants and agreements herein and in the Series B Bonds contained shall be taken as statements, covenants and agreements of the District, and the Paying Agent assumes no responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Agreement or of the Series B Bonds, nor shall incur any responsibility in respect thereof, other than as set forth in this Agreement. The Paying Agent is not liable in connection with the performance of its duties hereunder, except for its own negligence or willful default.

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

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

No provision of this Agreement requires the Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it has reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

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

Anything in this Agreement to the contrary notwithstanding, in no event shall the Paying Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Paying Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Paying Agent shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented

by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Paying Agent and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

The Paying Agent agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Paying Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the District elects to give the Paying Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Paying Agent in its discretion elects to act upon such instructions, the Paying Agent's understanding of such instructions shall be deemed controlling. The Paying Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Paying Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The District agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Paying Agent, including without limitation the risk of the Paying Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Any bank, corporation or association into which the Paying Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Paying Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Paying Agent shall be the successor of the Paying Agent hereunder without the execution or filing. of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

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

Whenever in the administration of its duties under this Agreement the Paying Agent deems it necessary or desirable that a matter be proved or established prior to

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

SECTION 6.05. *Compensation; Indemnification*. The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Agreement, and also all reasonable expenses, charges, counsel fees and expenses, and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Agreement. The District will indemnify and save the Paying Agent and its officers, directors, agents and employees harmless against any liabilities, losses, costs, suits, judgments, expenses (including, without limitation, legal fees and expenses) and damages which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or bad faith. This Section 6.05 shall survive the termination of this Agreement and the earlier removal or resignation of the Paying Agent.

ARTICLE VII

REMEDIES OF SERIES B BOND OWNERS

SECTION 7.01. *Remedies of Series B Bond Owners.* Any Series B Bond Owner has the right, for the equal benefit and protection of all Series B Bond Owners similarly situated:

(a) by mandamus, suit, action or proceeding, to compel the District and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Agreement and in the Series B Bonds, and to require the carrying out of any or all such covenants and agreements of the District and the fulfillment of all duties imposed upon it;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Series B Bond Owners' rights; or

(c) upon the happening and continuation of any default by the District hereunder or under the Series B Bonds, by suit, action or proceeding in any court of competent jurisdiction, to require the District and its members and employees to account as if it and they were the trustees of an express trust.

SECTION 7.02. *Remedies Not Exclusive*. No remedy herein conferred upon the Owners of Series B Bonds shall be exclusive of any other remedy and that each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereafter conferred on the Series B Bond Owners.

ARTICLE VIII

AMENDMENT OF THIS AGREEMENT

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

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

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

(c) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Agreement, which in any event shall not materially adversely affect the interests of the Series B Bond Owners, in the opinion of Bond Counsel filed with the District and the Paying Agent; or

(d) To make such additions, deletions or modifications as may be necessary or desirable to assure the qualification of the tax-exempt status of the Bonds under the Tax Code, in the opinion of Bond Counsel filed with the District and the Paying Agent.

SECTION 8.02. *Amendments Effective With Consent of the Owners*. Any modification or amendment of this Agreement and of the rights and obligations of the District and of the Owners of the Series B Bonds, in any particular, may be made by a Supplemental Agreement, with the written consent of the Owners of a majority in aggregate principal amount of the Series B Bonds Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of maturity of the principal of any Outstanding Series B Bonds or of any interest payable thereon or a reduction in the principal amount thereof or in the rate of interest thereon, or shall reduce the percentage of Series B Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change any of the provisions in Section 7.01 relating to Events of Default, or shall reduce the amount of

moneys pledged for the repayment of the Series B Bonds without the consent of all the Owners of such Series B Bonds, or shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto.

ARTICLE IX

MISCELLANEOUS

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

SECTION 9.02. *Defeasance*.

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

(i) by paying or causing to be paid the principal or redemption price of and interest on such Series B Bonds, as and when the same become due and payable;

(ii) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 9.02(c) hereof) to pay or redeem such Series B Bonds; or

(iii) by delivering such Series B Bonds to the Paying Agent for cancellation by it.

If the District pays all Outstanding Series B Bonds and also pays or causes to be paid all other sums payable hereunder by the District, then and in that case, at the election of the District (evidenced by a certificate of a District Representative filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and this Agreement), and notwithstanding that any Series B Bonds have not been surrendered for payment, this Agreement and other assets made under this Agreement and all covenants, agreements and other obligations of the District under this Agreement shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Sections 6.05 and 9.02(b). In such event, upon request of the District, the Paying Agent shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary to evidence such discharge and satisfaction, and the Paying Agent shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it

under this Agreement which are not required for the payment or redemption of Series B Bonds not theretofore surrendered for such payment or redemption.

(b) Discharge of Liability on Series B Bonds. Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.02(c) hereof) to pay or redeem any Outstanding Series B Bond (whether upon or prior to its maturity or the redemption date of such Series B Bond), provided that, if such Series B Bond is to be redeemed prior to maturity, notice of such redemption has been given as provided in Section 2.03 or provision satisfactory to the Paying Agent has been made for the giving of such notice, then all liability of the District in respect of such Series B Bond shall cease and be completely discharged, except only that thereafter the Owner thereof shall be entitled only to payment of the principal of and interest on such Series B Bond by the District, and the District shall remain liable for such payment, but only out of such money or securities deposited with the Paying Agent as aforesaid for such payment, provided further, however, that the provisions of Section 9.02(d) shall apply in all events.

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

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

(i) lawful money of the United States of America in an amount equal to the principal amount of such Series B Bonds and all unpaid interest thereon to maturity, except that, in the case of Series B Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption has been given as provided in Section 2.03 or provision satisfactory to the Paying Agent has been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or redemption price of such Series B Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Series B Bonds to be paid or redeemed, as such principal or redemption price and interest become

due, provided that, in the case of Series B Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption has been given as provided in Section 2.03 or provision satisfactory to the Paying Agent has been made for the giving of such notice.

(d) Payment of Series B Bonds After Discharge of Resolution. Notwithstanding any provisions of this Agreement, any moneys held by the Paying Agent in trust (and without liability for interest) for the payment of the principal or redemption price of, or interest on, any Series B Bonds and remaining unclaimed for 2 years after the principal of all of the Series B Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Agreement), if such moneys were so held at such date, or 2 years after the date of deposit of such moneys if deposited after said date when all of the Series B Bonds became due and payable, shall, upon request of the District, be repaid to the District free from the trusts created by this Agreement, and all liability of the Paying Agent with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the District as aforesaid, the Paying Agent may (at the cost of the District) first mail to the Owners of all Series B Bonds which have not been paid at the addresses shown on the Registration Books a notice in such form as may be deemed appropriate by the Paying Agent, with respect to the Series B Bonds so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof.

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

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

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

Any request, declaration or other instrument or writing of the Owner of any Series B Bond shall bind all future Owners of such Series B Bond in respect of anything

done or suffered to be done by the District or the Paying Agent in good faith and in accordance therewith.

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

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

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

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

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

SECTION 9.08. *Payment on Business Days*. Whenever in this Agreement any amount is required to be paid on a day which is not a Business Day, such payment shall

be required to be made on the Business Day immediately following such day, provided that interest shall not accrue from and after such day.

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

If to the District:	San Leandro Unified School District 14735 Juniper Street San Leandro, California 94579-1222 Attention: Superintendent Telephone: 510-667-3522 Telecopier: 510-678-5303
If to the Paying Agent:	U.S. Bank National Association One California Street, Suite 1000 San Francisco, California 94111 Attention: Corporate Trust Services Telephone: 415-273-4540 Telecopier: 415-273-4591

SECTION 9.10. *Unclaimed Moneys*. Anything in this Agreement to the contrary notwithstanding, subject to the laws of the State of California, any moneys held by the Paying Agent in trust (and without liability for interest) for the payment and discharge of any of the Series B Bonds which remain unclaimed for two years after the date when such Series B Bonds have become due and payable, either at their stated maturity dates, if such moneys were held by the Paying Agent at such date, or for two years after the date of deposit of such moneys if deposited with the Paying Agent after said date when such Series B Bonds become due and payable, shall, at the Written Request of the District, be repaid by the Paying Agent to the District, as its absolute property and free from trust, and the Paying Agent shall thereupon be released and discharged with respect thereto and the Series B Bond Owners shall look only to the District for the payment of such Bonds; provided, however, that before being required to make any such payment to the District, the Paying Agent shall, at the expense of the District, cause to be mailed to the Owners of all such Bonds, at their respective addresses appearing on the Registration Books, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall not be less than 30 days after the date of

mailing of such notice, the balance of such moneys then unclaimed will be returned to the District.

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

SECTION 9.12. *Governing Law*. This Agreement shall be construed and governed in accordance with the laws of the State of California.

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

SAN LEANDRO UNIFIED SCHOOL DISTRICT

By: _____
Cindy M. Cathey,
Superintendent

ATTEST:

_____
Assistant Superintendent Business and Operations

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent

By: _____
Authorized Officer

APPENDIX A

FORM OF BOND

REGISTERED BOND NO. $_____

SAN LEANDRO UNIFIED SCHOOL DISTRICT
(Alameda County, California)

GENERAL OBLIGATION BOND
ELECTION OF 2010, SERIES B

INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP
_____% per annum		August 1, 2013	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The SAN LEANDRO UNIFIED SCHOOL DISTRICT (the "District"), located in Alameda County, California (the "County"), for value received, hereby promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon, calculated on a 30/360 day basis, until the Principal Amount is paid or provided for, at the Interest Rate stated above, such interest to be paid on February 1 and August 1 of each year, commencing February 1, 2014 (the "Interest Payment Dates"). This Bond will bear interest from the Interest Payment Date next preceding the date of authentication hereof, unless (a) it is authenticated as of a business day following the 1st day of the month immediately preceding any Interest Payment Date and on or before such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) it is authenticated on or before January 15, 2014, in which event it shall bear interest from the Dated Date stated above. The principal of and interest on this Bond are payable in lawful money of the United States of America to the person in whose name this Bond is registered (the "Registered Owner") on the Bond registration books maintained by the Paying Agent, initially U.S. Bank National Association, at its corporate trust office in San Francisco, California.

The principal hereof is payable upon presentation and surrender of this Bond at the designated corporate trust office of the Paying Agent. Interest hereon is payable by check mailed by the Paying Agent on each Interest Payment Date to the Registered Owner of this Bond by first-class mail at the address appearing on the Bond registration books at the close of business on the 15th day of the calendar month next preceding such Interest Payment Date (the "Record Date"); provided, however, that at the written request of the registered owner of Bonds in an aggregate principal amount of at least $1,000,000, which written request is on file with the Paying Agent prior to any Record Date, interest on such Bonds shall be paid on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as shall be specified in such written request.

This Bond is one of a series of $[Principal Amount] of Bonds issued for the purpose of raising money for the construction and modernization of school facilities, and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and under the laws of the State of California, and the requisite 55% vote of the electors of the District cast at a special bond election held on November 2, 2010, upon the question of issuing Bonds in the amount of $50,100,000, and under a Paying Agent Agreement dated as of August 1, 2013 (the "Paying Agent Agreement"), between the District and the Paying Agent. This Bond and the issue of which this Bond is a part are payable as to both principal and interest from the proceeds of the levy of *ad valorem* taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

The Bonds are being issued in the form of Bonds (of which this Bond is one) in the aggregate principal amount of $[Principal Amount], all subject to the terms and conditions of the Paying Agent Agreement. All capitalized terms herein shall have the same meaning as the capitalized terms in the Paying Agent Agreement. Reference is hereby made to the Paying Agent Agreement (copies of which are on file at the office of the District) and the Bond Law for a description of the terms on which the Bonds are issued and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Paying Agent and the rights and obligations of the District thereunder, to all of the provisions of which Resolution the Owner of this Bond, by acceptance hereof, assents and agrees.

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

The principal of and interest on this Bond do not constitute a debt of the County, the State of California, or any of its political subdivisions other than the District, or any of the officers, agents and employees thereof, and neither the County, the State of

California, any of its political subdivisions, nor any of the officers, agents and employees thereof shall be liable hereon. In no event shall the principal of and interest on this Bond be payable out of any funds or properties of the District other than ad valorem taxes levied upon all taxable property in the District.

The Bonds of this issue are issuable only as fully registered Bonds in the denominations of $5,000 or any integral multiple thereof. This Bond is exchangeable and transferable for Bonds of other authorized denominations at the principal corporate trust office of the Paying Agent, by the Registered Owner or by a person legally empowered to do so, upon presentation and surrender hereof to the Paying Agent, together with a request for exchange or an assignment signed by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Paying Agent Agreement. Any tax or governmental charges shall be paid by the transferor. The District and the Paying Agent 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 Paying Agent shall be affected by any notice to the contrary.

Bonds maturing on or before August 1, 2023 are not subject to redemption prior to their respective maturity dates. Bonds maturing on or after August 1, 2024, shall be subject to redemption prior to their respective maturity dates as a whole on any date, as designated by the District and, absent any such designation, pro rata among maturities and by lot within a maturity, from moneys provided at the option of the District, in each case on and after August 1, 2023, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption, without premium.

The Bonds maturing August 1, 20__ are subject to mandatory sinking fund redemption in part, by lot, prior to their stated maturity date, on each August 1 on and after August 1, 20__, at a redemption price equal to 100% of the principal amount thereof called for redemption, plus accrued interest to the redemption date, without premium, as follows:

Date (August 1)	Amount

Reference is made to the Paying Agent Agreement for a more complete description of the provisions, among others, with respect to the nature and extent of the security for the Bonds of this series, the rights, duties and obligations of the District, the Paying Agent and the Registered Owners, and the terms and conditions upon which the

Bonds are issued and secured. The owner of this Bond assents, by acceptance hereof, to all of the provisions of the Paying Agent Agreement.

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

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

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

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

[SEAL]

SAN LEANDRO
UNIFIED SCHOOL DISTRICT

By _____
President
Board of Education

Attest:

(Seal)

_____
Clerk, Board of Education

CERTIFICATE OF AUTHENTICATION

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

Date of Authentication:

U.S. BANK NATIONAL ASSOCIATION,
as Paying Agent

By _____
Authorized Signatory

FORM OF ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

_____

_____

_____

(Name, Address and Tax Identification or Social Security Number of Assignee)

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

Dated:

Signature Guaranteed:

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

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