



County Counsel
COUNTY OF TULARE
AGENDA ITEM

BOARD OF SUPERVISORS

ALLEN ISHIDA
District One

CONNIE CONWAY
District Two

PHILLIP A. COX
District Three

J. STEVEN WORTHLEY
District Four

MIKE ENNIS
District Five

AGENDA DATE: September 25, 2007

Public Hearing Required	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Published Notice Required	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Advertised Published Notice	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Meet & Confer Required	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Electronic file(s) has been sent	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Personnel Resolution attached	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Resolution, Ordinance or Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s) Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>			

CONTACT PERSON: Arlene Silva PHONE: 733-6263

SUBJECT: Issuance and Sale of 2007 Grant Anticipation Notes in the Name of Exeter Union High School District

REQUEST(S):

That the Board of Supervisors:

1. Authorize The Issuance And Sale Of 2007 Grant Anticipation Notes In The Name Of The Exeter Union High School District
2. Approve in form the 2007 Grant Anticipation Note

SUMMARY:

The Exeter Union High School District is proceeding to improve school facilities, the funds for which are to be provided from grants committed to be made for that purpose by the State of California. In order to provide interim financing for the projects pending receipt of grant moneys, the District wishes to issue short-term Grant Anticipation Notes under Section 53859 et seq., of the California Government Code. The District requests that the County issue Grant Anticipation Notes in the Name of Exeter Union High School District in the principal amount of not to exceed \$3,100,000 for the purpose of financing the improvement of school facilities.

FISCAL IMPACT/FINANCING:

None

LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

The proposed action will promote the improvement of the quality of life for students

SUBJECT: Issuance and Sale of 2007 Grant Anticipation Notes in the Name of
Exeter Union High School District
DATE: September 25, 2007

in Tulare County.

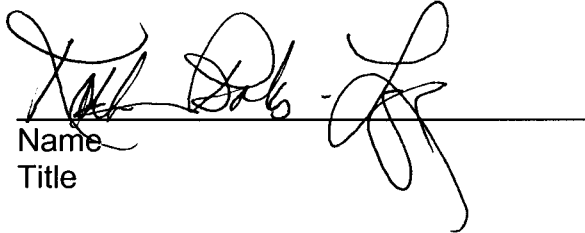
ALTERNATIVES:

None

INVOLVEMENT OF OTHER DEPARTMENTS OR AGENCIES:

None

ADMINISTRATIVE SIGN-OFF:


Name _____
Title _____

Cc: Auditor/Controller
County Counsel
County Administrative Office (2)

Attachment(s)

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2007

NEW ISSUE -- FULL BOOK-ENTRY

RATING:
MOODY'S: _____

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Notes is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earning. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$ _____
**EXETER UNION HIGH SCHOOL DISTRICT
(COUNTY OF TULARE, CALIFORNIA)
2007 GRANT ANTICIPATION NOTES**

Dated: Date of Delivery

Due: _____ 1, 20__

The Exeter Union High School District (County of Tulare, California) 2007 Grant Anticipation Notes (the "Notes"), in the aggregate principal amount of \$ _____, are being issued by the Board of Supervisors of the County of Tulare (the "County") on behalf of the Exeter Union High School District (the "District"). The Notes are being issued to provide funds to finance the acquisition and construction of _____ for the District, as described herein.

The Notes will be issued under Article 7.7 (commencing with Section 53859) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code, and a resolution adopted by the Board of Trustees of the District on _____, 2007 and a resolution adopted by the Board of Supervisors of the County on _____, 2007. The Notes are payable from and secured by a first and exclusive pledge of and lien on the proceeds of certain grants to be made by the State of California to the District (the "State Grant Moneys"). The Notes are not payable from or secured by any funds of the District other than State Grant Moneys or from another issue of notes or bonds issued by the District for that purpose.

The Notes will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive physical certificates representing their interests in the Notes. Interest on the Notes is payable on _____ 1, 2007, and on each _____ 1 and _____ 1 thereafter (the "Interest Payment Dates"). The Notes are issuable as fully registered Notes in denominations of \$5,000 principal amount or any integral multiple thereof. Payments of principal of and interest on the Notes will be paid by _____, as Paying Agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Notes. (See "THE NOTES – Book-Entry-Only System.")

The Notes are subject to redemption on each Interest Payment Date commencing _____ 1, 20__, in whole or in part by lot, from the proceeds of State Grant Moneys which are held on deposit in the Note Repayment Fund as of the preceding Interest Payment Date, to the extent not required for payment of interest coming due and payable on such preceding Interest Payment Date. The Notes will be redeemed at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium. The District expects to redeem all or a substantial amount of the Notes under these redemption provisions (see "THE NOTES – Redemption").

MATURITY SCHEDULE

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Reoffering Price</u>
<u>1</u> <u>20__</u>			

This cover page contains information for general reference only. It is not a summary of all the provisions of the Notes. Investors must read the entire official statement to obtain information essential in making an informed investment decision.

The Notes are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Jones Hall is also acting as Disclosure Counsel to the District. It is anticipated that the Notes in definitive form will be available for delivery to Cede & Co., as nominee of The Depository Trust Company, on or about _____, 2007, in New York, New York.

Dated: _____, 2007.

* Preliminary, subject to change.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any Note owner and the District or the Underwriter.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Notes by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Estimates and Projections. When used in this Official Statement and in any continuing disclosure by the District, in any press release and in any oral statement made with the approval of an authorized officer of the District, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Document Summaries. All summaries of the Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

Involvement of Underwriter. The Underwriter has provided the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

No Securities Laws Registration. The Notes have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Notes have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Notes will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the County, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

EXETER UNION HIGH SCHOOL DISTRICT

DISTRICT BOARD OF TRUSTEES

Joe Conley, President
Marlene Sario, Vice President
Mark Pascoe, Clerk
Larry Larson, Member
Bob Todd, Member

DISTRICT ADMINISTRATION

Renee Whitson, *Superintendent*
Leangela Garcia, *Business Manager*

PROFESSIONAL SERVICES

BOND COUNSEL and DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

FINANCIAL ADVISOR

School Facilities Finance, LLC
Bakersfield, California

PAYING AGENT, REGISTRAR AND TRANSFER AGENT

Los Angeles, California

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\$ _____ *

**EXETER UNION HIGH SCHOOL DISTRICT
(COUNTY OF TULARE, CALIFORNIA)
2007 GRANT ANTICIPATION NOTES**

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, provides information in connection with the sale of Exeter Union High School District (County of Tulare, California) 2007 Grant Anticipation Notes, in the principal amount of \$ _____ * (the "Notes").

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 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 Notes to potential investors is made only by means of the entire Official Statement.

The District. The District, located in Tulare County (the "County"), encompasses about 800 square miles and provides educational services to residents in and around the cities of Exeter and Lemon Cove. It includes 2 high schools, one continuation high school, and an independent study program. Average daily attendance in the District for the 2006-07 school year was approximately 1,164 students and is expected to be _____ in 2007-08.

Sources of Payment for the Notes. The Notes will be payable from and secured by a first and exclusive pledge of and lien on the proceeds of certain grants to be made by the State to the District in respect to specified projects which will be financed from the proceeds of the notes (the "State Grant Moneys"). See "SECURITY FOR THE NOTES – Pledge of State Grant Moneys" for a definition of the State Grant Moneys which are pledged to the Notes. The Notes are special obligations of the District payable solely from the State Grant Moneys, from amounts held in the funds and accounts established for the repayment of the Notes, and from any additional notes or bonds of the District issued for that purpose. No funds or property of the District other than the State Grant moneys are pledged to the payment of the Notes. See "THE SECURITY FOR THE NOTES" herein.

Purpose of Issue. The net proceeds of the Notes are expected to be used to fund _____ (collectively, the "Projects"), See "THE NOTES -- Purpose of Issue" and "SOURCES AND USES OF FUNDS" herein.

Description of the Notes. The Notes will be dated the date of original delivery thereof and will be issued as fully registered Notes, without coupons, in the denominations of \$5,000 or any integral multiple thereof. The Notes mature on _____ 1, 20____ (the "Maturity Date") and bear interest (calculated on the basis of a 360-day year of twelve 30-day months) from the date of original delivery of the Notes (the "Closing Date"). The Notes will bear interest at the rate set forth on the cover page hereof, payable on _____ 1, 2008, and on each _____ 1 and _____ 1 thereafter to and including and on the Maturity Date (the "Interest Payment Dates").

* Preliminary, subject to change.

Registration. The Notes will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Notes (the "Beneficial Owners") in the denominations set forth on the cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Notes. See "THE NOTES -- Book-Entry-Only System." If the book-entry-only system described below is no longer used with respect to the Notes, the Notes will be registered in accordance with the Resolution described herein. See "THE NOTES – Registration and Transfer."

Redemption. The Notes are subject to redemption on an Interest Payment Date prior to maturity as described in "THE NOTES – Redemption" herein.

Legal Matters. Issuance of the Notes is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, to be delivered in substantially the form attached hereto as Appendix C. Jones Hall, A Professional Law Corporation, will also serve as Disclosure Counsel to the District. School Facilities Finance, LLC, San Bernardino, California is serving as Financial Advisor to the District. Payment of the fees of Bond Counsel, Disclosure Counsel and the Financial Advisor is contingent upon issuance of the Notes.

Tax Matters. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Bond Counsel, interest on the Notes will not be includable in gross income for federal income tax purposes although it may be includable in the calculation for certain taxes. Also in the opinion of Bond Counsel, interest on the Notes will be exempt from State of California personal income taxes. See "TAX MATTERS" herein.

Authority for Issuance of the Notes. The Notes are issued under the provisions of Article 7.7 (commencing with Section 53859) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code and under a resolution adopted by the Board of Supervisors of the County adopted on _____, 2007 (the "Resolution"). See "THE NOTES – Authority for Issuance" herein.

Offering and Delivery of the Notes. The Notes are offered when, as and if issued and received by the purchasers, subject to approval as to the legality by Bond Counsel. It is anticipated that the Notes will be available for delivery in New York, New York on or about _____, 2007.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of a Continuing Disclosure Certificate to be executed and delivered upon the issuance of the Notes. The form of the Continuing Disclosure Certificate is included in Appendix D hereto. See "CERTAIN LEGAL MATTERS - Continuing Disclosure" herein.

Other Information. This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Copies of documents referred to herein and information concerning the 2007 Bonds are available from the Superintendent, Exeter Union High School District, 134 South E Street, Exeter, California 93221, Phone: (559) 592-9421 (the "Superintendent's Office"). The District may impose a charge for copying, mailing and handling.

This Official Statement is not to be construed as a contract with the purchasers of the Notes. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each of such documents, statutes and constitutional provisions.

The information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the County or the District. The information and expressions of opinions 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. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

THE NOTES

Authority for Issuance, Purpose

The Notes are being issued and offered for public sale by the District under the provisions of Article 7.7 (commencing with Section 53859) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Law"), and under a resolution adopted by the Board of Supervisors of the County on _____, 2007 (the "Resolution"). The Board of Trustees of the District adopted its Resolution on _____, 2007, requesting the County to issue the Notes in the name of the District in order to provide interim financing for the Projects.

Description of the Notes

The Notes will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Notes.

The Notes will be dated the date of original delivery thereof and will be issued as fully registered Notes, without coupons, in the denominations of \$5,000 or any integral multiple thereof.

The Notes mature on _____, 20__ (the "Maturity Date"), and bear interest from the Closing Date at the rate set forth on the cover page hereof, calculated on the basis of a 360-day year of twelve 30-day months. Interest on the Notes is payable on _____ 1, 2008, and on each _____ 1 and _____ 1 thereafter (the "Interest Payment Dates").

Principal of and premium (if any) on the Notes is payable in lawful money of the United States of America. Interest on the Notes (including the final interest payment upon maturity or redemption) is payable by check or draft of the Paying Agent mailed on each Interest Payment Date to the Owner thereof at such Owner's address as it appears on the Registration Books as of the close of business on the 15th calendar day of the month preceding such Interest Payment Date (a "Record Date"). At the written request of the Owner of at least \$1,000,000 aggregate

principal amount of the Notes filed with the Paying Agent as of any Record Date, interest on such Notes will be paid on each succeeding Interest Payment Date to such account as shall be specified in such written request.

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 completeness or accuracy 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 Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, 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 "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Notes. The Notes 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 security certificate will be issued for each maturity of the Notes, each 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 under the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (respectively, "NSCC", "GSCC", "MBSCC", and "EMCC", also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Notes 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 the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes 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 the Notes 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 Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes 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. Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes 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 the Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer 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 the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest evidenced by the Notes 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 the 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), the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of, premium, if any, and interest evidenced by the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the 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 Notes at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, definitive certificates 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). In that event, definitive certificates will be printed and delivered.

If the book-entry system is discontinued as described above, the requirements of the Resolution will apply. The foregoing information concerning DTC and its book-entry system has been provided by DTC, and neither the District or the Paying Agent take any responsibility for the accuracy thereof.

Neither the District or the Underwriter can and do not give any assurances that DTC, the Participants or others will distribute payments of principal, interest or premium, if any, evidenced by the Notes paid to DTC or its nominee as the registered owner, or will distribute any redemption notices or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. Neither the District or the Underwriter is responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Notes or an error or delay relating thereto.

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.

Paying Agent

_____, Los Angeles, California will act as the paying agent, registrar and transfer agent for the Notes (the "Paying Agent"). As long as DTC is the registered owner of the Notes and DTC's book-entry method is used for the Notes, the Paying Agent will send any notice of redemption or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Notes called for redemption or of any other action premised on such notice.

The Paying Agent, the District and the Underwriter of the Notes have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Notes.

Registration and Transfer

If the book-entry only system described above is no longer in effect, the Paying Agent will maintain and keep all books and records necessary for the registration, exchange and transfer of the Notes as provided in the Resolution. While the book-entry only system is in effect, such books need not be kept, as the Notes will be represented by one Note for each maturity registered in the name of Cede & Co., as nominee for DTC.

The Paying Agent will act as transfer agent for the Notes. Any Note may, in accordance with its terms, be transferred upon the books required to be kept under the provisions of the Resolution, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Note for cancellation at the Office of the Paying Agent accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed, at the District's expense. The provisions of this paragraph apply only if the District determines to no longer maintain the book entry only status of the Notes, or if DTC determines to discontinue providing such services and no successor securities depository is named, or if DTC requests the District to deliver Note certificates to particular DTC Participants. Whenever any Note or Notes are surrendered for transfer, the Paying Agent will issue a new Note or Notes, for like aggregate principal amount.

The Notes may be exchanged at the office of the Paying Agent, as transfer agent for the Notes, for a like aggregate principal amount of Notes of authorized denominations and of the same maturity. The Paying Agent may charge a reasonable sum for each new Note issued upon any exchange (except in the case of any exchange of temporary Notes for definitive Notes). If the District determines to no longer maintain the book-entry only status of the Notes, DTC determines to discontinue providing such services, and no successor securities depository is named, or DTC requests the District to deliver Note certificates to particular DTC Participants, any Note may, in accordance with its terms, be transferred, upon the books required to be kept under the provisions of the Resolution by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

The Paying Agent will not be required to transfer or exchange any Notes selected for redemption, or any Notes during the period established by the District or the Paying Agent for the selection of notes for redemption.

Redemption

The Notes are subject to redemption on each Interest Payment Date commencing _____ 1, 20____, in whole or in part by lot, from the proceeds of State Grant Moneys which are held on deposit in the Note Repayment Fund as of the preceding Interest Payment Date, to the extent not required for payment of interest coming due and payable on such preceding Interest Payment Date. The Notes will be redeemed at a redemption price equal to 100% of the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

Based on the estimated schedule for receipt of State Grant Moneys, the District anticipates that all or a substantial portion of the Notes will be redeemed in full prior to their final maturity. Such estimate is subject to the amounts and dates of receipt of the State Grant Moneys. See "SECURITY FOR THE NOTES" herein for a discussion of the various factors relating to the amount and timing of receipt of State Grant Moneys.

Notice of Redemption

The District will cause the Paying Agent to mail notice of any redemption of the Notes at least 30 days but not more than 60 days prior to the date fixed for redemption, to the Owners of the Notes to be redeemed; but such mailing is not a condition precedent to such redemption and failure to mail or to receive any such notice will not affect the validity of the proceedings for the redemption of such Notes. Such notice is required to state the redemption date and the redemption price and, if less than all of the then outstanding Notes are to be called for redemption, designate the serial numbers of the Notes to be redeemed by giving the individual number of each Note or by stating that all Notes between two stated numbers, both inclusive, and will require that such Notes be then surrendered to the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Notes will not accrue from and after the redemption date.

Payment

The principal of the Notes, including the redemption price of any Notes which are redeemed prior to maturity, is payable upon surrender of the Notes at the Office of the Paying Agent. Interest on the Notes is payable by check mailed by first class mail by the Paying Agent on each Interest Payment Date to the owner as shown and at the address appearing on the registration books of the Paying Agent at the close of business on the 15th day of the calendar month next preceding that Interest Payment Date (each, a the "Record Date"). As long as the Notes are held in the book-entry form, interest payments will be made by the Paying Agent in immediately available funds to DTC.

Defeasance

The District may pay and discharge any or all of the outstanding Notes in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of and interest on such Notes, as and when the same become due and payable;
- (b) by irrevocably depositing with the Paying Agent, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established under the Resolution, is fully sufficient to pay such Notes, including all principal and interest; or
- (c) by irrevocably depositing with the Paying Agent, in trust, certain designated Federal Securities in such amount as an independent accountant determines will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established under the Resolution, be fully sufficient to pay and discharge the indebtedness on such Notes (including all principal and interest) on the Maturity Date.

If the Notes are paid and discharged, notwithstanding that any of such Notes have not been surrendered for payment, the pledge of the State Grant Moneys and other funds provided for in the Resolution with respect to such Notes, and all other pecuniary obligations of the District with respect to all such Notes, will cease and terminate, except only the obligation of the District to pay or cause to be paid to the owners of such Notes not so surrendered and paid all sums due thereon from amounts set aside for such purpose as aforesaid.

SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to the Notes are as follows:

Sources of Funds:

Principal Amount of Notes
Less: Underwriter's Discount

Total Sources

Uses of Funds:

Deposit to Project Fund
Costs of Issuance

Total Uses

THE FINANCING PLAN

Note proceeds will be used to provide interim funding for the following capital outlay projects (the "Projects"), which have been approved by the State for 100% reimbursement:

[insert description of projects]

SECURITY FOR THE NOTES

Pledge of State Grant Moneys

The Notes are payable from and secured by a first and exclusive pledge of and lien on the proceeds of the State Grant Moneys. "State Grant Moneys" is defined to mean amounts received by the District or the County from the State of California, or any agency or department of the State of California, which are intended to reimburse the acquisition, construction or improvement of the educational facilities of the District in whole or in part.

The Notes are special obligations of the District payable solely from the State Grant Moneys, from amounts held in the funds and accounts established for the repayment of the Notes, and from the proceeds of any notes or bonds of the District issued for that purpose. The Notes are not an obligation of the general fund of the District and are not payable from any source of funds of the District other than the State Grant Moneys and such other sources.

Note Repayment Fund

The Treasurer-Tax Collector of the County will establish, hold and maintain a fund to be known as the "Note Repayment Fund", to be maintained by the County as a separate account, distinct from all other funds of the County and the District. Upon the receipt by the District of any State Grant Moneys, the District shall deliver such State Grant Moneys to the County for deposit in the Note Repayment Fund. Amounts on deposit in the Note Repayment Fund shall be transferred by the County to the paying agent for the Notes, when and as required to redeem the Notes and to pay the principal of and interest on the Notes when due.

If, after payment in full of the Notes, any amounts remain on deposit in the Note Repayment Fund, such amounts shall be transferred by the County to the general fund of the District, upon the written request of the District filed with the County, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

State Grant Program [revise the following to reflect District's funding source]

The State of California has established a program for reimbursing the costs of approved capital facilities programs and hazardous substances program. As discussed above, reimbursements from special maintenance and hazardous substances projects are not included in the definition of "State Grant Moneys" and therefore the Notes are not payable from reimbursements for those projects. Such program is administered through the Board of Governors of the Department of California Community Colleges, which sets policy and provides guidance for the 72 districts and 107 colleges which constitute the California Community College System. The 16-member Board of Governors is appointed by the Governor of the State of California.

In general, the State's grant program for community college districts permits a community college district to be reimbursed for the following 100% of projects costs, to be funded from State bond issues.

In November 2002, Proposition 47 (the Kindergarten-University Public Education Facilities Bond Act), was approved by the State's voters which authorized the issuance of \$13.05 billion in State general obligation bonds to repair and modernize old schools, build new ones, and retrofit buildings throughout California's K-12 and college and university campuses. Of this amount, primary education was allocated \$_____ billion. By early 2004, virtually all of the Proposition 47 funds were committed to school construction and repair projects across the state. [Funding for the _____ projects has been approved by the State from bonds authorized under Proposition 47.]

In March 2004, Proposition 55 (the Kindergarten-University Public Education Facilities Bond Act of 2004), was approved by the State's voters which authorized the issuance of \$12.3 billion in State general obligation bonds to repair and modernize old schools, build new ones, and retrofit buildings throughout California's K-12 and college and university campuses. Of this amount, primary education was allocated \$_____ billion. Funding under Proposition 55 was provided through State general obligation bonds. Funding for _____ projects has been approved by the State from bonds authorized under Proposition 55.

[Revise following explanation to apply to primary educational facilities and the State Allocation Board Process/Hardship]

Capital outlay projects are categorized by the State's Board of Governors into established priority criteria (A, B or C, according to the priority criteria). The District's capital projects for which State Grant Moneys are expected to be received have been classified as "_____", which are given funding priority over "B" or "C" categorized projects. Actual funding for approved projects is approved in phases: (i) Acquisition, (ii) Preliminary Plans, (iii) Working Drawings, (iv) Construction, and (v) Equipment. The District makes the requests for approval to proceed or encumber funds to the State's Office of the Chancellor by Form DF 14D, for each phase of the project. The State provides reimbursement for 100% of the project. Once accepted by the State Department of Finance, funds are encumbered by the State, and reimbursement generally occurs within 60 to 90 days. If State general obligation bond proceeds are not available at the time reimbursement is requested, the State's Office of the Chancellor has interim funds available. The District has already obtained approval for the construction and equipment phases of its capital projects through this process.

The District's request for funds for certain large capital projects was submitted to the State Department of Finance for consideration in the Governor's Budget, and has been adopted by the State Legislature in the following amounts:

<u>Project</u>	<u>Phase</u>	<u>Award Amount</u>
	Preliminary plans	
	Working drawings	
	Construction	
	Equipment	
TOTAL:		

Source: The District

Estimated Receipt of State Grant Moneys

The District currently has requested funds in the approximate amount of \$ _____ million which it anticipates receiving by _____, 20____, and which will be applied for the purpose of paying debt service on the Notes and providing funds to redeem the Notes under the redemption provision described above.

The District anticipates receiving the following amounts of State Grant Moneys at the following times:

<u>Project</u>	<u>2/1/07 to 7/31/07</u>	<u>8/1/07 to 1/31/08</u>	<u>2/1/08 to 7/31/08</u>	<u>8/1/08 to 1/31/09</u>	<u>2/1/09 to 7/31/09</u>
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TOTALS:

Source: Exeter Union High School District

The foregoing schedule is based on the assumption that State Grant Moneys are received by the District within 8 weeks following project expenditures by District and approval by State. The District estimates that State Grant Moneys could be received by the District as much as 16 weeks following approval by the State, in which case the foregoing schedule would be delayed by an additional 8-week period. No assurance can be given that the District will receive State Grant Moneys in the amounts or at the times set forth in the foregoing schedule. See "Risk Factor" below.

Risk Factors

A variety of factors could affect the ability of the District to repay the Notes from State Grant Moneys. Also, the principal amount of the Notes which are redeemed on _____, 20____, or any Interest Payment Date thereafter, is directly affected by the amount and timing of receipt of State Grant Moneys.

Availability of State Funds. The State has formally approved all of the District's projects for reimbursement, which have been included in the State budget for each year in which the individual projects have been approved. The State reimburses community college districts for approved capital facilities projects from the proceeds of lease revenue bonds and general obligation bonds issued by the State under the authority of Propositions 47 and 55, as described more fully above. The District believes that sufficient funds will be available from bonds issued under Propositions 47 and 55 to provide funding for the Projects. However, If the State does not issue the bonds as anticipated, the District may not have sufficient funds for the timely repayment of the Notes.

Timely Completion of Projects by District. Because the State program involves reimbursement to the District for project costs which have been expended by the District, the failure by the District to make project expenditures in a timely fashion could adversely affect the timing of receipt of State Grant Proceeds. The District is currently proceeding to complete the projects in a timely fashion, and believes that the schedule set forth above reflects the anticipated schedule of project expenditures. However, project delays could be caused by various factors, including securing necessary permits for projects not yet under construction, or delays in pending construction due to earthquakes or other acts of God, contractor performance and other contingencies. The District is not aware of any circumstances which currently exist and which could delay the completion of any of the projects, but no assurances can be given that such contingencies will not arise in the future.

State Approval of Reimbursements. Another factor which could adversely affect the amount and timing for receipt of State Grant Moneys is the process for approval of reimbursements by the State. As described above under "THE FINANCING PLAN", actual funding for approved projects is approved in phases: (i) Acquisition, (ii) Preliminary Plans, (iii) Working Drawings, (iv) Construction, and (v) Equipment. The District is required to make requests for approval to proceed or encumber funds to the State Office of the Chancellor by submitting the appropriate form required for each phase of the project. Once accepted by the State Department of Finance, funds are encumbered by the State, and reimbursement generally occurs within 60 to 90 days.

The amount and timing for receipt of State Grant Moneys is therefore dependent on the District promptly filing the necessary paperwork for reimbursement, and on the individual requests being approved by the State in a timely manner. The District believes that its individual project expenditures will meet all requirements of the State for reimbursement, and that all necessary documentation required for reimbursement will be promptly filed with the State. However, if a particular request is not accompanied by proper documentation, or if an individual project expenditure does not conform to the requirements of the State, a delay in the payment of State Grant Moneys could occur.

THE DISTRICT

General Information

The District, established as a high school district on September 11, 1908, is located in Tulare County. Encompassing an area of approximately 800 square miles, the District provides educational services to residents in and around the communities of Exeter, Lemon Grove and Outside Creek. The District currently operates two high schools, one continuation high school, and an independent study program. Average Daily Attendance in the District for the 2006-07 school year was approximately 1,164 students and is expected to be _____ in 2007-08.

Administration

The District is governed by a five-member Board of Trustees, each member of which is elected to a four-year term. Current members of the Board of Trustees, together with their office and the date their term expires, are listed below:

<u>Name</u>	<u>Term Expires</u>
Joe Conley, President	November, 2008
Marlene Sario, Vice President	November, 2010
Larry Larson, Member	November, 2010
Mark Pascoe, Clerk	November, 2010
Bob Todd, Member	November, 2008

Employee Relations

District employees, excluding management, supervisory, confidential and substitutes, are represented by two unions. The Exeter Union High Teachers Association ("EHTA") represents the classroom teachers; the California School Employees Association (CSEA) represents the classified employees. The EHTA agreement expires June 30, 20____ and the collectively negotiated agreement with CSEA expires June 30, 20____.

DISTRICT FINANCIAL INFORMATION

The information in this section concerning the operations of the District and the District's general fund finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Notes is payable from the general fund of the District. The Notes are payable solely from State Grant Moneys. See "SECURITY FOR THE NOTES" herein.

Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts.

The financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities. The major fund classification is the general fund which accounts for all financial resources not required to be accounted for in another fund. The District's fiscal year begins on July 1 and ends on June 30.

All governmental funds and fiduciary funds are maintained on the modified accrual basis of accounting. As such, revenues are recognized when they become susceptible to accrual, that is, both measurable and available to finance expenditures for the current period. For more information on the District's accounting method, see Note 1, Section B of "APPENDIX B - Audited Financial Statements of the District" attached hereto.

Budget Process

The District is required by provisions of the State Education Code to maintain a balanced budget each year, in which the sum of expenditures and the ending fund balance cannot exceed the sum of revenues and the carry-over fund balance from the previous year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. The budget process for school districts was substantially amended by Assembly Bill 1200 ("AB 1200"), which became State law on October 14, 1991. Portions of AB 1200 are summarized below.

School districts must adopt a budget on or before July 1 of each year. The budget must be submitted to the county superintendent within five days of adoption or by July 1, whichever occurs first. The District is on a single budget cycle and adopts its budget on or before July 1.

For budgets submitted on July 1, the county superintendent will examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education pursuant to Education Code Section 33127 and identify technical corrections, if necessary, to bring the budget into compliance, and will determine if the budget allows the district to meet its current obligations and if the budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments. In addition to his or her own analysis of the budget, the county superintendent must review and consider studies and reports that contain evidence that the district is in fiscal distress.

On or before August 15, the county superintendent will approve, conditionally approve or disapprove the adopted budget for each school district. If a budget has not been submitted by a

district, the county superintendent will develop a budget for the district, which will be deemed adopted and may include modifications of the district's governing board.

Budgets will be conditionally approved or disapproved if they fail the above standards. The district board must be notified by August 15 of the county superintendent's recommendations for revision and reasons for the recommendations. The county superintendent may assign a fiscal advisor to assist the district to develop a budget in compliance with those revisions. In addition, pursuant to Education Code Section 42127, the county superintendent may appoint a committee to examine and comment on the superintendent's recommendations, provided that the committee must report its findings no later than August 20.

On or before September 8, the governing board of the district with a conditionally approved or disapproved budget must revise the adopted budget to reflect changes in projected income or expenditures subsequent to July 1, include any response to the recommendations of the county superintendent of schools, adopt the revised budget and file it with the county superintendent. The revised budget will be reviewed and approved or disapproved by the county superintendent by October 8.

For budgets which are disapproved, the county superintendent will call for the formation of a budget review committee, unless the district waives such committee, in which case the county superintendent will have the responsibility of a budget review committee. If no budget is adopted by November 30, the Superintendent of Public Instruction may adopted a budget for the district.

The District has never had an adopted budget disapproved by the county superintendent of schools, and has never received a "negative" or "qualified" certification of an Interim Financial Report pursuant to AB 1200.

Financial Statements

The District's Audited Financial Statements for fiscal year 2005-06 were prepared by Vavrinek, Trine, Day & Co., LLP, Fresno, California. Audited financial statements for the District for the fiscal year ended June 30, 2006 and prior fiscal years are on file with the District and available for public inspection at the Superintendent's Office. See Appendix B hereto for excerpts from the 2005-06 Audited Financial Statements. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District.

The following table shows the audited income and expense statements for the District for the 2003-04 through 2005-06 fiscal years, as well as estimates for 2006-07 and budgeted figures for 2007-08.

Table No. 6
EXETER UNION HIGH SCHOOL DISTRICT
Summary of General Fund Revenues, Expenditures and Changes in Fund Balance
For Fiscal Years 2003-04 through 2005-06 (audited)
and Fiscal Year 2006-07 (estimate) and 2007-08 (Budget)

	<u>Audited</u> <u>2003-04</u>	<u>Audited</u> <u>2004-05</u>	<u>Audited</u> <u>2005-06</u>	<u>Estimates</u> <u>2006-07</u>	<u>Budgeted</u> <u>2007-08</u>
<u>Revenues</u>					
Total Revenue limit sources	5,864,299	\$6,227,772	\$6,565,257		
Federal revenues	530,511	408,893	485,363		
Other state revenues	994,578	1,267,760	1,203,176		
Other local revenues	906,579	1,003,855	1,083,173		
Total Revenues	8,295,967	8,908,280	9,336,969		
<u>Expenditures</u>					
Instruction	4,499,812	4,909,900	5,246,633		
Instruction-related activities:					
Supervision of Instruction	11,942	49,307	57,576		
Instructional library, media, tech.	47,990	42,967	86,130		
School site administration	549,795	571,218	630,400		
Pupil Services:					
Home-to-school transportation	567,386	599,328	473,217		
All other pupil services	571,543	568,213	585,362		
General administration:					
Data processing services	114,694	82,948	10,523		
All other general administration	424,331	433,359	469,600		
Plant services	1,051,051	1,134,178	1,140,349		
Facility acquisitions/construction	99,775	--	23,850		
Ancillary services	203,880	207,405	267,313		
Certificated Salaries					
Classified Salaries					
Employee Benefits					
Books and Supplies					
Services and Other Oper. Expend.					
Capital Outlay					
Other outgo					
Direct support/indirect costs					
Debt service- principal	210,655	113,780	115,750		
Debt service- interest	17,241	10,870	(5,494)		
Total Expenditures	8,370,095	8,723,473	9,101,209		
Excess of Revenues Over/(Under) Expenditures	(74,128)	184,807	235,760		
<u>Other Financing Sources (Uses)</u>					
Operating transfers in	(15,000)	(15,000)	--		
Operating transfers out	--	(235,688)	(263,894)		
Other sources (uses)	(215,056)	--	--		
Total other financing sources (uses)	(230,056)	(250,688)	(263,894)		
Net Change in Fund Balance	(304,184)	(65,881)	(28,134)		
Fund Balance, July 1	1,495,545	1,191,362	1,125,481		
Fund Balance, June 30	1,191,361	1,125,481	1,097,347		

Source: Exeter Union High School District Audit Reports for fiscal years 2003-04 through 2005-06; 2007-08 Adopted Budget for fiscal years 2006-07 and 2007-08.

State Funding of Education and Revenue Limitations

Annual State apportionments of basic and equalization aid to school districts for general purposes are computed up to a revenue limit per unit of average daily attendance ("A.D.A."). Such apportionments will, generally speaking, 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 California school districts.

A schedule of the District's A.D.A. and the base revenue limit during the past seven fiscal years, as well as projections for the next two fiscal years, is shown below.

EXETER UNION HIGH SCHOOL DISTRICT Average Daily Attendance Fiscal Years 2000-01 through 2008-09 (projected)

<u>Fiscal Year</u>	<u>Average Daily Attendance</u>	<u>Base Revenue Limit</u>
2000-01	1,066.17	\$5,217.32
2001-02	1,106.72	5,417.32
2002-03	1,128.03	5,506.32
2003-04	1,115.04	5,627.32
2004-05	1,145.95	5,774.95
2005-06	1,160.90	6,018.00
2006-07		
<i>Projected</i>		
2007-08		
2008-09		

Source: Exeter Union High School District.

California school districts receive a significant portion of their funding from State appropriations. As a result, decreases in State revenues may affect appropriations made by the Legislature to school districts.

Revenue Sources

The District categorizes its general fund revenues into four sources:

EXETER UNION HIGH SCHOOL DISTRICT District Revenue Sources

<u>Revenue Source</u>	<u>Percentage of Total District General Fund Revenues</u>		
	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Revenue limit sources ⁽¹⁾	69.9%	70.3%	
Federal revenues	4.6	5.2	
Other State revenues	14.2	12.9	
Other local revenues	11.3	11.6	

⁽¹⁾ Consists of a mix of State apportionments of basic and equalization aid and local property tax revenues.
Source: Exeter Union High School District.

Each of these revenue sources is described below.

Revenue Limit Sources. Since fiscal year 1973-74, California school districts have operated under general purpose revenue limits established by the State Legislature. In general, revenue limits are calculated for each school district by multiplying (1) the average daily attendance for such district by (2) a base revenue limit per unit of A.D.A. The revenue limit calculations are adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type.

Funding of the District's revenue limit is provided by a mix of (1) local property taxes and (2) State apportionments of basic and equalization aid. Generally, the State apportionments will amount to the difference between the District's revenue limit and its local property tax revenues.

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Drug Free Schools and Education for Economic Security.

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial other State revenues.

These other State revenues are primarily restricted revenues funding items such as the Special Education Master Plan, Class Size Reduction Program, home-to-school transportation, Economic Impact Aid, School Improvement Program, Educational Technology Assistance Grants, mandated cost reimbursements, instructional materials and mentor teachers.

The District receives State aid from the California State Lottery (the "Lottery"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Lottery revenues generally comprised approximately 2 percent of general fund revenues.

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as interest earnings and other local sources.

Effect of State Budget on Revenues

Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55 percent of their operating revenues from various State sources. The primary source of funding for school districts is the revenue limit, which is a combination of State funds and local property taxes (see "State Funding Of Education; Recent State Budgets" below). State funds typically make up the majority of a district's revenue limit. School districts also receive substantial funding from the State for various categorical programs.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS"), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process.

State Funding of Education and Recent State Budgets

The State of California (the "State") requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. California school districts receive a significant portion of their funding from State appropriations. As a result, decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. Neither the Authority, the District, the County, nor the Underwriters is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

The Budget Process. The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "Governor's Budget"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a two-thirds majority vote of each House of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the Legislature and be signed by the Governor. Bills containing K-14 education appropriations only require a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets. Certain information about the State budgeting process and the State Budget is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. *The references to internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District and is not incorporated herein by reference.*

- The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading Bond Information, posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State.
- The California State Treasurer's Office Internet home page at www.treasurer.ca.gov, under the heading Financial Information, posts the State's audited financial statements. In addition, the Financial Information section includes the State's Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness, Litigation from the State's most current Official Statement, which discusses the State budget and its impact on school districts.
- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading California Budget, includes the text of proposed and adopted State Budgets.
- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the heading Products.

Appropriations During Budget Impasse. On May 29, 2003, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California), *et al.* (also referred to as *White v. Davis*) (referred to herein as "*Connell*"). 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 (herein referred to as the "Accountability Act") – 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.

Nevertheless, 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, has indicated that state payments of such amounts would continue during a budget impasse. The State Controller, however, has concluded that K-12 categorical programs 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 of the *Connell* case 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. To the extent the *Connell* decision applies

to state payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in a delay of some payments to the District while such required legislative action is delayed, unless the payments are self-executing authorizations, continuing appropriations or are subject to a federal mandate. State aid for many categorical programs are paid on a 10-month basis, from September to June, and, therefore, would be of no impact until September. News releases and other guidance as to what can and cannot be paid during a budget impasse have been posted at the website of the State Controller, www.sco.ca.gov.

Tax Shifts and Triple Flip. Assembly Bill No. 1755 ("AB 1755"), introduced March 10, 2003 and substantially amended June 23, 2003, requires the shifting of property taxes between redevelopment agencies and schools. On July 29, 2003, the Assembly amended Senate Bill No. 1045 to incorporate all of the provisions of AB 1755, except that the Assembly reduced the amount of the required ERAF shift to \$135 million. Legislation commonly referred to as the "Triple Flip", was approved by the voters on March 2, 2004, as part of a bond initiative formally known as the "California Economic Recovery Act." This act authorized the issuance of \$15 billion in bonds to finance the 2002-03 and 2003-04 State budget deficits, which are payable from a fund established by the redirection of tax revenues through the "Triple Flip." Under the "Triple Flip", one-quarter of local governments' one percent share of the sales tax imposed on taxable transactions within their jurisdiction are redirected to the State. In an effort to eliminate the adverse impact of the sales tax revenue redirection on local government, the legislation redirects property taxes in the ERAF to local government. Because the ERAF monies were previously earmarked for schools, the legislation provides for schools to receive other state general fund revenues. It is expected that the swap of sales taxes for property taxes will terminate once the deficit financing bonds are repaid, which is currently expected to occur in approximately 9 to 13 years.

2007-08 State Budget. On August 24, 2007, the Governor signed the 2007-08 State Budget into law (the "2007-08 Budget"). The 2007-08 State Budget assumes that the State will start 2007-08 with a fund balance of \$4.8 billion. It projects \$102.3 billion in budget-year revenues (an increase of 6.5% from the prior year), and \$103 billion in expenditures (an increase of 1.3% from the prior year). The resulting operating shortfall of \$0.7 billion leaves the General Fund with a year-end reserve of \$3.4 billion.

The 2007-08 Budget estimates that major tax revenues are down \$243 million combined over current and budget years since January 2007, that stronger than expected 2006-07 revenue growth is more than offset by weakness in 2007-08, and that costs would be higher for Proposition 98 education funding and prison expenses. The 2007-08 Budget addresses a \$2 billion decline in the State's fiscal outlook by, among other proposals, (i) selling of EdFund (a nonprofit public benefit corporation formed by the State to provide student loan guarantees) to a private buyer for an estimated \$1 billion; (ii) transferring \$1.257 of tobacco bonds proceeds issued in 2003 and 2005 to the State General Fund in 2006-07 and 2007-08 rather than over time; (iii) expanding the redirection of public transit funds for State General Fund purposes; and (iv) shifting a scheduled increase for Supplemental Security Income/State supplementary program recipients to June 2008. The 2007-08 State Budget projects to end fiscal year 2007-08 with a total reserve of \$3.4 billion.

In regards to K-14 education, the 2007-08 Budget includes \$2 billion in new ongoing, Proposition 98 monies, about \$630 million in one-time Proposition 98 monies, and almost \$100 million in Public Transportation Account monies. The 2007-08 Budget provides for \$2.4 billion for a 4.53% cost of living adjustment for K-14 education and \$269 million to increase the Proposition 98 share for child care funding.

However, the State Legislative Analyst's Office reports that the 2007-08 Budget makes a number of optimistic assumptions such as the legality of its public transit proposal, estimates of gambling and property tax revenues, and assumed savings from midyear reductions. In total, the Legislative Analyst's Office estimates that the Governor's reserve is likely overstated by \$1.7 billion and the 2007-08 Budget would leave only a \$529 million reserve. In addition, the Legislative Analyst's Office estimates that, under the 2007-08 Budget, State expenditures would exceed revenues by more than \$5 billion in both 2007-08 and 2007-08 due to a number of one-time solutions contained in the 2007-08 Budget.

Information about the State budget is regularly available at various State-maintained websites. The Fiscal Years 2006-07 and 2007-08 State Budgets may be found at the website of the Department of Finance, www.dof.ca.gov, under the heading "California Budget". Additionally, an impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the District or the Authority and neither the District nor the Authority takes any responsibility for the continued accuracy of the internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Uncertainty Regarding Future State Budgets. The District cannot predict what actions will be taken in future years by the State Legislature and the Governor to address the State's current or future budget deficits. Future State budgets will be affected by national and state economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State budget process results in reduced revenues to the District, the District will be required to make adjustments to its budgets. However, the obligation to levy *ad valorem* taxes upon all taxable property within the District for the payment of principal of and interest on the District Refunding Bonds would not be impaired.

THE STATE HAS NOT ENTERED INTO ANY CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE COUNTY, THE AUTHORITY, THE UNDERWRITERS OR THE OWNERS OF THE BONDS TO PROVIDE STATE BUDGET INFORMATION TO THE DISTRICT, THE AUTHORITY OR THE OWNERS OF THE BONDS. ALTHOUGH THEY BELIEVE THE STATE SOURCES OF INFORMATION LISTED ABOVE ARE RELIABLE, NEITHER THE DISTRICT, THE AUTHORITY NOR THE UNDERWRITERS ASSUMES ANY RESPONSIBILITY FOR THE ACCURACY OF THE STATE BUDGET INFORMATION SET FORTH OR REFERRED TO HEREIN OR INCORPORATED BY REFERENCE HEREIN.

Ad Valorem Property Taxation

Taxes will be levied by Tulare County and collected by Tulare County for each fiscal year on taxable real and personal property which is situated in the District as of the preceding January 1. 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 public utilities property and real property having a tax lien which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10 percent penalty attaches to any delinquent payment. Property

on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5 percent per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10 percent penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5 percent attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing 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 lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Clerk and County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

Assessed Valuations

The assessed valuation of property in the District is established by the Tulare County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100 percent of the "full value" of the property, as defined in Article XIII A of the California Constitution. Prior to 1981-82, assessed valuations were reported at 25 percent of the full value of property. For a discussion of how properties currently are assessed, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

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 shows a breakdown of local secured assessed values and parcels within the District by land use for fiscal year 2006-07.

EXETER UNION HIGH SCHOOL DISTRICT
Assessed Valuation and Parcels by Land Use- Fiscal Year 2006-07

	2006-07 <u>Assessed Valuation (1)</u>	% of <u>Total</u>	No. of <u>Parcels</u>	% of <u>Total</u>
Non-Residential:				
Agricultural	\$224,905,584	21.90%	1,491	21.30%
Commercial	63,140,111	6.15	282	4.03
Industrial/Food Processing	55,884,970	5.44	102	1.46
Government/Social/Institutional	2,115,636	0.21	123	1.76
Miscellaneous	<u>3,031,789</u>	<u>0.30</u>	<u>154</u>	<u>2.20</u>
Subtotal Non-Residential	\$349,078,090	33.99%	2,152	30.74%
Residential:				
Single Family Residence	\$611,645,030	59.56%	4,113	58.75%
Condominium/Townhouse	3,219,770	0.31	37	0.53
Mobile Home	19,612,861	1.91	439	6.27
Mobile Home Park	3,867,975	0.38	1	0.01
2-4 Residential Units	14,657,439	1.43	102	1.46
5+ Residential Units/Apartments	12,541,488	1.22	26	0.37
Vacant Residential	<u>12,356,363</u>	<u>1.20</u>	<u>131</u>	<u>1.87</u>
Subtotal Residential	\$677,900,926	66.01%	4,849	69.26%
Total	\$1,026,979,016	100.00%	7,001	100.00%

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

Property within the District had a total taxable assessed valuation for fiscal year 2006-07 of \$1,086,308,594. Shown in the following table are the assessed valuations for the District for the past ten fiscal years.

EXETER UNION HIGH SCHOOL DISTRICT
Assessed Valuation
Fiscal Year 1997-98 through Fiscal Year 2006-07

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total Before Rdv. Increment</u>
1997-98	\$ 618,649,972	\$1,802,271	\$29,490,222	\$ 649,942,465
1998-99	636,653,561	1,718,358	30,436,206	668,808,125
1999-00	656,473,784	1,399,924	28,774,588	686,648,296
2000-01	681,705,231	1,647,161	31,751,467	715,103,859
2001-02	697,919,743	1,675,816	28,183,547	727,779,106
2002-03	733,843,853	1,459,493	28,630,567	763,933,913
2003-04	762,256,417	2,100,528	42,055,384	806,412,329
2004-05	814,432,089	2,372,621	37,010,707	853,815,417
2005-06	904,540,345	2,176,130	43,565,514	950,281,989
2006-07	1,026,979,016	2,138,897	57,190,681	1,086,308,594

Source: California Municipal Statistics, Inc.

Largest Secured Property Taxpayers in District

The following table shows the 20 largest secured property taxpayers in the District as determined by secured assessed valuation in fiscal year 2005-06.

EXETER UNION HIGH SCHOOL DISTRICT
Largest Property Owners
Fiscal Year 2006-07

	<u>Property Owner</u>	<u>Land Use</u>	<u>2006-07 Assessed Valuation</u>	<u>% of Total (1)</u>
1.	Robert J. and Sharon J. Hilarides	Agricultural/Dairy	\$20,482,022	1.99%
2.	Exeter Packers Inc.	Food Processing	6,226,118	0.61
3.	Weyerhaeuser Company	Warehouse	5,555,466	0.54
4.	Tulare County Investments LLC	Commercial	4,908,138	0.48
5.	Waterman Industries Inc.	Industrial	4,848,155	0.47
6.	Rush Creek Meadows	Industrial	4,335,000	0.42
7.	Svenhards Partnership	Industrial	4,260,389	0.41
8.	Rocky Hill Inc.	Agricultural	4,191,467	0.41
9.	Exeter-Ivanhoe Citrus Association	Food Processing	3,970,856	0.39
10.	Cal Mobile Home Parks LP	Mobilehome Park	3,867,975	0.38
11.	Venida Packing Co. Inc.	Food Processing	3,831,139	0.37
12.	Monrovia Nursery Co.	Agricultural	3,461,846	0.34
13.	David A. Cairns	Agricultural	3,359,840	0.33
14.	Merryman Ranch Corp.	Agricultural	2,949,795	0.29
15.	Lo Bue Bros. Inc.	Food Processing	2,826,410	0.28
16.	Edward and Edna Brower	Agricultural	2,537,672	0.25
17.	David Q. Dungan	Agricultural	2,491,351	0.24
18.	Golden Pacific Cold Storage LLC	Food Processing	2,448,683	0.24
19.	Pentagon Exeter LLC	Commercial	2,392,000	0.23
20.	Pruner Cold Storage Inc.	Food Processing	2,358,435	0.23
			<u>\$91,302,757</u>	<u>8.89%</u>

Source: California Municipal Statistics, Inc.

Overlapping Debt Obligations

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. and dated March 1, 2007. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

EXETER UNION HIGH SCHOOL DISTRICT
Direct and Overlapping Debt
As of March 1, 2007

2006-07 Assessed Valuation: \$1,086,308,594
 Redevelopment Incremental Valuation: 96,513,971
 Adjusted Assessed Valuation: \$ 989,794,623

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 3/1/07</u>
Exeter Union High School District	100. %	<u>\$4,094,828</u>⁽¹⁾
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$4,094,828

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Tulare County General Fund Obligations	4.755%	\$4,206,035
Tulare County Pension Obligations	4.755	1,197,071
College of the Sequoias Certificates of Participation	5.116	<u>356,841</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$5,759,947

COMBINED TOTAL DEBT \$9,854,775⁽²⁾

(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.

Ratios to 2006-07 Assessed Valuation:

Direct Debt (\$4,094,828) 0.38%
 Total Direct and Overlapping Tax and Assessment Debt ... 0.38%

Ratios to Adjusted Assessed Valuation:

Combined Total Debt 1.00%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/06: \$0

Source: California Municipal Statistics, Inc.

District Retirement Systems

STRS. The District participates in the State of California Teacher's Retirement System ("STRS"). This plan covers basically all full-time certificated employees. The District's contribution to STRS for fiscal year 2005-06 was \$337,022, for fiscal year 2006-07 was \$_____ and for fiscal year 2007-08, \$_____ is budgeted.

PERS. The District also participates in the State of California Public Employees' Retirement System ("PERS"). This plan covers all classified personnel who are employed four or more hours per day. The District's contribution to PERS for fiscal year 2005-06 was \$123,380, for fiscal year 2006-07 was \$_____ and for fiscal year 2007-08, \$_____ is budgeted. Both STRS and PERS are operated on a statewide basis.

Post Employment Benefits. All employee groups are eligible to retire with District-paid health benefits after completing at least 10 years of full-time District service and attainment of age 55. Benefits continue until age 65. Classified unit members, and Certificated unit members hired on or before December 1, 2002, receive the full District contribution towards active unit members for all coverages. Certificated unit members hired after December 1, 2002 receive 50% of the full District contribution if they have between 10 and 19 years of full-time equivalent service at retirement, and 60% if they have 20 or more years of full-time equivalent service at retirement. Expenditures for post employment benefits are recognized on a pay-as-you-go basis. During fiscal year 2006-07, expenditures of \$_____ were recognized for retirees' health care benefits.

Long-Term Indebtedness

General Obligation Bonds. The District has previously issued \$4,249,828 General Obligation Bonds, Election of 2001 (the "2001 Bonds"), currently outstanding in the aggregate principal amount of \$4,094,828. For the debt service remaining on the 2001 Bonds, see "DEBT SERVICE SCHEDULES" herein.

Lease Obligations

Land Purchase. The District entered into a ten-year fixed rate real property lease for \$360,000. The debt was incurred to purchase property for a future school site. The lease payments are as follows:

Year Ending	Lease
<u>June 30</u>	<u>Payment</u>
2007	\$43,313
2008	43,314
2009	43,314
2010	<u>43,161</u>
Total	\$173,102

Energy Resource Loan. The District entered into a loan agreement with the State of California for \$181,803 for ten years. The final payment of \$18,180 is due on June 30, 2007.

Capital Lease. The District's liability on lease agreements with options to purchase are summarized below.

Year Ending <u>June 30</u>	Lease <u>Payment</u>
2007	\$ 40,546
2008	40,546
2009	40,546
2010	40,546
2011	40,546
2012-2016	202,735
2017-2021	<u>182,462</u>
Subtotal	587,927
Less: amount representing interest	<u>(162,308)</u>
Total	\$425,619

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Article XIII A of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIII A to the State Constitution ("Article XIII A"). Article XIII A limits the amount of any ad valorem tax on real property to one percent 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 (as a result of an amendment to Article XIII A approved by State voters on June 3, 1986) 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". This 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.

Both the United States Supreme Court and the California State Supreme Court have upheld the general validity of Article XIII A.

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 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% 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.

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed two percent per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home’s taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the two percent inflation adjustment provision of Article XIII A, when the assessor tried to “recapture” the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year’s assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the “recapture” provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (“unitary property”). Under the State Constitution, such property is assessed by the State Board of Equalization (“SBE”) as part of a “going concern” rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formula generally based on the distribution of taxes in the prior year.

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, non-utility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on its utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State’s methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District. Currently, so long as the District is not a basic aid district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State’s school financing formula.

Constitutional Appropriations Limitation

Article XIII B (“Article XIII B”) of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations

limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service such as the Lease Payments, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that fifty percent of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund under Section 8.5 of Article XVI of the State Constitution. See "PROPOSITIONS 98 AND 111" below.

The District does not anticipate that the provisions of Article XIIIB will impair its ability to budget and appropriate Lease Payments in full when due.

Article XIIIC and Article XIID of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIID (respectively, "Article XIIIC" and "Article XIID"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds percent vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds percent vote under Article XIII A, Section 4. Article XIID deals

with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic one percent *ad valorem* property tax levied and collected by the County under Article XIII A of the California Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 62

A statutory initiative ("Proposition 62") was adopted by the voters at the November 4, 1986, general election which (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the District be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

California appellate court cases have overturned the provisions of Proposition 62 pertaining to the imposition of taxes for general government purposes. However, the California Supreme Court upheld Proposition 62 in its decision on August 28, 1995, in *Santa Barbara County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities. The District has not experienced any substantive adverse financial impact as a result of the passage of this initiative.

Future Initiatives

From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below,

under existing law, the interest on the Notes 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, provided, 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, as amended (the "Tax Code"), that must be satisfied subsequent to the issuance of the Notes 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 Notes.

California Tax Status. In the opinion of Bond Counsel, interest on the Notes is exempt from California personal income taxes.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public (excluding bondhouses and brokers) at which a Note 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 Note houses and brokers) at which each Note 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 is disregarded.

Under the Tax 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 Note 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 Notes to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Note. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Notes who purchase the Notes after the initial offering of a substantial amount of such maturity. Owners of such Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes 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 Notes under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Note (said term being the shorter of the Note'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 Note for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Note is amortized each year over the term to maturity of the Note on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Note premium is not deductible for federal income tax purposes. Owners of Premium Notes, 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 Notes.

Form of Bond Counsel Opinion. Bond Counsel expects to deliver an opinion at the time of issuance of the Notes in substantially the same form set forth in Appendix C.

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

CERTAIN LEGAL MATTERS

Continuing Disclosure

The District has covenanted for the benefit of holders and beneficial owners of the Notes to provide certain financial information and operating data relating to the District (an "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The notices of material events will be filed by the District with the Municipal Securities Rulemaking Board or to each nationally recognized municipal securities information repository (and with the appropriate State information depository, if any). The specific nature of the information to be contained in an Annual Report or the notices of material events is set forth below under the caption "APPENDIX D - Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). The District has never failed to make a filing in connection with its previous undertakings pursuant to Rule 15c2-12.

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Notes, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Notes. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive ad valorem taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Notes.

RATING

Moody's Investors Services ("Moody's") has assigned its municipal bond rating of "_____" to the Notes. Such rating reflects only the view of Moody's and an explanation of the significance of such rating may be obtained from Moody's. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by such organization, if in its judgment circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Notes.

UNDERWRITING

The Notes are being purchased by _____ (the "Underwriter"). The Underwriter has agreed to purchase the Notes at a price of \$_____ (which price is equal to the aggregate principal amount of the Notes, less an Underwriter's discount of \$_____).

The Underwriter will purchase all of the Notes if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the proceedings for the sale of the Notes, including the approval of certain legal matters by counsel and certain other conditions. The Underwriter intends to offer the Notes to the public at the offering prices set forth on the cover page of this Official Statement. The Underwriter may offer and sell to certain dealers and others at a price lower than the offering prices stated on the cover page hereof. The offering price may be changed from time to time by the Underwriter.

ADDITIONAL INFORMATION

The reference herein to the Resolution and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to said documents. Copies of the documents mentioned under this heading are available from the Financial Advisor and following delivery of the Notes will be on file at the offices of the Tulare County Treasurer.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available from upon written request to the District.

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 to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Notes.

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

EXETER UNION HIGH SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

**EXCERPTS FROM AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2006**

APPENDIX B

GENERAL INFORMATION ABOUT THE COUNTY OF TULARE

The following information concerning the County of Tulare and surrounding areas are included only for the purpose of supplying general information regarding the area of the District. The Notes are not a debt of the County, the State or any of its political subdivisions (other than the District), and neither the County, the State nor any of its political subdivisions (other than the District) is liable therefor.

General Description and Background

Founded in 1852, the County of Tulare is located in California's San Joaquin Valley, a large agriculturally rich basin that runs through the center of the State. The County is the second top agricultural producing county in the nation. It is surrounded by Fresno County to the north, Inyo County to the east, Kern County to the south and Kings County to the west. Almost half the entire county area is devoted to national parks and forests, including the famous Sequoia and Kings Canyon National Parks, Inyo and Sequoia National Forests. These natural resources provide year-round recreational opportunities for hiking, fishing, skiing and camping.

Population

The following sets forth the County and the State population estimates as of January 1 for the years 2002 to 2006:

COUNTY OF TULARE Estimated Population

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Dinuba	17,559	18,437	18,755	19,297	19,578
Exeter	9,486	9,690	9,987	10,357	10,634
Farmersville	9,051	9,323	9,857	10,240	10,416
Lindsay	10,417	10,619	10,814	11,031	11,185
Porterville	41,136	42,298	43,499	44,496	45,220
Tulare	45,440	46,674	48,096	49,477	51,477
Visalia	96,441	99,746	103,536	107,550	111,168
Woodlake	6,868	6,991	7,067	7,189	7,305
Balance Of County	144,050	145,891	148,512	150,234	153,636
Incorporated	236,398	243,778	251,611	259,637	266,983
County Total	380,448	389,669	400,123	409,871	420,619

Source: State of California Department of Finance, Demographic Research Unit.

Commerce

Total taxable sales during calendar year 2005 in the County were reported to be \$4,486,607,000, a 12.1% increase over the total taxable sales of \$4,001,207,000 reported during calendar year 2004. The number of establishments selling merchandise subject to sales

tax and the valuation of taxable transactions in the County is presented in the following table. Figures are not yet available for 2006.

COUNTY OF TULARE
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2001	3,678	\$2,245,016	8,310	\$3,251,399
2002	3,826	2,361,547	8,423	3,422,476
2003	3,854	2,531,026	8,536	3,641,577
2004	4,080	2,822,466	8,716	4,001,207
2005	4,275	3,168,465	8,901	4,486,607

Source: State Board of Equalization.

Employment and Industry

The following table shows the average annual estimated numbers of wage and salary workers by industry for the County of Tulare. Figures do not include proprietors, the self-employed, unpaid volunteers or family workers, domestic workers in households, and persons in labor management disputes.

TULARE COUNTY
Civilian Labor Force, Employment and Unemployment
(Annual Averages)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Civilian Labor Force ⁽¹⁾	175,800	181,900	183,100	181,600	185,600
Employment	155,700	160,100	160,600	160,500	168,200
Unemployment	20,100	21,800	22,500	21,100	17,400
Unemployment Rate	11.4%	12.0%	12.3%	11.6%	9.4%
<u>Wage and Salary Employment: ⁽²⁾</u>					
Agriculture	33,300	33,500	32,900	30,000	31,900
Natural Resources, Mining, Construction	5,500	5,600	6,200	6,700	7,400
Manufacturing	11,500	11,200	11,200	11,300	11,500
Wholesale Trade	3,600	3,400	3,400	3,600	3,800
Retail Trade	13,300	13,200	13,300	13,600	14,100
Trans., Warehousing and Utilities	5,100	5,200	5,100	5,100	5,100
Information	1,000	1,000	1,100	1,200	1,000
Finance and Insurance	3,200	3,500	3,400	3,200	3,200
Real Estate and Rental and Leasing	1,000	1,000	1,100	1,200	1,300
Professional and Business Services	8,400	9,200	9,000	9,100	9,700
Educational and Health Services	8,300	8,900	9,300	9,500	9,900
Leisure and Hospitality	7,400	7,900	7,900	7,900	8,000
Other Services	2,900	2,900	2,800	2,800	2,900
Federal Government	29,100	29,600	29,000	29,400	30,000
State Government	1,400	1,400	1,400	1,300	1,300
Local Government	<u>2,600</u>	<u>2,800</u>	<u>2,600</u>	<u>2,400</u>	<u>2,400</u>
Total, All Industries ⁽³⁾	133,600	136,000	135,600	134,500	139,700

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

The largest manufacturing and non-manufacturing employers as of January 2007 in the County area are shown below.

TULARE COUNTY Largest Employers January 2007

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Alfredo Padilla Labor Contr	Woodlake	Farm Labor-Contractors & Crew Leaders
Bayly Corp	Visalia	Men's Clothing-Manufacturers
College Of The Sequoias Libr	Visalia	Schools-Universities & Colleges Academic
Eagle Mountain Casino	Porterville	Csinos
Enns Packing Co	Dinuba	Fruits & Vegetables-Growers & Shippers
Fruit Patch Inc.	Dinuba	Fruits & Vegetables-Growers & Shippers
Haagen-Dazs Tulare Inc	Tulare	Ice Cream & Frozen Desserts (Mfrs)
International Paper Food Svc	Visalia	Paper & Plastic Cups Containers Etc-Mfrs
Kaweah Delta Health Care Dist	Visalia	Hospitals
Kings Canyon National Park	Kings Canyon National Pk	Parks
Latino Farm Labor Svc	Visalia	Contractors
Monrovia Nursery Co	Woodlake	Nurseries-Plants Trees & Etc-Wholesale
Porterville Developmental Ctr	Porterville	Hospitals
Ruiz Food Products Inc	Dinuba	Mexican Food Products-Manufacturers
Sierra View District Hospital	Porterville	Hospitals
Sun Pacific Farming	Exeter	Ranches
Tulare County Child Care Prgg.	Visalia	Child Care Service
Tulare County Sheriff	Visalia	Sheriff
Us Cotton Classing Office	Visalia	Government Offices-Us
Valley Labor Svc	Dinuba	Labor Contractors
Visalia Medical Clinic Inc	Visalia	Clinics
Wal-Mart	Porterville	Department Stores
Wal-Mart	Visalia	Department Stores
Wawona Packing Co	Cutler	Fruits & Vegetables-Growers & Shippers

Source: State of California Employment Development Department.

Construction Activity

The following table shows a five year summary of the valuation of building permits issued in the County.

TULARE COUNTY Building Permit Valuation (Valuation in Thousands of Dollars)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<u>Permit Valuation</u>					
New Single-family	\$186,890.2	\$246,455.4	\$285,829.2	\$346,375.3	\$483,635.1
New Multi-family	4,920.7	10,578.1	24,850.9	25,403.8	31,177.0
Res. Alterations/Additions	<u>10,336.1</u>	<u>13,455.6</u>	<u>14,328.6</u>	<u>15,408.0</u>	<u>22,284.4</u>
Total Residential	202,147.0	270,489.1	325,008.9	387,187.0	537,096.6
New Commercial	20,209.9	31,236.9	65,664.9	62,529.1	87,712.6
New Industrial	17,680.9	6,059.3	4,996.5	3,405.6	7,989.6
New Other	29,619.8	33,763.8	39,897.3	64,888.1	65,304.3
Com. Alterations/Additions	<u>30,763.1</u>	<u>16,387.3</u>	<u>22,391.5</u>	<u>32,922.4</u>	<u>34,672.9</u>
Total Nonresidential	98,273.6	87,447.3	132,950.2	163,745.1	195,679.4
 New Dwelling Units					
Single Family	1,696	1,830	1,993	2,384	2,992
Multiple Family	<u>77</u>	<u>158</u>	<u>397</u>	<u>367</u>	<u>394</u>
TOTAL	1,773	1,988	2,390	2,751	3,386

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

COUNTY OF TULARE
Effective Buying Income
2001 through 2005

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2001	Tulare County	\$4,413,306	\$31,279
	California	650,521,407	43,532
	United States	5,303,481,498	38,365
2002	Tulare County	\$4,500,803	\$31,903
	California	647,879,427	42,484
	United States	5,340,682,818	38,035
2003	Tulare County	\$4,628,270	\$32,181
	California	674,721,020	42,924
	United States	5,466,880,008	38,201
2004	Tulare County	\$4,907,365	\$33,326
	California	705,108,410	43,915
	United States	5,692,909,567	39,324
2005	Tulare County	\$5,236,300	\$34,381
	California	720,798,106	44,681
	United States	5,894,663,363	40,529

*Source: Sales & Marketing Management Survey of Buying Power for years 2001 through 2004;
Claritas Demographics for 2005.*

Transportation

Situated on Highway 99, Tulare County offers excellent transportation access routes throughout California and the Western United States. There are 200 major carriers within 45 minutes of the City of Visalia who provide interstate trucking services. Many communities in the County offer airports for corporate service. Air service is available approximately 45 minutes north at Fresno Yosemite International Airport. San Francisco International Airport is about 3-1/2 hours driving time away.

Union-Southern Pacific, Burlington Northern-Santa Fe Railroads are the San Joaquin Valley Rail companies serve Tulare County with extensive spur track, piggyback service, reciprocal switching, and refrigerated shipping.

APPENDIX C
FORM OF OPINION OF BOND COUNSEL

_____, 2007

Board of Trustees
Exeter Union High School District
134 South E Street
Exeter, California 93221

OPINION: \$_____ Exeter Union High School District (County of Tulare,
California) 2007 Grant Anticipation Notes _____

We have acted as bond counsel to the Exeter Union High School District (the "District") in connection with the issuance by the Board of Supervisors of Tulare County (the "Board") of the Exeter Union High School District (County of Tulare, California) 2007 Grant Anticipation Notes in the aggregate principal amount of \$_____ (the "Notes"). The Notes have been issued under Article 7.7 (commencing with Section 53859) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Law") and under a resolution of the Board adopted on _____, 2007 (the "Note Resolution"). We have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Note Resolution and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

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

1. The District is duly created and validly existing as a community college district with the power to cause the Board to issue the Notes in its name and to perform its obligations under the Note Resolution and the Notes.

2. The Note Resolution has been duly adopted by the Board, and the Note Resolution constitutes the valid and binding obligations of the Board and the District enforceable against the Board and the District in accordance with its terms.

3. The Notes have been duly authorized, executed and delivered by the Board and are valid and binding special obligations of the District, payable from the State Grant Moneys and other funds pledged under the Note Resolution.

4. Interest on the Notes 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, as amended, that must be satisfied subsequent to the issuance of the Notes in order that interest thereon 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 interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. We express no opinion regarding other federal tax consequences arising with respect to the Notes.

5. The interest on the Notes is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Notes and the enforceability of the Notes and the Note Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the Exeter Union High School District (the "District") in connection with the issuance of \$_____ aggregate principal amount of Exeter Union High School District (County of Tulare, California) 2007 Grant Anticipation Notes (the "Notes"). The Notes are being issued under a resolution adopted by the Board of Supervisors of the County of Tulare, in the name and on behalf of the District, on _____, 2007. The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Notes and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Note Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District under, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Dissemination Agent*" means the District or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"*National Repository*" means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. As of the date of this Disclosure Certificate, the following is a complete list of all the National Repositories:

Bloomberg Municipal Repository

100 Business Park Drive
Skillman, New Jersey 08558
Phone: (609) 279-3225
Fax: (609) 279-5962

Email: [Munis@Bloomberg.com](mailto:munis@bloomberg.com)

DPC Data Inc.

One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107

Email: nrmsir@dpcdata.com

FT Interactive Data

Attn: NRMSIR
100 William Street
New York, New York 10038
Phone: (212) 771-6999
Fax: (212) 771-7390

Email: NRMSIR@FTID.com

Standard & Poor's J. J. Kenny Repository

55 Wastewater Street, 45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975

Email: nrmsir_repository@sandp.com

"Participating Underwriter" means any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"Repository" means each National Repository and each State Repository.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" means any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Certificate, there is no State Repository.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than 9 months after the end of the District's fiscal year (which currently would be March 31), commencing March 31, 2008, provide to each Repository an Annual Report meeting the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the District shall send a notice to the Municipal Securities Rulemaking Board and the appropriate State Repository, if any, in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

- (i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided under this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

- (a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed under Section 3(a), the Annual Report shall contain unaudited financial

statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

- (b) To the extent not contained in the audited financial statements filed under the preceding clause (a), the Annual Report shall contain information showing:
 - (i) the total amount of State Grant Moneys received by the District during the previous fiscal year;
 - (ii) the amount of State Grant Moneys for which the District has requested payment from the State of California, but which have not yet been received by the District, as of the last day of the previous fiscal year; and
 - (iii) any material changes in the construction schedule, reimbursement schedule or terms of any agreement with the State of California as of the prior fiscal year end, which could adversely affect the ability of the District to collect pledged State Grant Moneys.
- (c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b) of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to 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 the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Under the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Notes, if material:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions or events affecting the tax-exempt status of the security.
- (7) Modifications to rights of security holders.
- (8) Contingent or unscheduled Note calls.
- (9) Defeasances.

- (10) Release, substitution, or sale of property securing repayment of the securities.
- (11) Rating changes.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall as soon as possible determine if such event would be material under applicable Federal securities law.

(c) If the District determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the District shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Notes under the Note Resolution.

Section 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Notes. If such termination occurs prior to the final maturity of the Notes, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Alternative Method of Filing. In lieu of filing an Annual Report with each Repository in accordance with Section 3 or a notice of a Listed Event under Section 5, the District or the Dissemination Agent may make such filing through the internet filing system which is maintained at DisclosureUSA.com (or such other central filing system as is approved by the Securities and Exchange Commission), in which event such filing need not also be made by the District or the Dissemination Agent directly with any Repository.

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

Section 9 Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Notes, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the proposed amendment or waiver either (i) is approved by holders of the Notes in the manner provided in the Note Resolution for amendments to the Note Resolution with the consent of holders, or (ii) does not, in the opinion

of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Notes.

If the annual financial information or operating data to be provided in the Annual Report is amended under the provisions hereof, the first annual financial information filed pursuant hereto 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.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Notes 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 Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Note Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Notes, and shall create no rights in any other person or entity.

Date: _____ 3, 2007

EXETER UNION HIGH SCHOOL DISTRICT

By: _____
Vice President/Assistant Superintendent –
Administrative Services

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF TULARE, STATE OF CALIFORNIA**

RESOLUTION OF THE BOARD OF SUPERVISORS)	RESOLUTION NO. _____
SUPERVISORS OF TULARE COUNTY)	
AUTHORIZING THE ISSUANCE AND SALE OF)	
GRANT ANTICIPATION NOTES IN THE NAME OF)	
THE EXETER UNION HIGH SCHOOL DISTRICT IN)	
THE PRINCIPAL AMOUNT OF NOT TO EXCEED)	
\$3,100,000 FOR THE PURPOSE OF FINANCING)	
VARIOUS EDUCATIONAL PROJECT, AND)	
APPROVING RELATED DOCUMENTS AND)	
ACTIONS)	

WHEREAS, the Exeter Union High School District (the "District") is proceeding to improve school facilities (collectively, the "Projects"), the funds for which are to be provided from grants committed to made for that purpose by the State of California; and

WHEREAS, in order to provide interim financing for the Projects pending receipt of State grant moneys, the Board of Trustees of the District has adopted its resolution on September 13, 2007, requesting the Board of Supervisors of the County to issue short-term Grant Anticipation Notes on behalf of the District under Article 7.7 (commencing with Section 53859) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Law"), the proceeds of which will be expended solely for the purpose for which grant moneys are to be received from the State of California or any agency or department thereof;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Tulare as follows:

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

SECTION 1.01. Definitions. The terms defined in this Section 1.01 have the meanings given to them below, unless the context clearly requires some other meaning, for all purposes of this Resolution.

"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.

"Business Day" means a day of the year, other than a Saturday or Sunday, on which banks in the city in which the Principal Office of the Paying Agent is located, are not required or authorized to remain closed and on which The New York Stock Exchange is not closed.

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

"Closing Date" means the date upon which there is a physical delivery of the Notes in exchange for the amount representing the purchase price of the Notes by the Original

Purchaser.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the County and the District relating to the authorization, issuance, sale and delivery of the Notes, 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, and any other cost, charge or fee in connection with the original issuance of the Notes.

"County" means the County of Tulare, 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 Auditor-Controller/Treasurer-Tax Collector/Registrar of Voters-Public Administrator of the County.

"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 Exeter Union High School District, a community college district organized under the Constitution and laws of the State of California, and any successor thereto.

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

"District Resolution" means the resolution adopted by the Board of Trustees of the District on September 13, 2007, requesting the Board of Supervisors to issue the Notes in the name and on behalf of the District.

"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 the dates identified as such in the Purchase Contract.

"Note Repayment Fund" means the fund established and held by the Paying Agent under Section 4.02.

"Notes" means the not to exceed \$3,100,000 aggregate principal amount of Exeter Union High School District (County of Tulare, California) 2007 Grant Anticipation Notes authorized by and at any time Outstanding under this Resolution.

"Original Purchaser" means the original purchaser of the Notes upon the negotiated sale thereof.

"Outstanding," when used as of any particular time with reference to Notes, means all Notes except: (a) Notes theretofore canceled by the Paying Agent or surrendered to the Paying Agent for cancellation; (b) Notes paid or deemed to have been paid within the meaning of Section 7.03; and (c) Notes in lieu of or in substitution for which other Notes shall have been authorized, executed, issued and delivered by the County under this Resolution.

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

"Paying Agent" means the paying agent, registrar and authenticating agent for the Notes, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 5.01.

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

"Proceeds Account" means the account established and held by the Paying Agent under Section 3.03.

"Projects" means, collectively, the improvement of school facilities for which State Grant Moneys have been appropriated by the State of California.

"Purchase Contract" means the Purchase Contract by and among the District, the County and the Underwriter, relating to the sale of the Notes.

"Record Date" means the 15th day of the month preceding an Interest Payment Date, 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 Notes under Section 2.08.

"Resolution" means this Resolution, as originally adopted by the Board of Supervisors of the County, including all amendments hereto and supplements hereof which are duly adopted by the Board of Supervisors from time to time in accordance herewith.

"State Grant Moneys" means amounts received by or on behalf of the District from the State of California, or any agency or department of the State of California, which are intended to reimburse the acquisition, construction or improvement of the Projects.

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

"Underwriter" means the original purchaser of the Notes selected and identified by the District.

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 includes 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 so 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 Resolution; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

THE NOTES

SECTION 2.01. Authorization. Notes in the aggregate principal amount of not to exceed \$3,100,000 are hereby authorized by the Board of Supervisors to be issued by the County in the name of the District, under and subject to the terms of this Resolution, for the purpose of raising money to finance the acquisition and construction of the Projects, and to pay all necessary legal, financial, engineering and contingent costs in connection therewith. This Resolution constitutes a continuing agreement between the County and the Owners of all of the Notes issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal of and interest on all Notes which may be Outstanding hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The Notes are designated the "Exeter Union High School District (County of Tulare, California) 2007 Grant Anticipation Notes". The Notes shall not be issued until the District has provided written evidence that the State Grant Moneys are committed and appropriated, and will be paid to the District on specified dates or events within a 36-month period.

SECTION 2.02. Terms of Notes.

(a) Form; Numbering. The Notes will be issued in fully registered form, without coupons, in the denomination of \$5,000 each or any integral multiple thereof.

(b) Date of Notes. The Notes will be dated as of the Closing Date.

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

(d) Maturity; Interest. The Notes shall mature on the date set forth in the Purchase Contract (but in no event later than 36 months after the Closing Date), and bear interest (calculated on the basis of a 360-day year of twelve 30-day months) from the Closing Date. Interest on the Notes shall be determined upon the sale thereof in accordance with Section 3.01, but may not exceed 8.00% per annum.

Each Note shall bear interest from the Interest Payment Date next preceding the date of

registration and execution thereof unless (i) it is executed as of an Interest Payment Date, in which event it shall bear interest from such date, or (ii) it is executed prior to an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is executed on or before the first Record Date, in which event it shall bear interest from the date of the Notes. If at the time of execution of a Note, interest is in default thereon, such Note shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(e) Payment. Interest on the Notes (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; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of the Notes, which written request is on file with the Paying Agent as of any Record Date, interest on such Notes shall be paid on the succeeding Interest Payment Date to such account as shall be specified in such written request. Principal of and premium (if any) on the Notes is payable in lawful money of the United States of America upon presentation and surrender at the Principal Office of the Paying Agent.

SECTION 2.03. Redemption. The Notes are subject to redemption on each Interest Payment Date commencing on the date identified in the Purchase Contract, in whole or in part by lot, from the proceeds of State Grant Moneys which are held on deposit in the Note Repayment Fund as of the preceding Interest Payment Date to the extent not required for payment of interest coming due and payable on such preceding Interest Payment Date. The Notes shall be redeemed under this Section 2.03 at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium.

The District 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 Owners of the Notes to be redeemed; but 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 Notes. Such notice shall state the redemption date and the redemption price and, if less than all of the then outstanding Notes are to be called for redemption, shall designate the serial numbers of the Notes to be redeemed by giving the individual number of each Note or by stating that all Notes between two stated numbers, both inclusive, and shall require that such Notes be then surrendered to the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Notes will not accrue from and after the redemption date.

Upon surrender of Notes redeemed in part only, the Paying Agent shall execute and deliver to the owner of the Notes, at the expense of the District, a new Note of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Note.

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 (and premium, if any) on the Notes so called for redemption shall have been duly provided, such Notes so called shall cease to be entitled to any benefit under this Resolution other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice.

SECTION 2.04. Form of Notes. The Notes, 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 forms, respectively, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Resolution, as are set forth in Appendix A attached hereto.

SECTION 2.05. Execution of Notes. The Notes shall be executed in the name of the District, with the manual or facsimile signature of the County Treasurer or one or more duly authorized deputies, and the manual or facsimile counter-signature of the Clerk of the Board of Supervisors (although at least one of such signatures shall be manual) with the seal of the Board of Supervisors impressed thereon, and said officers are hereby authorized to cause the blank spaces thereof to be filled in as may be appropriate. No Note is valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Note is signed by the Paying Agent as authenticating agent.

Only those Notes which bear thereon a certificate of authentication and registration in the form set forth in Appendix A attached hereto, executed and dated by the Paying Agent, are valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Paying Agent is conclusive evidence that the Notes so registered have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Resolution.

SECTION 2.06. Transfer of Notes. Any Note 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 his duly authorized attorney, upon surrender of such Note 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 may charge a reasonable sum for each new Note issued upon any transfer. Whenever any Note or Notes is surrendered for transfer, the District shall execute and the Paying Agent shall authenticate and deliver a new Note or Notes, for like aggregate principal amount.

The provisions of this Section 2.06 apply only in the event the District determines to no longer maintain the book entry only status of the Notes, or if DTC determines to discontinue providing such services and no successor securities depository is named, or if DTC requests the District to deliver Note certificates to particular DTC Participants.

SECTION 2.07. Exchange of Notes. Notes may be exchanged at the Principal Office of the Paying Agent for a like aggregate principal amount of Notes of other authorized denominations. The District may charge a reasonable sum for each new Note issued upon any exchange (except in the case of any exchange of temporary Notes for definitive Notes).

SECTION 2.08. Registration Books. The Paying Agent shall keep or cause to be kept sufficient books for the registration and transfer of the Notes, which shall at all times be open to inspection by the District and the County 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, Notes as hereinbefore provided.

SECTION 2.09. Book-Entry System. Except as provided below, DTC shall be the Owner of all of the Notes shall be DTC and the Notes shall be registered in the name of Cede & Co., as nominee for DTC. The Notes shall be initially executed and delivered in the form of a single fully registered Note. The Paying Agent and the District may treat DTC (or its nominee)

as the sole and exclusive owner of the Notes registered in its name for all purposes of this Resolution, and neither the Paying Agent nor the District shall be affected by any notice to the contrary. The Paying Agent and the District have no responsibility or obligation to any Depository System Participant, any person claiming a beneficial ownership interest in the Notes 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 of or interest on the Notes. The District shall cause to be paid all principal and interest on the Notes 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 of and interest with respect to the Notes to the extent of the sum or sums so paid. Except under the conditions noted below, no person other than DTC shall receive a Note. Upon delivery by DTC to the District of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the term "Cede & Co." in this Resolution refers 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 Notes and delivers a written certificate to DTC to that effect, DTC shall notify the Depository System Participants of the availability through DTC of Notes. In such event, the District will issue, transfer and exchange Notes as requested by DTC and any other owners in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Notes 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 Notes as described in this Resolution. Whenever DTC requests the District to do so, the District will cooperate with DTC in taking appropriate action after reasonable notice to (a) make available one or more separate Notes evidencing the Notes to any Depository System Participant having Notes credited to its DTC account or (b) arrange for another securities depository to maintain custody of certificates evidencing the Notes.

Notwithstanding any other provision of this Resolution to the contrary, so long as any Note is registered in the name of Cede & Co., as nominee of DTC, all payments of principal of and interest on such Note and all notices with respect to such Note shall be made and given, respectively, to DTC in accordance with the procedures established for the book-entry system of DTC.

ARTICLE III

SALE OF NOTES; APPLICATION OF PROCEEDS

SECTION 3.01. Sale of Notes. The Board of Trustees of the District has approved the sale of the Notes by negotiated sale pursuant to the terms and conditions set forth in the Purchase Contract, by and among the District, the County and the Underwriter, substantially in the form of file with the Clerk of the Board of Supervisors (the "Purchase Contract"). The County Treasurer, or any deputy or designee thereof, is hereby authorized to execute and deliver the Purchase Contract, provided, however, the Underwriter's discount shall not exceed 2.0% and the true interest cost on the Notes shall not exceed 8.0%. All actions of the District's financial advisor, on behalf of the District and the Board of Supervisors, in distributing the Official Statement and other documents in connection with the sale of the Notes is hereby approved.

SECTION 3.02. Application of Proceeds of Sale of Notes. On the Closing Date, the proceeds of sale of the Notes shall be paid by the Underwriter to the Paying Agent for deposit into the Proceeds Account, to be applied on the Closing Date as follows:

- (a) The Paying Agent shall retain in the Proceeds Account an amount set forth in a Written Request of the District filed with the Paying Agent as of the Closing Date, which amount is equal to the estimated Costs of Issuance.
- (b) The Paying Agent shall transfer the remainder of such proceeds to the County for deposit into the Capital Project Fund.

SECTION 3.03. Proceeds Account. There is hereby created the "Proceeds Account", to be held and maintained by the Paying Agent as a separate account, distinct from all other funds of the District, into which shall be deposited the proceeds of sale of the Notes under Section 3.02. Amounts remaining on deposit in the Proceeds Account under Section 3.02(a) shall be disbursed for the purpose of paying the Costs of Issuance upon the receipt by the Paying Agent of Written Requests of the District. If any funds remain on deposit in the Proceeds Account four months after the Closing Date, the Paying Agent shall withdraw such amounts and transfer such amounts to County for deposit in the Capital Project Fund, and the Paying Agent shall thereupon close the Proceeds Account.

SECTION 3.04. Capital Project Fund. On the Closing Date, the Paying Agent shall transfer a portion of the proceeds of sale of the Notes to the County Treasurer as provided in Section 3.02(b), for deposit by the County Treasurer in a special fund to be designated the "Exeter Union High School District 2007 Grant Anticipation Notes Capital Project Fund". Amounts held in the Capital Project Fund shall be withdrawn, used and expended by the District for the purpose of providing funds to finance the acquisition, construction and improvement of the Projects. Any amounts remaining on deposit in such fund upon the final maturity date of the Notes, may, at the written election of the District filed with the County Treasurer, be applied to pay the principal of the Notes on that date.

ARTICLE IV

REPAYMENT OF NOTES

SECTION 4.01. Source of Repayment. As provided in the District Resolution, the Notes are payable from and secured by a first and exclusive pledge of and lien on the proceeds of State Grant Moneys. As further provided in the District Resolution, upon the receipt by the District of any State Grant Moneys, the District shall deliver such State Grant Moneys to the Paying Agent, to be deposited in the Note Repayment Fund which is established and held by the Paying Agent under Section 4.02.

The Notes do not constitute an obligation of the general fund of the County and are not payable from any source of funds of the County. The Notes are payable solely from the State Grant Moneys or from the proceeds of an additional series of grant anticipation notes of the District.

SECTION 4.02. Note Repayment Fund. There is hereby created a special fund to be held on behalf of the District by the Paying Agent, to be designated the "Exeter Union High School District 2007 Grant Anticipation Notes Repayment Fund". Amounts deposited in the

Note Repayment Fund shall be held for the benefit of the Owners of the Notes, and until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes in full, the moneys in the Note Repayment Fund shall be applied solely for the purposes for which the Note Repayment Fund is created. Any interest earned on amounts deposited in the Note Repayment Fund shall be retained therein.

The District shall transfer or cause to be transferred to the Paying Agent, for deposit in the Note Repayment Fund, all State Grant Moneys and any other amounts to be applied for payment of the principal of and interest on the Notes. The Paying Agent shall withdraw moneys from the Note Repayment Fund when and as required to pay the principal of and interest on the Notes, including the redemption price of the Notes required to be paid on the redemption thereof under Section 2.03. Any moneys remaining in the Note Repayment Fund after the Notes and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the District.

SECTION 4.03. Investments. Moneys in the Note Repayment Fund shall, to the greatest extent possible, be invested by the Paying Agent, or such other appropriate investment officer of the Paying Agent, in investments as permitted by the laws of the State of California as now in effect and as hereafter amended. For purposes of such investment, amounts on deposit in the Note Repayment Fund may be commingled with any other funds held by the Paying Agent.

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 shall ensure that all investments of amounts deposited in any fund or account created by or under this Resolution, or otherwise containing proceeds of the Notes, are acquired and disposed of at the Fair Market Value thereof. For purposes of this Section 4.03, the term "Fair Market Value" means, 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.

The County acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the County the right to receive brokerage confirmations of security transactions as they occur, the County specifically waives receipt of such confirmations to the extent permitted by law. The Paying Agent will furnish the District and the County periodic cash transaction statements which include detail for all investment transactions made by the Paying Agent hereunder.

SECTION 4.04. Limitation on Liability. The principal of and interest on the Notes do not constitute a debt of the County, the State of California, or any of its political subdivisions other than the County, 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 are liable thereon. In no event are the principal of and interest on Notes

payable out of any funds or properties of the County.

ARTICLE V

THE PAYING AGENT

SECTION 5.01. Appointment of Paying Agent. The District Superintendent will appoint in writing a bank or trust accompany to act as Paying Agent for the Notes. The Paying Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Resolution, and even during the continuance of an event of default with respect to the Notes, no implied covenants or obligations shall be read into this Resolution against the Paying Agent. The Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution 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 5.01 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, the County and the Note 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.

SECTION 5.02. Paying Agent May Own Notes. The Paying Agent may become the Owner of any of the Notes in its own or any other capacity with the same rights it would have if it were not Paying Agent.

SECTION 5.03. Liability of Agents. The recitals of facts, covenants and agreements herein and in the Notes 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 Resolution or of the Notes, nor shall incur any responsibility in respect thereof, other than as set forth in this Resolution. 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 Resolution.

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 Resolution 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 adequate indemnity 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 is not responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

SECTION 5.04. 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 Resolution 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 will be full warrant to the Paying Agent for any action taken or suffered under the provisions of this Resolution 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 5.05. Compensation. The District is solely responsible to 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 their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution.

ARTICLE VI

ADMINISTRATIVE PROVISIONS

SECTION 6.01. Limited Liability of County. The County is not required to advance any moneys derived from any source of income other than the State Grant Moneys, or for the performance of any covenants herein contained. The Notes are special obligations of the District, payable exclusively from the sources and funds as provided in this Resolution. The general fund of the County is not liable, and the credit of the County is not pledged, for the payment of the principal of or interest on the Notes. The Owners of the Notes shall never have the right to compel the forfeiture of any property of the County. The principal of and interest on the Notes shall not be a legal or equitable pledge, charge, lien or encumbrance upon any property of the County or upon any of its income, receipts or revenues except the State Grant Moneys and other funds pledged to the payment thereof as provided in this Resolution.

SECTION 6.02. Benefits Limited to Parties. Nothing in this Resolution, expressed or implied, is intended to give to any person other than the County, the Paying Agent and the

Owners of the Notes, any right, remedy or claim under or by reason of this Resolution. Any covenants, stipulations, promises or agreements in this Resolution contained by and on behalf of the County are for the sole and exclusive benefit of the County, the Paying Agent and the Note Owners.

SECTION 6.03. Discharge of Notes. If the County pays and discharges any or all of the Outstanding Notes in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of and interest on such Notes when due;
- (b) by irrevocably depositing with the Paying Agent, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established with the County under this Resolution, is fully sufficient to pay such Notes, including all principal and interest; or
- (c) by irrevocably depositing with the Paying Agent, in trust, Federal Securities in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established with the County under this Resolution, be fully sufficient to pay and discharge the indebtedness on such Notes (including all principal and interest) on the maturity thereof;

then, notwithstanding that any of such Notes have not been surrendered for payment, the pledge of the State Grant Moneys and other funds provided for in this Resolution with respect to such Notes, and all other pecuniary obligations of the County under this Resolution with respect to all such Notes, shall cease and terminate, except only the obligation of the County to pay or cause to be paid to the Owners of such Notes not so surrendered and paid all sums due thereon from amounts set aside for such purpose.

SECTION 6.04. Limited Duties of County; Indemnification. The County (including its officers, agents and employees) undertakes only those duties of the County under this Resolution which are specifically set forth in this Resolution, and even during the continuance of an event of default with respect to the Notes, no implied covenants or obligations shall be read into this Resolution against the County (including its officers, agents and employees). The County has no responsibility, and incurs no liability with respect to the adequacy, accuracy or fairness of the statements contained in any official statement prepared by the District relating to the Notes.

SECTION 6.05. Execution of Documents by Note Owners. Any request, consent or other instrument required by this Resolution to be signed and executed by Note Owners may be in any number of concurrent writings of substantially similar tenor and may be signed or executed by such Note Owners in person or by their agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, shall be sufficient for any purpose of this Resolution and shall be conclusive in favor of the County if made in the manner provided in this Section 6.05.

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

other instrument or writing acknowledged to him the execution thereof.

The ownership of Notes shall be proved by the Registration Books. Any request, consent or vote of the Owner of any Note shall bind every future Owner of the same Note and the Owner of any Note issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the County in pursuance of such request, consent or vote.

SECTION 6.06. Waiver of Personal Liability. No officer, agent or employee of the Board of Supervisors or of the County is individually or personally liable for the payment of the interest on or principal of the Notes; but nothing herein relieves any such officer, agent or employee from the performance of any official duty provided by law.

SECTION 6.07. Partial Invalidity. If any one or more of the covenants or agreements, or portions thereof, provided in this Resolution on the part of the County to be performed are contrary to law, then such covenant or covenants, such agreement or agreements, or such portions thereof, shall (a) be null and void and (b) be deemed separable from the remaining covenants and agreements or portions thereof and (c) in no way affect the validity of this Resolution or of the Notes; but the Note Owners shall retain all rights and benefits accorded to them under any applicable provisions of law. The County hereby declares that it would have adopted this Resolution and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Notes pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

SECTION 6.08. Payment on Business Days. Whenever in this Resolution any amount is required to be paid on a day which is not a Business Day, such payment shall be made on the Business Day immediately following such day, provided that interest may not accrue from and after such day.

SECTION 6.09. Governing Law. This Resolution shall be construed and governed in accordance with the laws of the State of California.

* * * * *

Upon motion of Supervisor _____, seconded by Supervisor _____, the foregoing resolution was duly adopted by the Board of Supervisors of the County of Tulare on _____, 2007, by the following vote:

AYES:
NOES:
ABSTAINING:
ABSENT:

By _____
Chair of the Board of Supervisors
of the County of Tulare

ATTEST:

County Clerk of the Board of Supervisors of
the County of Tulare

APPENDIX A

[FORM OF NOTE]

No. _____

\$ _____

Board of Supervisors of Tulare County, California
in the Name of the

EXETER UNION HIGH SCHOOL DISTRICT
(County of Tulare, California)

2007 GRANT ANTICIPATION NOTE

INTEREST RATE: MATURITY DATE: ISSUE DATE: CUSIP:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS (\$ _____)

The EXETER UNION HIGH SCHOOL DISTRICT, Tulare County, State of California (the "District"), 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 _____ 1, 2007, and on each _____ 1 and _____ 1 thereafter to and including the Maturity Date (the "Interest Payment Dates"). This Note will bear interest from the Interest Payment Date next preceding the date of execution hereof, unless (a) it is executed as of a business day following the 15th 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 executed on or before _____ 15, 2007, in which event it shall bear interest from the Issue Date. Principal hereof and any redemption premium hereon are payable upon presentation and surrender of this Note at the office of _____, as paying agent for the Notes (the "Paying Agent"). Principal, interest and redemption premium (if any) are payable in lawful money of the United States of America to the person in whose name this Note is registered (the "Registered Owner") on the Note registration books maintained by 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 Note by first-class mail at the address appearing on the Note 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 Notes 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 Notes 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.

It is hereby certified, recited and declared that this Note is one of an authorized issue of Notes in the aggregate principal amount of _____ Dollars (\$_____), all of like tenor, issued under the provisions of a resolution of the Board of Supervisors of Tulare County (the "Board") duly passed and adopted on _____, 2007 (the "Resolution"), and under Article 7.7 (commencing with Section 53859) of Chapter 4, Part 1, Division 2, Title 5, of the California Government Code, and that all things, conditions and acts required to exist, happen and be performed precedent to and in the issuance of this Note exist, have happened and have been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the constitution or statutes of the State of California.

The principal amount of the Notes, together with the interest thereon, are payable from the grant funds which are paid to the District by the State of California in respect of various educational projects of the District (the "State Grant Moneys").

The Notes are subject to redemption on _____ 1, 20____, and on each _____ 1 and _____ 1 thereafter, in whole or in part by lot, from certain proceeds of State Grant Moneys, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium. Notice of redemption shall 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 registered owner of the Notes; but such mailing is not 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 Notes.

The Notes are issuable as fully registered Notes without coupons in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Resolution, Notes may be exchanged at the office of the Paying Agent for a like aggregate principal amount and maturity of Notes of other authorized denominations.

This Note is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the principal corporate trust office of the Paying Agent in Los Angeles, California, 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 Note. Upon such transfer a new Note or Notes, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity 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, and the District and the Paying Agent shall not be affected by any notice to the contrary.

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

The principal of and interest on the Notes 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 Notes payable out of any funds or properties of the District other than the State Grant Moneys and from amounts held in the funds and accounts established under the Resolution.

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

Unless this Note 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.

This Note shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been manually signed by the Paying Agent.

IN WITNESS WHEREOF, the Board of Supervisors of Tulare County, California has caused this Note to be issued in the name of the District and to be executed by the manual signature of the County Treasurer-Tax Collector-Public Administrator and countersigned by the facsimile signature of the Clerk of the Board, all as of the Issue Date stated above.

EXETER UNION HIGH SCHOOL DISTRICT

By: BOARD OF SUPERVISORS OF THE COUNTY
OF TULARE

By _____
County Treasurer-Tax Collector

Countersigned:

Clerk of the Board

[FORM OF CERTIFICATE OF AUTHENTICATION]

This is one of the Notes described in the within-mentioned Resolution and registered on the Registration Books of the Paying Agent.

Date:

_____,
as Paying Agent

By _____
Authorized Officer

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

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

the within-registered Note and hereby irrevocably constitute(s) and appoints(s) _____ attorney,
to transfer the same on the registration books of the District with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Signature:

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

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

RESOLUTION NO. 08-68-10

**RESOLUTION OF THE BOARD OF TRUSTEES OF EXETER UNION
HIGH SCHOOL DISTRICT REQUESTING THE BOARD OF
SUPERVISORS OF TULARE COUNTY TO ISSUE GRANT
ANTICIPATION NOTES IN THE NAME OF THE EXETER UNION HIGH
SCHOOL DISTRICT IN THE PRINCIPAL AMOUNT OF NOT TO
EXCEED \$3,100,000 FOR THE PURPOSE OF FINANCING SCHOOL
PROJECTS, AND AUTHORIZING PROCEEDINGS RELATING TO THE
ISSUANCE AND SALE OF SUCH NOTES**

WHEREAS, the Exeter Union High School District (the "District") is proceeding to improve school facilities (collectively, the "Projects"), the funds for which are to be provided from grants committed to made for that purpose by the State of California (the "State"); and

WHEREAS, in order to provide interim financing for the Projects pending receipt of such grant moneys, the District wishes to issue its short-term Grant Anticipation Notes under Article 7.7 (commencing with Section 53859) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Law"), the proceeds of which will be expended solely for the purpose for which the grant moneys are to be received; and

WHEREAS, pursuant to the Law, such notes will be issued in the name of the District by the Board of Supervisors of Tulare County as soon as possible following receipt of a resolution of the Board of Trustees of the District requesting such borrowing; and

WHEREAS, the Board of Trustees has determined that it is desirable at this time to borrow funds in the amount of not to exceed \$3,100,000 in order to provide interim financing for the Projects through the issuance of notes under the Law, to be secured by a pledge of grant moneys received from the State (the "State Grant Moneys"), and the Board of Trustees wishes to take formal action at this time requesting the Board of Supervisors of Tulare County to authorize the issuance and sale of such notes;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Exeter Union High School District as follows:

Section 1. Request; Purpose of Issue. The Board of Supervisors of Tulare County (the "County") is hereby requested to issue notes in the name of the District under the Law in the principal amount of not to exceed \$3,100,000 (the "Notes") for the purposes of providing funds to finance the Projects. As provided in Section 53859.02 of the Law, the proceeds of the Notes will be applied solely to finance the Projects, all of which constitute purposes for which the State Grant Moneys are to be expended. The Notes shall not be issued until the District has received written evidence that the State Grant Moneys are committed and appropriated, and will be paid to the District on specified dates or events within a 36-month period.

Section 2. Security For Notes. The Notes shall be payable from and secured by a first and exclusive pledge of and lien on the proceeds of the State Grant Moneys. The Notes shall be special obligations of the District payable solely from the State Grant Moneys and from amounts held in the funds and accounts established for the repayment of the Notes. The Notes shall not constitute an obligation of the general fund of the District and shall not be payable from any source of funds of the District other than the State Grant Moneys, or from the proceeds of an additional series of short-term notes of the District.

Section 3. Note Repayment Fund. The District hereby directs the Auditor-Controller/Treasurer-Tax Collector of the County to establish, hold and maintain a fund to be known as the "2007 Note Repayment Fund", to be maintained by the County as a separate account, distinct from all other funds of the County and the District. Upon the receipt by the District of any State Grant Moneys, the District shall deliver such State Grant Moneys to the County for deposit in the 2007 Note Repayment Fund. Amounts on deposit in the 2007 Note Repayment Fund shall be transferred by the County to the paying agent for the Notes, when and as required to redeem the Notes and to pay the principal of and interest on the Notes when due.

If, after payment in full of the Notes, any amounts remain on deposit in the 2007 Note Repayment Fund, such amounts shall be transferred by the County to the general fund of the District, upon the written request of the District filed with the County, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Section 4. Terms of Notes; Approval of Issuance Resolution. The Notes shall mature in full on a date not later than 36 months following the date of issuance of the Notes. The Notes shall be subject to redemption on one or more dates prior to maturity, from State Grant Moneys previously received by the District as designated upon the sale of the Notes. All of the terms and provisions of the Notes shall be as set forth in a resolution (the "Issuance Resolution") to be adopted by the Board of Supervisors of the County in substantially the form on file with the Clerk of the Board of Trustees and in a Purchase Contract. The Board of Trustees hereby approves the Issuance Resolution and requests that be adopted by the Board of Supervisors of the County. All of the terms and provisions of the Issuance Resolution are incorporated herein by reference.

Section 5. Sale of the Notes/Purchase Contract. The Board of Trustees hereby approves the sale of the Notes at negotiated sale by the District pursuant to the terms and conditions set forth in the Purchase Contract, by and among the District, the County an underwriter (the "Underwriter") designated by the Superintendent, substantially in the form of file with the Clerk of the Board (the "Purchase Contract"). The form of the Purchase Contract is hereby approved and the Superintendent, her designee, or other authorized representative of the District (each, an "Authorized Officer") is hereby authorized to execute the Purchase Contract, with such changes therein, deletions therefrom and modifications thereto as the Superintendent, or designee thereof, and the District may approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, underwriter's discount shall not exceed 2.0% and the true interest cost on the Notes shall not exceed 10.0%. The Superintendent, or designee thereof, is further authorized to determine the principal or issue amount of the Notes to be specified in the Purchase Contract for sale by the District, up to an

aggregate principal or issue amount of \$3,100,000, to modify redemption terms and to enter into and execute the Purchase Contract, if the conditions set forth in this Resolution are met.

Section 6. Official Statement. The Board hereby directs an Authorized Officer to approve and to deem final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, except for permitted omissions, a Preliminary Official Statement describing the Notes. The Underwriter is hereby authorized to distribute the Preliminary Official Statement in connection with the sale of the Notes. An Authorized Officer is hereby authorized and directed to (a) execute and deliver to the Underwriter a certificate deeming the Preliminary Official Statement to be nearly final prior to the distribution thereof, (b) approve any changes in or additions to cause such Official Statement to be put in final form, and (c) execute the Final Official Statement for and in the name and on behalf of the District.

Section 7. Tax Covenants

(a) Private Activity Bond Limitation. The District shall assure that the proceeds of the Notes are not so used as to cause the Notes to satisfy the private business test of Section 141(b) the Internal Revenue Code of 1986 as in effect on the date of issuance of the Notes or as it may be amended to apply to obligations issued on the date of issuance of the Notes, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under said Code (the "Tax Code"). The District shall further assure that the proceeds of the Notes are no so used as to cause the Notes to satisfy the private loan financing test of Section 141(c) of the Tax 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 any of the Notes to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(c) Rebate Requirement. The District shall take any and all actions necessary to assure compliance with Section 148(f) of the Tax 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 Notes.

(d) No Arbitrage. The District shall not take, or permit or suffer to be taken any action with respect to the proceeds of the Notes 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 Notes would have caused the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Tax Code.

(e) Maintenance of Tax-Exemption. The District shall take all actions necessary to assure the exclusion of interest on the Notes from the gross income of the registered owners of the Notes to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the date of issuance of the Notes.

(f) Exemption from Rebate Requirement. The District is a governmental unit

with the power to impose taxes of general applicability which, when collected, may be used for general purposes of the District; the Notes are not private activity bonds within the meaning of section 141 of the Internal Revenue Code of 1986 (the "Code"); and ninety-five percent (95%) of the Net Sale Proceeds of the Notes are to be used for local governmental activities of the District. The aggregate face amount (or, issue prices, in the case of issues with a net original issue discount or net original issue premium in excess of two percent (2%) of the principal amount of the issue, excluding original issue premium used for reasonable underwriter's compensation) of all tax-exempt obligations (other than private activity notes as defined in section 141 of the Code) issued by the District, including all subordinate entities of the District and all entities which may issue obligations on behalf of the District, during the calendar year during which the Notes are being issued, is not reasonably expected to exceed \$15,000,000, of which no more than \$5,000,000 is for other than the construction of public school facilities, excluding, however, that portion of current refunding obligations having a principal amount not in excess of the principal amount of the refunded obligation (collectively the "\$15,000,000 Limitation"). By reason of the statements set forth in this subparagraph, the District will not rebate excess investment earnings, if any, to the federal government from the date hereof through and including December 31, 2010. On January 1, 2011, the \$15,000,000 Limitation is set to expire and will revert to a maximum of \$10,000,000, of which no more than \$5,000,000 is for other than the construction of public school facilities (the "Post 12-31-10 Limitation"). Unless the Code is amended to remove this expiration, if the amount of notes issued by the District during the calendar year exceeds the Post 12-31-10 Limitation, the Bonds will become subject to the rebate requirement beginning January 1, 2011.

(g) Small Issuer Exemption from Bank Nondeductibility Restriction. The District hereby designates the Notes for purposes of paragraph (3) of Section 265(b) of the Tax Code and hereby covenants that (i) the Notes do not constitute private activity bonds as defined in Section 141 of the Tax Code, and (ii) not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Tax Code) from gross income for federal income taxes (excluding, however, private activity bonds, as defined in Section 141 of the Tax Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Tax Code), including the Notes, have been or shall be issued by or on behalf of the District, including all subordinate entities of the District, during the calendar year 2007.

Section 8. 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. Notwithstanding any other provision of this resolution, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any holder or beneficial owner of the Notes may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order. For purposes of this Section 8, the term "Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the District and dated the date of issuance and delivery of the Notes, as originally executed and as it may be amended from time to time in accordance with the terms thereof. For purposes of this Section 8, the term "Participating Underwriter" has the meaning given that term in the Continuing Disclosure Certificate.

Section 9. Further Authorizations. All actions heretofore taken by the officers

and agents of the District with respect to the sale and issuance of the Notes are hereby approved, and the Authorized Officers and all other officers and representatives of the District are hereby authorized and directed for and in the name and on behalf of the District, to do any and all things and take any and all actions relating to the execution and delivery of any and all certificates, requisitions, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with the Issuance Resolution and this Resolution. Whenever in this Resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 10. Appointment of Professional Services. The District hereby appoints the firm of Jones Hall, A Professional Law Corporation, as bond counsel and disclosure counsel for the District in connection with the issuance and sale of the Notes, and the firm of School Facilities Finance LLC to act as financial advisor for the District in connection with the issuance and sale of the Notes. An Authorized Officer is hereby authorized and directed for and in the name and on behalf of the District to execute and deliver a services agreement with each of such firms.

The District shall appoint and pay to a 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 their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution and the Issuance Resolution. The District further agrees to indemnify and save the Paying Agent harmless against any liabilities 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 11. Indemnification of County. The District shall indemnify and hold harmless, to the extent permitted by law, the County and its officers and employees (the "Indemnified Parties"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Parties may become subject, because of action or inaction related to the Notes. The District shall also reimburse the Indemnified Parties for any legal or other expenses incurred in connection with investigating or defending any such claims or actions.

Section 12. Submission of Request. The Authorized Officer is hereby directed to file a certified copy of this Resolution with the Board of Supervisors of the County, the County Superintendent of Schools, and the County Auditor-Controller/Treasurer-Tax Collector.

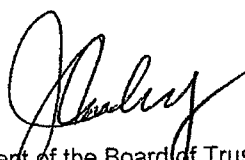
Section 13. Effective Date. This resolution shall take effect from and after its adoption.

PASSED AND ADOPTED this 13th day of September, 2007, by the following
vote:

AYES: Conley, Sario, Larson, Pascoe

NOES: None

ABSENT: McGee


President of the Board of Trustees
Exeter Union High School District

Attest:

By: 
Clerk of the Board

\$ _____
**EXETER UNION HIGH SCHOOL DISTRICT
(COUNTY OF TULARE, CALIFORNIA)
2007 GRANT ANTICIPATION NOTES**

NOTE PURCHASE AGREEMENT

_____, 2007

Exeter Union High School District
Exeter, California

County of Tulare
Visalia, California

Ladies and Gentlemen:

The undersigned, _____ (the "Underwriter"), offers to enter into this Note Purchase Agreement (this "Purchase Agreement") with the County of Tulare (the "County") and the Exeter Union High School District (the "District") which, upon your acceptance hereof, will be binding upon the County, the District and the Underwriter.

1. Purchase and Sale of the Notes. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter agrees to purchase for reoffering to the public, and the County and the District agree to sell to the Underwriter, all (but not less than all) of the \$_____ aggregate principal amount of 2007 Grant Anticipation Notes (the "Notes"). The Notes will bear interest at the rate of _____% per annum.

The Underwriter shall purchase the Notes at a price of \$_____, consisting of the principal amount of the Notes of \$_____, less Underwriter's discount of \$_____ and less original issue discount of \$_____.

2. Terms of the Notes; Security. The Notes will be dated as of the date of original delivery, will mature on _____ 1, 20____, and will be issued and secured under the provisions of a Resolution of the Board of Trustees of the District adopted on September 13, 2007 (the "District Resolution") and a Resolution of the Board of Supervisors of the County adopted on October 2, 2007 (the "County Resolution"). The Notes are being issued under Article 7.7 (commencing with Section 53859) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code. The Notes are subject to redemption as set forth in Exhibit A hereTo.

The Notes are secured by a pledge of certain State Grant Moneys, which are defined to mean all amounts received by the District from the State of California, or any agency or department of the State of California, which are intended to reimburse the

acquisition, construction or improvement of the Projects as that term is defined in the District Resolution and the County Resolution.

The County, in the name and on behalf of the District, will execute and deliver the Notes under and in accordance with the provisions of this Purchase Agreement, the District Resolution and the County Resolution. The Notes will be in book-entry form, will bear CUSIP numbers, will be in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. The Notes shall initially be in authorized denominations of \$5,000 or any integral multiple thereof.

3. Conditions of Sale. The Notes will be sold to the Underwriter upon the terms and conditions set forth in the Notice to Bidder dated as of _____, 2007, which has previously been delivered by the District to the Underwriter. All of the terms and provisions of the Notice to Bidder are hereby incorporated by reference into this Agreement, including all closing conditions.

4. Public Offering of the Notes. The Underwriter agrees to make a bona fide public offering of all the Notes at the initial public offering price or yield to be set forth on the cover page of the Official Statement relating to the Notes. Subsequent to the initial public offering, the Underwriter reserves the right to change the initial public offering price or yield as it deems necessary in connection with the marketing of the Notes.

5. Official Statement. The District has delivered to the Underwriter the Preliminary Official Statement with respect to the Notes dated _____, 2007 (the "Preliminary Official Statement"). The District represents that it has deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), yield(s) to maturity, selling compensation, delivery date and other terms of the Notes which depend upon the foregoing as provided in and under Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

The Underwriter agrees that prior to the time the final Official Statement relating to the Notes is available, the Underwriter will send to any potential Underwriter of the Notes, upon the request of such potential Underwriter, a copy of the most recent Preliminary Official Statement. The Preliminary Official Statement must be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

6. Closing. At 9:00 A.M., California Time, on _____, 2007, or at such other time or on such other date as are mutually agreed upon (the "Closing Date"), the County will deliver to the Underwriter, at the offices of The Depository Trust Company ("DTC") in New York, New York, or at such other place as is mutually agreed upon, the Notes in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC. The Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds by check, draft or wire transfer to or upon the order of the District.

7. Covenants of the District. The District makes the following covenants to the Underwriter:

- (a) Securities Laws. The District will furnish such information, execute such instruments, and take such other action in cooperation with

the Underwriter if and as the Underwriter may reasonably request in order to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, provided, however, that the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof.

- (b) Application of Proceeds. The District will apply the proceeds from the sale of the Notes for the purposes for which the Notes were authorized.
- (c) Official Statement. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the 7th business day following the date this Purchase Agreement is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being herein called the "Official Statement") in such quantities (including a representative number of originally executed copies) as may be requested by the Underwriter in order to permit the Underwriter to comply with paragraph (b)(4) of Rule 15c2-12 and with the rules of the Municipal Securities Rulemaking Board.
- (d) Subsequent Events. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect in any material respect the accuracy or completeness of any information set forth in the Official Statement relating to the District, until the date which is 90 days following the Closing Date or until such time (if earlier) as the Underwriter shall no longer hold any of the Notes for sale.
- (e) Amendments to Official Statement. For a period of 90 days after the Closing Date or until such time (if earlier) as the Underwriter shall no longer hold any of the Notes for sale, the District will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing or which shall be disapproved by the Underwriter (the Underwriter's approval of such amendment or supplement shall not be unreasonably withheld); and if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a Underwriter, the District shall forthwith prepare and furnish (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a

material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time such supplemental Official Statement is delivered to a Underwriter, not misleading.

8. Conditions to Closing. The Underwriter's obligations under this Purchase Agreement are subject to the closing conditions and requirements set forth in the Notice to Bidder. Without limiting the generality of the foregoing, on or before the Closing Date, the following documents must be executed and delivered, in each case dated as of the Closing Date and satisfactory in form and substance to the Underwriter:

- (a) *Bond Counsel Opinion.* An opinion of Jones Hall, A Professional Law Corporation, as bond counsel to the District ("Bond Counsel"), as to the validity and tax-exempt status of the Notes, dated the Closing Date, addressed to the District, in substantially the form appended to the Official Statement.
- (b) *Disclosure Counsel Opinion.* An opinion of Jones Hall, A Professional Law Corporation, as disclosure counsel to the District ("Disclosure Counsel"), stating that based upon its participation in the preparation of the Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, Disclosure Counsel has no reason to believe that, as of the date hereof and as of the Closing Date, the Official Statement (excluding therefrom the reports, financial and statistical data and forecasts therein, the information included in the appendices thereto, information relating to The Depository Trust Company and its book-entry system, as to which no opinion need be expressed) contained or contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.
- (c) *Certificate of the District.* A certificate signed by appropriate officials of the District to the effect that (i) such officials are 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 Closing Date; (iii) the District has complied with all the terms of the District Resolution, the County Resolution and this Purchase Agreement which are necessary to be complied with prior to or before the Closing Date and such documents are in full force and effect; and (iv) the District has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statement 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, excepting therefrom those sections of the Official Statement describing the Depository Trust Company and its Book-Entry-Only System.

- (d) *Arbitrage Certificate.* A non-arbitrage certificate of the District in a form satisfactory to Bond Counsel.
- (e) *District Resolution.* A certified copy of the District Resolution showing the due adoption and effectiveness thereof.
- (f) *County Resolution.* A certified copy of the County Resolution showing the due adoption and effectiveness thereof.
- (g) *Official Statement.* Certificates of the appropriate officials of the District evidencing their determinations respecting the Official Statement in accordance with Rule 15c2-12;
- (h) *Continuing Disclosure Certificate.* A Continuing Disclosure Certificate of the District as summarized in the Official Statement and in a form satisfactory to the Underwriter which complies with S.E.C. Rule 15c2-12(b)(5), in substantially the form appended to the Official Statement.
- (i) *Rating.* Evidence that the Notes have been rated "_____" by _____.

If the County and the District are unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations are terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be canceled by the Underwriter at, or at any time prior to, the Closing Date. Notice of cancellation shall be given to the County and the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the County and the District under this Purchase Agreement and the performance of any and all conditions contained in this Purchase Agreement for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

9. 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.

10. 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,

By: _____
Name:
Title:

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

TULARE COUNTY

By: _____
Treasurer-Tax Collector

EXETER UNION HIGH SCHOL DISTRICT

By: _____
Superintendent

EXHIBIT A

OPTIONAL REDEMPTION TERMS