NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: Standard & Poor's
Note Participations: "SP-1+"
Each District's Respective Note: "SP-1+"
(See "RATINGS" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Special Counsel to the Districts, based upon an analysis of existing laws, statutes, regulations, rulings and judicial decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Notes represented by the Note Participations is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Special Counsel, interest on the Notes represented by the Note Participations is exempt from State of California personal income tax. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Note Participations. See "TAX MATTERS" herein.

$63,485,000
CALIFORNIA EDUCATION NOTES PROGRAM
FISCAL YEAR 2010-11 NOTE PARTICIPATIONS, SERIES A
Interest Rate: 2.00%; Yield: 0.56%; CUSIP No.: 13017YAD1

Dated: Date of Delivery **Due: July 1, 2011**

This cover page contains certain information for general reference only. It is not intended as a summary of the transaction. Investors are advised to read the entire official statement to obtain information essential to the making of an informed investment decision.

The California Education Notes Program, Fiscal Year 2010-11 Note Participations, Series A (the "Note Participations") are being executed and delivered pursuant to the terms of a Trust Agreement, dated as of July 1, 2010 (the "Trust Agreement"), by and between certain California public school districts (collectively, the "Districts") and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Note Participations evidence and represent fractional and undivided interests in the tax and revenue anticipation notes (individually, a "Note" and collectively, the "Notes"), and debt service payments on such Notes to be made by the related Districts, in the same aggregate principal amount as the Note Participations. The Note Participations are payable by the Districts identified herein. In accordance with California law and each authorizing resolution (each a "Note Resolution"), the Note of each District is payable only out of the taxes, income, revenue, cash receipts and other moneys which are intended as receipts for the general fund of such District received in or accrued to Fiscal Year 2010-11 and which are legally available for payment therefor.

The Note Participations will be prepared in fully registered form and, when executed and delivered, will be registered in the name of Cede & Co., as owner of the Note Participations and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Note Participations. Individual purchases and sales of the Note Participations may be made in book-entry form only, in authorized denominations of $5,000, or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Note Participations purchased. Principal and interest evidenced by the Note Participations will be payable by wire transfer to DTC, which in turn is required to remit such principal and interest to DTC Participants for subsequent disbursement to the Beneficial Owners of the Note Participations, as more fully described herein.

The Note Participations are not subject to redemption prior to maturity.

The Note Participations are being sold to provide operating cash for the Districts' respective working capital expenditures and the investment and reinvestment of funds for the Districts prior to the receipt of anticipated tax payments and other revenues received in or accrued to Fiscal Year 2010-11. Each Note is secured by a pledge of certain unrestricted revenues received by the District issuing such Note for its general fund received in or accrued to the Fiscal Year 2010-11, and each Note shall constitute a first lien and charge thereon and shall be payable from the first moneys received by such District from such pledged revenues. To the extent not so paid, each Note shall be paid from any other taxes, income, revenue, cash receipts and other moneys of such District lawfully available therefor. Each Note Resolution requires the applicable District to set aside and deposit in a special fund to be established and held by such District certain amounts from the first such amounts received by such District in those months described herein so that the amount on deposit in such fund on such dates as described herein, taking into consideration actual investment earnings accrued to such date, is equal to all of the principal of and interest due on such Note, as more fully described herein. The obligation of each District is a several and not a joint obligation and is strictly limited to such District's repayment obligation under its Note Resolution and Note.

THE NOTE PARTICIPATIONS EVIDENCE AND REPRESENT LIMITED OBLIGATIONS OF THE INDIVIDUAL DISTRICTS, PAYABLE SOLELY FROM CERTAIN FUNDS PLEDGED UNDER THE TRUST AGREEMENT. THE OBLIGATION OF EACH DISTRICT TO PAY PRINCIPAL AND INTEREST EVIDENCED BY THE NOTE PARTICIPATIONS DOES NOT CONSTITUTE A DEBT OF THE DISTRICTS, OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The Note Participations are offered when, as and if executed and delivered and accepted by the Underwriter, subject to the approval of validity by Stradling Yocca Carlson & Rauth, A Professional Corporation, San Francisco, California, Bond and Disclosure Counsel. The Note Participations in definitive form are expected to be available for delivery through the facilities of DTC in New York, New York on or about July 7, 2010.

STONE & YOUNGBERG

Dated: June 22, 2010

No broker, dealer, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering made hereby and, if given or made, such information or representations must not be relied upon as having been authorized by the Financial Advisor, the Districts or the Underwriter. Neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of any District since the date hereof. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Note Participations in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information contained in this Official Statement has been obtained from the Districts and other sources believed by the Financial Advisor and the Underwriter to be reliable. The Underwriter has reviewed the information in the Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

The Underwriter has provided the following sentence for inclusion in this Official Statement: "The Underwriter has reviewed the information in this Official Statement in accordance with 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."

In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Note Participations at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "project," "forecast" or other similar words.

PARTICIPATING SCHOOL DISTRICTS

Acalanes Union High School District
Moreland School District
Mountain View Whisman School District
Portola Valley School District
San Marino Unified School District
San Mateo-Foster City School District
San Mateo Union High School District
Santa Monica-Malibu Unified School District
Saratoga Union School District
South San Francisco Unified School District
Woodside Elementary School District

SPECIAL SERVICES

Financial Advisor

Keygent LLC
El Segundo, California

Bond and Disclosure Counsel

Stradling Yocca Carlson & Rauth,
A Professional Corporation
San Francisco, California

Underwriter

Stone & Youngberg LLC
Los Angeles, California

Trustee

Wells Fargo Bank, National Association
Los Angeles, California

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Fiscal Year 2010-11 Note Participations, Series A

INTRODUCTORY STATEMENT

This introduction is not a summary of this Official Statement. It is only a brief description of 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 described herein. References to and summaries of provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete, and such references are qualified in their entirety by reference to the complete provisions.

This Official Statement, including the cover page and appendices hereto (the "Official Statement"), sets forth certain information concerning the California Education Notes Program Fiscal Year 2010-11 Note Participations, Series A (the "Note Participations").

Pursuant to the California Education Notes Program (the "Program"), the participating school districts identified herein (collectively, the "Districts"), located in the State of California (the "State"), are each issuing tax and revenue anticipation notes (the "Notes") and executing and delivering the Note Participations pursuant to a Trust Agreement, dated as of July 1, 2010 (the "Trust Agreement"), by and among the Districts and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Each District participating in the Program is the issuer of its Note which, when combined with the Notes of other Districts participating in the Program, shall be evidenced by the Note Participations. The Note Participations evidence and represent fractional and undivided interests in the Note of each District. Each District participating in the Program is severally, and not jointly, liable on the Note Participations, in the proportion that the face amount of such District's Note bears to the total aggregate face amount of the Notes issued by Districts participating in the issuance of the Note Participations.

The Note Participations will be executed and delivered in an aggregate principal amount equal to the aggregate principal amount of the Notes. The Notes are being issued to provide operating cash for the participating Districts' current working capital expenditures, capital expenditures and the investment and reinvestment of funds prior to the receipt of anticipated tax payments and other revenues. The Notes will be delivered to and deposited with the Trustee for the benefit of the registered owners of the Note Participations, and the payments on such Notes will be used for the payment of the principal of and interest on the Note Participations and the Notes shall not be used for any other purpose while any of the Note Participations remain outstanding. For information on the Districts and the Notes of the Districts, see Appendices A, B, C, D, E and I hereto.

The Note of each District is issued under the authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act") and pursuant to a resolution of issuance adopted by the legislative body of each such District (each a "Note Resolution"). The issuance of a District's Note will provide moneys to meet such District's anticipated cash flow needs for its Fiscal Year ending on June 30, 2011 ("Fiscal Year 2010-11") created by timing differences between its anticipated expenditures for Fiscal Year 2010-11 and its estimated receipt of certain revenues for Fiscal Year 2010-11. The aggregate principal amount of Notes issued will equal the aggregate principal amount of the Note Participations.

The Note Participations enjoy the benefits of a security interest in the money held in certain funds established pursuant to the Trust Agreement, subject to the provisions of the Trust Agreement permitting the disbursement thereof as set forth therein. **NEITHER THE OBLIGATION OF EACH DISTRICT TO PAY PRINCIPAL OF AND INTEREST ON ITS RELATED NOTE, NOR THE NOTE PARTICIPATION EVIDENCING SUCH DISTRICT'S OBLIGATION, CONSTITUTES A DEBT OF THE DISTRICTS**

OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Copies of the Trust Agreement and the standard form of the Note Resolution summarized herein are available upon request during the initial offering period from Wells Fargo Bank, National Association, Corporate Trust Services, 707 Wilshire Blvd., 17th Floor, Los Angeles, California 90017.

All capitalized words, unless otherwise defined herein, shall have the meanings set forth in APPENDIX E—"DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE TRUST AGREEMENT" or, if not defined therein, in the Trust Agreement.

DESCRIPTION OF THE NOTE PARTICIPATIONS

Denominations; Payment of Principal and Interest

The Note Participations will be prepared in fully registered form and, when executed and delivered, will be registered in the name of Cede & Co., as registered Owner of the Note Participations and nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Note Participations. Individual purchases may be made in book-entry form only in Authorized Denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Note Participations purchased. So long as Cede & Co. is the registered Owner of the Note Participations, as nominee of DTC, references herein to the Owners of the Note Participations shall mean Cede & Co. and shall not mean the actual purchasers (the "Beneficial Owners") of the Note Participations.

The Note Participations will be dated the date of initial execution and delivery thereof and will evidence and represent principal of the Notes and interest accrued thereon from the date of initial issuance of the Notes and execution and delivery of the Note Participations, at the rate per annum set forth on the cover page hereof. The Note Participations mature on July 1, 2011 (the "Maturity Date"). Interest and principal of the Note Participations is payable as provided herein.

So long as Cede & Co. is the registered Owner of the Note Participations, the principal and interest evidenced by the Note Participations will be payable by wire transfer by the Trustee to Cede & Co., as nominee for DTC, which is expected, in turn, to remit such amounts to DTC Participants (as defined herein) for subsequent disbursement to the Beneficial Owners. See APPENDIX G—"THE BOOK-ENTRY ONLY SYSTEM." Interest payable with respect to the Note Participations will be calculated on the basis of a 360-day year consisting of twelve, 30-day months.

Registration and Transfer of Note Participations

So long as the Note Participations are subject to the DTC book-entry system, they will be registered, and may be transferred, as described in APPENDIX G—"THE BOOK-ENTRY ONLY SYSTEM."

Redemption

The Note Participations are not subject to redemption prior to their Maturity Date.

ESTIMATED SOURCES AND USES OF PROCEEDS

The following table lists the estimated sources and uses of proceeds in connection with the Note Participations.

Sources	
Principal Amount	$63,485,000.00
Original Issue Premium	893,868.80
TOTAL SOURCES	$64,378,868.80
Uses	
Deposit to Proceeds Funds[1]	$64,175,000.00
Deposit to Note Participation Payment Funds	4,985.67
Costs of Issuance[2]	198,883.13
TOTAL USES	64,378,868.80

(1) Available to be withdrawn by Districts on and after the closing date.
(2) Includes the underwriter's discount, legal, financial advisory and rating fees, and other costs of issuance.

SECURITY AND SOURCE OF PAYMENT

The Notes

The Note Participations evidence and represent fractional and undivided interests in the Notes and in debt service payments to be made thereon by the related Districts. The Notes are general obligations of the respective Districts and, to the extent not paid from moneys pledged pursuant to the respective Note Resolution of the related District, will be paid from other moneys of the Districts legally available therefor. However, except for the Pledged Revenues as described herein, the Districts are not prohibited from pledging, encumbering and utilizing their moneys for other purposes and there can be no assurance that such moneys will be available for the payment of the principal of and interest on each series of Note Participations and the Notes evidenced thereby. **No District has any obligation to pay the principal of or interest on the Note of any other District**.

See APPENDIX A hereto for a listing of each District, the estimated principal amount of each Note and in relation to the principal amount of the Note Participations, and the projected Note payment coverage for each District.

The principal amount of a District's Note, together with the interest thereon, will be payable from taxes, income, revenue (including, but not limited to, revenues from the State and federal governments), cash receipts and other moneys intended as receipts for the general fund of such District and are received in or accrued to Fiscal Year 2010-11, and which are legally available for payment thereof. As security for the payment of the principal of and interest on its Note, each District has pledged certain unrestricted revenues intended as receipts for the general fund of such District and which are received in or accrued to Fiscal Year 2010-11 (the "Pledged Revenues"). See APPENDIX C—"CASH FLOWS AND ALTERNATIVE CASH RESOURCES." The principal of a District's Note, and the interest thereon, constitute a first lien and charge on such Pledged Revenues and are payable from the first moneys received by such District from such Pledged Revenues and, to the extent not so paid, will be paid from any other taxes, income, revenue, cash receipts and other moneys of such District lawfully available therefor. The term "unrestricted revenues" means, with respect to a District, all taxes, income, revenue (including, but not limited to, revenue from the State and federal governments), cash receipts and other moneys, intended as receipts for the general fund of such District received in or accrued to Fiscal Year 2010-11 and which generally are available for the payment of current expenses and other obligations of such District.

In order to effect the pledge of such revenues, each District has agreed under its Note Resolution to establish and maintain a special account within its general fund (its "Payment Account") and further agrees and covenants to maintain its Payment Account until the payment of the principal of its Note and the interest thereon. A District may establish its Payment Account with the Trustee. Each District has agreed under its Note Resolution to cause to be set aside in its Payment Account the first amounts received in those months of Fiscal Year 2010-11 set forth for such District in APPENDIX D—"REPAYMENT MONTHS, PERCENTAGES AND AMOUNTS" (the "Repayment Months") (and any amounts received thereafter received in or accrued to Fiscal Year 2010-11) until the amount on deposit in its Payment Account, together with the amount, if any, on deposit in any subaccount thereof held by the Trustee (a "Payment Subaccount"), and taking into consideration anticipated investment earnings thereon to be received by the maturity date thereof, is equal, in the respective Repayment Months, to the percentages of the principal and interest due on such Note as specified for such District in APPENDIX C—"CASH FLOWS AND ALTERNATIVE CASH RESOURCES."

Pursuant to the Trust Agreement, following a transfer to and deposit in a District's Payment Account of the amounts required to be transferred to and deposited therein as described above, the Trustee shall request a certificate evidencing transfer and deposit, and the District is required within seven (7) Business Days after the date of such written request to file such certificate. If the District fails to make or cause to be made such transfer to and deposit in its Payment Account, such failure will constitute an Event of Default, and the Trustee will have the right, without declaring such District's Note to be immediately due and payable, to require the District to pay to the Trustee an amount equal to the principal of such Note and interest thereon to maturity. Notwithstanding the foregoing, any District for which the Trustee is holding or investing moneys or securities on behalf of said District in a Payment Subaccount (which moneys or securities are intended to be that District's Payment Account deposit) need not present the certificate described above; likewise, the Trustee need not send a request for such certificate to said District.

Any moneys placed in a District's Payment Account will be for the benefit of the Owners of the Note Participations. The moneys in such Payment Account will be applied only for the purposes for which such Payment Account is created until the principal of such District's Note and all interest thereon are paid or until provision has been made for the payment of the principal of and interest on the Note.

On or before the date specified in the Trust Agreement, the moneys in such District's Payment Account and Payment Subaccount will be transferred to the applicable Note Participation Payment Funds described herein to pay the interest on and principal of each such District's Note when due.

Deposit of Notes; Application of Note Participation Payment Fund

Under the Trust Agreement, the Notes, as evidenced and represented by the Note Participations, shall be irrevocably deposited with and pledged and transferred to the Trustee for the benefit of the Owners of such Note Participations and the payments on such Notes will be used for the punctual payment of the interest and principal evidenced and represented by the Note Participations and the Notes shall not be used for any other purpose while any of such Note Participations remain Outstanding. Such deposit, pledge and transfer constitutes a first and exclusive lien on the principal and interest payments of and all other rights under such Notes for the foregoing purpose in accordance with the terms of the Trust Agreement.

All principal and interest payments on a District's Note will be paid directly by such District to the Trustee. All principal and interest payments on a District's Note received by the Trustee will be deposited by the Trustee, as and when received, in the Note Participation Payment Fund and will be held in trust by the Trustee for the benefit and security of the Owners of the Note Participations to which such payments of principal and interest are applicable, and to the extent provided in the Trust Agreement.

Pursuant to the Trust Agreement, the Trustee is required to deposit the moneys contained in the Note Participation Payment Fund at the respective times set forth in the Trust Agreement and hereinafter summarized, each of which funds the Trustee agrees to maintain so long as the Note Participations are Outstanding, and the money in each of such fund will be disbursed only for the purposes and uses authorized:

(a) *Interest Fund*. The Trustee shall deposit in the interest funds for the Note Participations (referred to herein as the "Interest Fund") that amount of money representing the interest due and payable on the Notes; and such money shall be used and withdrawn by the Trustee solely for the purpose of paying interest evidenced and represented by the Note Participations on the Maturity Date.

(b) *Principal Fund*. The Trustee shall deposit in the principal funds for the Note Participations (referred to herein as the "Principal Fund") that amount of money representing the principal becoming due and payable on the Notes. All moneys in such Principal Funds shall be used and withdrawn by the Trustee solely for the purpose of paying the principal evidenced and represented by the Note Participations on the Maturity Date.

Defaulted Notes

If a District fails to pay any of the principal of or interest on its Note on the due date thereof, such Note will become a Defaulted Note (as defined in the Trust Agreement). The Trustee will hold such Defaulted Note for the benefit of the Owners of the series of Note Participations to which Defaulted Note is attributable and in the manner specified in the Trust Agreement. If the Note as evidenced and represented by the Note Participations shall become a Defaulted Note, the unpaid portion (including the interest component, if applicable) thereof shall be deemed outstanding and shall not be deemed to be paid until the holders of such Note are paid the full principal amount represented by the unsecured portion of such Note plus interest accrued thereon (calculated at the Default Rate) to the date of deposit of such aggregate required amount with the Trustee. Holders of the Note Participations will be deemed to have received such principal amount upon deposit of such moneys with the Trustee. A District shall not be liable on a Defaulted Note except to the extent of any available revenues received in or accrued to its fiscal year ending June 30, 2011.

Investment of Note Proceeds and Pledged Revenues

The Note proceeds, or an amount related to the Note proceeds, less amounts used to pay costs of issuance, and the Pledged Revenues will be invested in the Treasury Pools (defined herein) of the respective county in which such District is located. See APPENDIX H—"COUNTY TREASURY POOLS." Certain other investments, including investment agreements to be held by the Trustee, are authorized by the Trust Agreement. For further information on the criteria therefor, see the definition of "Permitted Investments" in APPENDIX E.

INVESTMENT OF DISTRICT FUNDS

Most District funds are deposited into the appropriate county treasury to the credit of the proper fund of the District. Certain moneys not required for the immediate necessities of a District may be invested in investments specified in Sections 16430 or 53601 of the Government Code. Accordingly, all funds of each District not subject to the exception, including cash receipts and other moneys intended as receipts for deposit to the general fund of such District and received in or accrued to fiscal year 2010-11, including such District's Pledged Revenues and unrestricted revenues, are typically deposited with the Treasury Pool for their county, to remain on deposit therein and generally available for the payment of current expenses and other obligations of the Districts, until deposited into their respective Payment Accounts. The Districts participating in the Program expect to invest note proceeds in their respective county Treasury Pool.

The Districts are located in various counties within the State of California, the treasurer and tax collector, or similar officer (generally, a "Treasurer"), for each of which maintains a pooled fund for the investment of surplus, discretionary and other moneys of, among others, special districts located in such county (each, a "Treasury Pool"). Each District is eligible for investment in its Treasury Pool, and all Districts maintain balances with their county Treasurers, including their general funds. For information on the respective county Treasury Pools, see APPENDIX H—"COUNTY TREASURY POOLS."

Each Treasury Pool in the State is subject to statutory restrictions and additional policy restrictions as may be determined by the respective county board of supervisors. Treasury Pools consist of the deposits of the applicable county, cities, special districts and other independent public agencies, with a certain class of "involuntary" depositors, including school districts. Discretionary Treasury Pool participants make up varying percentages of each Treasury Pool, but always comprise a minority of those participants. Decisions as to the investment of a Treasury Pool are made by a county investment officer, often the Treasurer, who establishes policies for such investments, taking into account the restrictions set forth in Section 53601 *et seq.* of the Government Code, the applicable county board's policies, his or her own judgment, and certain other criteria such as safety of principal, liquidity and return on investment. Monthly or quarterly reports of investments in the Treasury Pool are made available to the respective boards of supervisors, and investments are subject to internal controls and audits.

Each county maintains a county treasury oversight committee, pursuant to Section 27131 of the Government Code, which meets periodically to review and monitor the investments and investment policies of the Treasurer for compliance.

None of the Districts controls the investments made by its county Treasurer in its Treasury Pool, and each Treasury Pool will fluctuate by the amount invested and compositions of the investments during each fiscal year. Accordingly, the Districts cannot make representations regarding the security afforded by investments in their respective Treasury Pools. For current information on the respective county Treasury Pools, see APPENDIX H—"COUNTY TREASURY POOLS."

RISK FACTORS

In evaluating a purchase of the Note Participations, potential investors should consider the following factors, together with all other information in this Official Statement.

Limited Obligations of the Districts

Each series of Note Participations are limited obligations of the Districts whose Notes are attributable thereto, severally and not jointly, payable solely from payments or principal and interest with respect to the Notes attributable thereto. The obligation of each District to pay principal of and interest on the Notes evidenced by the Note Participations does not constitute a debt of the Districts within the meaning of any constitutional or statutory debt limitation or restriction.

Limited Source of Repayment for Notes and Defaulted Notes

The primary source of repayment of the Note Participations is payments on the Notes. In order for Owners of the Note Participations to be paid in full in a timely manner, 100% of the payments with respect to the Notes must be paid as and when due. A District is liable on its Note (even in the event that such Note becomes a Defaulted Note) only to the extent of its unrestricted revenues received in or accrued to Fiscal Year 2010-11. If such unrestricted revenues are not sufficient to pay its Note or Defaulted Note, as the case may be, such District is not obligated to pay such Note or Defaulted Note from any other sources (including subsequent fiscal years' revenues).

Bankruptcy

As described herein, each District agrees under its Note Resolution to cause to be deposited directly into its Payment Account the first Pledged Revenues received in such District's Repayment Months. The filing of bankruptcy by one or more of the Districts could delay or impair the payment of the Note Participations. Further, the opinion of Special Counsel as to the enforceability of the Note Participations is expressly qualified by the declaration of bankruptcy.

No Joint Obligation

The obligation of a District to make payments on or in respect to its Note is a several and not a joint obligation and is strictly limited to such District's repayment obligation under its Note Resolution and its Note.

FUNDING OF SCHOOL DISTRICTS IN CALIFORNIA

Major Revenues

School district principal revenues consist of guaranteed State moneys, *ad valorem* property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget. Decreases in State revenues may affect appropriations made by the legislature to school districts.

Each school district receives a portion of the local property taxes that are collected within its district boundaries. This amount is compared to the total revenue limit; the balance is received in the form of state aid. Therefore, the sum of the property taxes and state aid equal the district's revenue limit. Certain schools districts, known as "basic aid" districts, have local property tax collections of such a large magnitude that, when compared to the district's total revenue limit, result in the receipt of the minimum State aid of $120 per pupil. This amount is defined in the State's constitution as basic aid. The implication for basic aid districts is that the legislatively determined annual cost of living adjustment and other politically determined factors are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. For fiscal year 2010-11, the following Districts are basic aid districts: (i) Mountain View Whisman School District, (ii) Portola Valley School District, (iii) San Mateo Union High School District, (iv) San Mateo-Foster City School District, (v) Saratoga Union School District, (vi) South San Francisco Unified School District, and (vii) Woodside School District.

School districts in the State have historically received most of their income under a formula known as the State revenue limit. This apportionment, which is funded by State general fund moneys and local property taxes (and in the case of school districts, certain other local revenues), is allocated to the school districts based on the average daily attendance of students ("A.D.A.") of the school districts for either the current or preceding school year. Generally, such apportionments will amount to the difference between the school district's revenue limit and the district's local property tax allocation. Revenue limit calculations are adjusted annually in accordance with a number of factors designed primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type (*i.e.,* all unified school districts, all high school districts or all elementary school districts).

A small part of a school district's budget is from local sources other than property taxes, such as interest income, donations and sales of property. The rest of a school district's budget comes from categorical funds provided exclusively by the State and federal government. These funds are to be used for specific programs and typically cannot be used for any other purpose. The California lottery is another source of funding for school districts, providing approximately 3% of a school district's budget. Every school district receives the same amount of lottery funds per pupil from the State; however, these are not categorical funds as they are not for particular programs or children. The initiative authorizing the lottery mandates the funds be used for instructional purposes, and prohibits their use for capital purposes.

The State revenue limit was first instituted in 1973-74 to provide a mechanism to calculate the amount of general purpose revenue a school district is entitled to receive from state and local sources. Prior to 1973-74, taxpayers in districts with low property values per pupil paid higher tax rates than taxpayers in districts with high property values per pupil. However, despite higher tax rates, less was spent per pupil in districts with low property values per pupil than districts with high property values per pupil. Thus, the State revenue limit helps to alleviate the inequities between these two types of districts.

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

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

State Budget Measures

The following information concerning the State's budget has been obtained from publicly available information which the Districts believe to be reliable; however, the Districts do not guaranty the accuracy or completeness of this information and has not independently verified such information.

Governor's Proposed 2010-2011 State Budget. On January 8, 2010, the Governor released his proposed budget for fiscal year 2010-11 (the "Proposed 2010-11 Budget"). On January 12, 2010, the LAO released its overview of the Proposed 2010-11 Budget; on February 25, 2010, the LAO also released supplemental reports on the provisions of the Proposed 2010-11 Budget affecting education funding. The following information is adapted from these reports.

The Proposed 2010-11 Budget estimates that, absent corrective measures, the State will end fiscal year 2009-10 with a $6.6 billion deficit. Also, General Fund expenditures in fiscal year 2010-11 are projected to exceed revenues by approximately $12.3 billion. The projected budget gap results from an inability of the state to achieve previous budget solutions in several areas, the effects of certain adverse court rulings, and the expiration of various one-time and temporary budget solutions approved as part of the 2009-10 State budget.

To address the projected budget gap, the Proposed 2010-11 Budget includes approximately $19.9 billion worth of measures affecting both fiscal year 2009-10 and 2010-11. Specifically, the Proposed 2010-11 Budget includes $7.6 billion of expenditure reductions, $7.9 billion worth of measures requiring either federal government funding or flexibility to change programs funded wholly or in part by the federal government, and $4.5 billion of additional solutions, comprised primarily of fund shifts.

With the implementation of these measures, the Proposed 2010-11 Budget assumes year-end revenues of $88.1 billion for fiscal year 2009-10, an increase of 6.4% from the prior year. The State is projected to end the 2009-10 fiscal year with a $5.4 billion deficit, thus eliminating the $500 million surplus enacted as part of the 2009 Budget Amendments. For fiscal year 2010-11, the Proposed 2010-11 Budget assumes total expenditures of $82.9 billion (reflecting a decrease of 3.7% from the prior year) and total revenues of $89.3 billion (reflecting an increase of 1.4% from the prior year). The State is also projected to end fiscal year 2010-11 with a $1 billion surplus.

Total Proposition 98 expenditures are reduced by $568 million in fiscal year 2009-10, and largely reflects a recapturing of K-12 funding expected to go unused. Specifically, the Proposed 2010-11 Budget recognizes $340 million in purported savings from increased K-3 class sizes and $228 million in various baseline adjustments resulting primarily from reduced student attendance. The Proposed 2010-11 Budget also delays a significant portion of the $11.2 billion "maintenance factor" payments approved as part of the 2009 Budget Amendments, from which the Proposed 2010-11 Budget recognizes substantial general fund savings in both 2009-10 and 2010-11.

For fiscal year 2010-11, the Proposed 2010-11 Budget implements approximately $2.2 billion in total reductions. The most significant is a $1.5 billion reduction to K-12 revenue limit funding that is to be achieved by (1) requiring school districts to spend less on non-instructional activities, (2) consolidating county office of education functions, and (3) removing restrictions on the contracting out of non-instructional services. Other significant reductions include (i) $201 million by applying a negative 0.38% COLA to K-12 apportionments and certain categorical programs resulting, (ii) $200 million by reducing eligibility and reimbursement rates for CalWORKs Stage 3 child care, and (iii) $210 million by recognizing additional savings from increased K-3 class sizes. The Proposed 2010-11 Budget does, however, provides $79 million to fund three K-12 mandates.

The Proposed 2010-11 Budget would implement new flexibility for school and community college districts to respond to the various proposed cuts. For school districts, these options include (1) eliminating seniority rules that apply to layoffs, assignments/reassignments, transfers and hires, (2) eliminating rules regarding priority and pay for receiving substitute teacher assignments, (3) extending the layoff notification window to the last day of the school year, (4) extending the observation window for probationary teachers to four years, and (5) other numerous changes to teacher dismissal procedures.

With the implementation of these measures, the Proposed 2010-11 Budget provides for $49.8 billion in Proposition 98 funding for fiscal year 2009-10, including $44 billion for K-12 education. For fiscal year 2010-11, Proposition 98 funding is set at $49.9 billion, including $43.9 billion for K-12 education, reflecting a decrease of 0.2% from the prior year. The LAO notes that, while Proposition 98 funding remains virtually flat across fiscal years 2009-10 and 2010-11, the State general fund share will increase by approximately 4.1%, while the share covered by local property tax revenues will decline by approximately 8.7%. While this is attributable in part to the slumping real estate market, the bulk of the decline in State general fund support results from the one-time $850 million contribution from redevelopment agencies approved as part of the 2009 Budget Amendments.

In addition to the provisions regarding education funding discussed above, the Proposed 2010-11 Budget includes the following major features:

- *Transportation Funding.* Elimination of most Proposition 42 transportation funding by repealing the State sales tax on gasoline. The State would make up the lost revenues by increasing the per gallon excise tax on gasoline (the "Gas Tax"). For fiscal year 2010-11, this proposal is projected to reduce fuel sales tax revenues by $2.8 billion. The Proposed 2010-11 Budget would partially offset this loss with a 10.8 cents per gallon increase of the Gas Tax, which is projected to generate $1.9 billion in revenues, resulting in a net reduction of transportation revenues of approximately $1 billion. The Proposed 2010-11 Budget does not provide any additional public transit or rail funding, either in fiscal year 2010-11 or going forward. In addition, by reducing State sales tax revenues, the Proposed 2010-11 Budget expects to achieve additional savings by lowering the Proposition 98 minimum funding guarantee.

- *State Employees.* $1.6 million of anticipated general fund savings by ending the current employee furlough program and instituting (1) a five percent reduction of state employee salaries across the board, (2) a five percent increase in employee pension contributions, and (3) a five percent unallocated reduction of departmental personnel costs.

- *Medi-Cal.* $750 million of various measures designed to reduce Medi-Cal costs through unspecified limits on services, utilization controls, and increased cost sharing with benefits recipients through copayment requirements or premiums. The Proposed 2010-11 Budget also anticipates $294 million in savings in fiscal years 2009-10 and 2010-11 by eliminating full-scope Medi-Cal services for certain immigrants, eliminating adult day health care benefits, delaying payments to institutional providers, and rescinding family planning rate increases.

- *Corrections/Rehabilitation.* $811 million of assumed savings from the reduction of inmate medical costs. The LAO notes that the Proposed 2010-11 Budget fails to specify the measures of achieving this savings. The Proposed 2010-11 Budget also assumes savings of $25 million in fiscal year 2009-10 and $292 million in 2010-11 by requiring that certain non-serious, non-violent and non-sex-offense felonies result in one-year county jail sentences in lieu of state prison sentences.

- *Department of Developmental Services.* $200 million in assumed savings in fiscal year 2010-11 through various cost-control measures for the Department of Developmental Services ("DDS").

- *Delay of Local Government Mandate Payments.* $137 million in anticipated reductions by suspending mandates not related to elections, law enforcement and property taxes. The Proposed 2010-11 Budget also anticipates saving $95 million by deferring scheduled mandates for costs incurred prior to fiscal year 2004-05.

- *Social Services.* $178 million in reductions to SSI/SSP programs by reducing grants to individuals by $15 per month (or 1.8%). The Proposed 2010-11 Budget also includes a 15.7% reduction in CalWORKs grants, with assumed general fund savings of $117 million.

- *Proposition 10 Ballot Proposal.* The Proposed 2010-11 Budget would place, on the June 2010 election ballot, a measure to allow use of Proposition 10 early childhood development funds for State general fund-supported DDS and Department of Social Services programs that serve children. It is anticipated that these measures would generate $550 million in general fund savings. The LAO notes that this proposal is similar to the Proposition 1D ballot proposal that was unsuccessfully put to the voters as part of the 2009 Budget Act.

- *Proposition 63 Ballot Proposal.* The Proposed 2010-11 Budget would also place on the June 2010 election ballot a measure shifting $452 million of Proposition 63 mental health funds to pay State general fund costs for specified Department of Mental Health programs in fiscal years 2010-11 and 2011-12. The LAO notes that this proposal is similar to the Proposition 1E ballot proposal that was unsuccessfully put to the voters as part of the 2009 Budget Act.

- *Other Measures.* The Proposed 2010-11 Budget also includes the following measures: (1) elimination of the Cash Assistance Program for Immigrants and the California Food Assistance Program ($200 million); (2) use of automated speed enforcement systems to reduce state costs for trial courts ($297 million); (3) a 4.8% surcharge on residential and commercial property insurance ($200 million) to cover fire protections costs; (4) approval by the Legislature of a lease to mine oil and gas off the Santa Barbara coast ($197 million) to cover costs associated with the State park system.

In addition to the various expenditures reductions and revenue measures described above, the Proposed 2010-11 Budget relies heavily on the receipt of federal government funding, or operating flexibility for state-federal programs, collectively totaling $7.9 billion. As discussed above, the LAO notes that other portions of the Proposed 2010-11 Budget, including some cuts to education funding, may also require federal approval.

The Proposed 2010-11 Budget identifies $6.9 billion of federal funds to relieve fiscal year 2010-11 general fund costs, many of which, if received, would be of a one-time nature. These funds include the following:

- *Medi-Cal/Medicare.* Assumed savings of $1.8 billion by having the federal government increase the State's Federal Medical Assistance Percentage ("FMAP") funding ratio. The Proposed 2010-11 Budget also would request the federal government to extend through June 30, 2011 the increased FMAP provided as part of ARRA, resulting in an assumed savings of $1.2 billion. Pursuant to ARRA, this increased FMAP is set to expire during calendar year 2010. Finally, the Proposed 2010-11 Budget assumes $1 billion in Medi-Cal relief from various federal moneys the Governor's administration believes are owed to the State, including funds related to health costs for individuals actually eligible for Medicare and changes to the level of state funding for prescription drug costs.

- *Other Federal Funds.* The Proposed 2010-11 Budget assumes State general fund savings in connection with other miscellaneous programs, including: (1) $1 billion of anticipated federal reimbursement for special education services; (2) $538 million from an extension of ARRA funding for the CalWORKs program; and (3) $880 million of federal funding to fully offset costs of incarcerating undocumented immigrant, which the LAO notes is substantially in excess the federal funding the State has received in past years for such costs (approximately $111 million per year).

The Proposed 2010-11 Budget includes other expenditure and revenue measures that may be triggered in the event some of the above-described federal funds are not received. Possible expenditure reductions ($3.8 billion) include elimination of the CalWORKs, IHSS and Health Families programs, and well as an additional five percent state employee salary reduction. Possible one-time revenue increases ($2.3 billion) include the extension of business tax changes relating to operating losses, extension of the temporary reduction in the dependent personal income tax credit approved as part of the 2009 Budget Act, and the delayed implementation of various other personal and corporate tax breaks.

While generally supportive of the Proposed 2010-11 Budget's revenue forecasts, the LAO perceives some flaws. Beyond questioning some of the assumed savings claimed by the Proposed 2010-11 Budget, the LAO notes that many of the proposed measures, such as a unilateral increase in state employee pension contributions or the changes to the fiscal year 2009-10 Proposition 98 maintenance factor discussed above, raise questions regarding their legality. Other proposed cuts to health, social services and transportation funding may face lawsuits. Finally, the LAO cautions that it is highly unlikely that the State will receive all the federal funds or flexibility sought by the Proposed 2010-11 Budget, and advocates more modest assumptions in the receipt of such federal assistance.

Additional information regarding the Proposed 2010-2011 Budget may be obtained from the LAO at www.lao.ca.gov.

Governor's May Revision to the Proposed 2010-11 Budget. On May 14, 2010, the Governor released his May revision to the Proposed 2010-11 Budget (the "May Revision"). On May 18, 2010, the LAO released its summary of the May Revision (the "May Revision Summary"). The following information is drawn from the May Revision Summary.

The May Revision estimates a total budget deficit of $17.9 billion, a net reduction of approximately $1 billion from the deficit projected by the Proposed 2010-11 Budget. This reduction results from (1) increased State revenues occasioned by the Gas Tax and enhanced Medicaid federal matching funds and (2) offsetting cost increases and declines in State revenues. Absent corrective action, the May Revision estimates that the State will end fiscal year 2009-10 with a $7.7 billion deficit. State general fund expenditures for fiscal year 2010-11 are also expected to exceed revenues by approximately $10.2 billion.

To address this projected gap, the May Revision proposes measures totaling $19.1 billion for both fiscal years 2009-10 and 2010-11. These measures are in addition to, or modify, those set out by the Proposed 2010-11 Budget. Specifically, the May Revision proposes $12.2 billion in expenditure reductions, $2.6 billion in loans, transfers and fund shifts, and $900,000 in revenue increases. The May Revision also assumes the receipt of $3.4 billion in federal funds, a significant decrease from the amount assumed by the Proposed 2010-11 Budget.

With the implementation of these measures, the May Revision assumes, for fiscal year 2009-10, year-end revenues of $86.5 billion and expenditures of $86.4 billion. The May Revision projects that the State will end the 2009-10 fiscal year with a deficit of $6.8 billion. For fiscal year 2010-11, the May Revision projects total revenues of $91.4 billion and expenditures of $83.4 billion. The May Revisions projects that the State will end the 2010-11 fiscal year with a $1.2 billion reserve.

For fiscal year 2009-10, the May Revision keeps total Proposition 98 funding virtually unchanged at $49.9 billion. This level of funding is maintained despite a drop in State general fund revenues and a corresponding decrease in the Proposition 98 minimum guarantee. As a result, the May Revision provides for $503 million more than the Proposed 2010-11 Budget. The May Revision counts this overappropriation as a payment towards the State's $11.2 billion in outstanding maintenance factor payments. Although total Proposition 98 funding remains relatively unchanged, the State general fund share increases to $35.8 billion (an increase of approximately $1.1 billion) to offset declines in local property tax revenues and oil/mineral revenues.

For fiscal year 2010-11, the May Revision reduces total Proposition 98 funding to $48.4 billion, including $35 billion from the State general fund. The May Revision purports to achieve the bulk of this reduction ($1.2 billion) by eliminating all Proposition 98 support for state-subsidized child care. Other measures affecting K-12 education funding include a reduction of $4.1 million reflecting an increase (from 0.38% to 0.39%) in the negative COLA approved by the Proposed 2010-11 budget, and a fund shift of $321 million in unspent prior-year funds to achieve a like amount of general fund savings.

Significantly, the May Revision maintains the overall $1.5 billion reduction to K-12 revenue limit funding included in the Proposed 2010-11 Budget. This reduction included a $45 million cut to county office of education funding. Under the terms of the Proposed 2010-11 Budget, this reduction would have been achieved by requiring school districts to spend less on non-instructional activities and the consolidation of county office of education functions. The May Revise, however, removes these requirements in order to provide school districts maximum flexibility to manage the overall reduction to revenue limit funding. The May Revise also reduces the cut to county office of education funding by $16.8 million.

The May Revision purports to achieve an additional $1.5 billion in savings by "rebenching" the Proposition 98 minimum funding guarantee to reflect the elimination of child care services discussed above. The LAO notes that the legality of this rebenching is unclear and suggests that the Legislature consider suspending Proposition 98 in fiscal year 2009-10 and fund the minimum Proposition 98 guarantee amount of $50.8 billion in fiscal year 2010-11. Alternatively, the LAO suggests suspending the guarantee in both fiscal years and funding a flat amount of $49.8 billion.

Other significant measures included as part of the May Revision are discussed below:

- *State Employees.* $795 million in anticipated savings from a mandatory personal leave program pursuant to which certain State employees will have their take-home pay reduced by the equivalent of eight hours of pay each month during fiscal year 2010-11. Such employees would be credited with a corresponding amount of personal leave hours.

- *CalWORKs.* $1.2 billion in anticipated savings through the elimination of the CalWORKs program. Combined with other CalWORKs reductions set forth in the Proposed 2010-11 Budget, total savings are assumed to be $2.5 billion. The LAO recommends the rejection of this proposal, principally on grounds that the State would forego significant amounts of federal funding tied to the CalWORKs program, and that its elimination would shift the cost of providing services to needy families to counties.

- *Medi-Cal.* Approximately $900 million in savings from a variety of changes to the Medi-Cal program, including: (i) enrolling seniors and persons with disabilities in managed care; (ii) imposing new copayment requirements for various services, hospital stays and emergency room visits ; (iii) limiting physician and clinic visits to ten per year; and (iv) freezing hospital rates. The May Revision assumes the receipt of federal approval of these reductions. The May Revision also largely eliminates the Drug Medi-Cal program, a substance abuse program partly funded by the federal government.

- *Health.* $602 million in purported savings by allowing counties to provide no more than the minimum range of mental health services required by the federal government for participation in Medicaid. The May Revision has also removed the Proposition 63 ballot measure included in the Proposed 2010-11 Budget.

- *In-Home Supportive Services.* With a majority of prior In-Home Supportive Services ("IHSS") reductions blocked by court decisions, the May Revision proposes $750 million in savings to be achieved through cost-containment measures developed in consultation with stakeholders. For fiscal year 2010-11, the net benefit to the State general fund is projected to be $637 million after factoring in the receipt of federal matching funds under the American Reinvestment and Recovery Act.

- *Corrections/Rehabilitation*. $244 million in anticipated savings by requiring that certain non-serious, non-violent, non-sex offenders convicted of specified felonies, and who receive a sentence of three years or less, serve such sentences in county jails rather than state prisons.

- *Federal Funding.* As mentioned above, the State has already received federal Medicaid matching funds amounting to approximately $680 million. The May Revision assumes the receipt of an additional $3.4 billion in federal aid, with approximately half coming from the congressional extension of the FMAP program and other federal economic stimulus funds. The LAO notes that this amount is significantly lower than the amount of federal funds assumed by the Proposed 2010-11 Budget, and, accordingly, no "trigger" list of alternative proposals is included in the May Revision.

- *Other Measures*. $1.6 billion of one-time budget relief from the use of special fund monies for State general fund purposes. Also, the May Revision assumes approximately $200 million in savings through the use of federal retiree reinsurance funds to reduce costs associated with the PERS program.

The LAO continues to believe that the State faces an ongoing annual General Fund budget gap of around $20 billion through at least fiscal year 2014-15. The LAO calculates these ongoing shortfalls will range between $4 billion and $7 billion through fiscal year 2014-15 even if all of the Governor's recommendations in the May Revise are implemented.

Additional information regarding the May Revision may be obtained from the LAO at www.lao.ca.gov.

Future Actions. The Districts cannot predict what actions will be taken in the future by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the Districts will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund education. Continued State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the Districts.

PARTICIPATING DISTRICTS' INFORMATION

Certain information regarding the Districts is included in the appendices hereto. Financial information for each District is included in APPENDIX B—"DISTRICT FINANCIAL INFORMATION." Projected cash flows for the coming fiscal year for each District are included in APPENDIX C—"CASH FLOWS AND ALTERNATIVE CASH RESOURCES." The estimates and timing of receipts and disbursements in such cash flow analyses are based on certain assumptions and should not be construed as statements of fact. The cash flow projections represent the current best estimate of the Districts, based on information available as of the date of the projections. However, due to the uncertainties inherent in the State of California budgeting process (See "FUNDING OF SCHOOL DISTRICTS IN CALIFORNIA—State Assistance"), these projections are subject to change and may vary considerably from actual cash flows experienced by the Districts during the 2010-11 fiscal year. APPENDIX I contains certain additional demographic and financial information pertaining to Acalanes Union High School District, San Mateo-Foster City School District, San Mateo Union High School District and South San Francisco Unified School District, which constitute the largest issuers of Notes in terms of principal amount.

Payment of State assistance in the amounts anticipated depends on the State's adhering to its current 2010-11 budget, including the appropriations therein provided for local assistance. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—PROPOSITION 98" and APPENDIX A—"NOTE AMOUNT BY DISTRICT AND COVERAGE ANALYSIS."

Each District maintains insurance or self-insurance in such amounts and with such retentions and other terms providing coverages for property damage, fire and theft, general public liability and workers' compensation, as are adequate, customary and comparable with such insurance maintained by similarly situated school districts. In addition, based upon prior claims experience, each District believes that its respective recorded liabilities for self-insured claims is adequate.

The information regarding the Districts has been taken or constructed from the official records of the District. Such information has been reviewed by an authorized representative of each District acting in his or her official capacity. Such representative has determined that as of the date hereof the information contained herein is, to the best of his or her knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact, or omit to state a material fact, necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

General Information Regarding Districts

Each of the Districts has made the following representations with respect to its financial and operational facts:

- During the past 10 years, the District has not failed to deposit moneys in their repayment funds established for the payment of principal of and interest on tax and revenue anticipation notes issued by or on behalf of the District;

- During the past 10 years, the District has not defaulted on a lease or debt obligation;

- There is no action, suit, proceeding or investigation pending or threatened which, if determined adversely to the District, could materially adversely impact the District's ability to repay its District Note;

- No other conditions or events, including but not limited to labor disputes or hazardous materials, exist or have occurred which may materially adversely affect the finances of the District; and

- The District knows of no other information which should be disclosed in connection with the issuance of the Notes, in order to make the information in this Official Statement, in the light of the circumstances, in which it is presented not misleading.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Article XIIIA of the California Constitution

On June 6, 1978, the California voters approved Proposition 13 ("Proposition 13"), which added Article XIIIA to the State Constitution ("Article XIIIA"). Article XIIIA 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 XIIIA 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 XIIIA 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." Determined in this manner, the full cash value is also referred to as the "base year value." The full cash value may be increased at a rate not to exceed two percent per year to account for inflation. Article XIIIA has subsequently been amended to print 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.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the base year value. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value.

Article XIIIA requires a vote of two-thirds of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (i) on any indebtedness approved by the voters prior to July 1, 1978, or (ii) as the result of an amendment approved by State voters on July 3, 1986, on any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (iii) bonded indebtedness incurred by a school district or school district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast of the proposition, but only if certain accountability measurers are included in the proposition. In addition, Article XIIIA requires the approval of two-thirds of all members of the state legislature to change any state taxes for the purpose of increasing tax revenues.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, Districts 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.

That portion of annual property tax revenues generated by increases in assessed valuations within each tax rate area within a county, subject to redevelopment agency, if any, claims on tax increment and subject to changes in organizations, if any, of affected jurisdictions, is allocated to each jurisdiction within the tax rate area in the same proportion that the total property tax revenue from the tax rate area for the prior year was allocated to such jurisdictions.

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 District continues as part of its allocation in future years.

Beginning in fiscal year 1981-82, assessors in California no longer record property values on tax rolls at the assessed value of 25% of market value which was expressed as $4 per $100 of assessed value. All taxable property is now shown at 100% of assessed value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

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

Unitary Property

Some amount of property tax revenue of the Districts 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 Districts) according to statutory formulae 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, nonutility companies may affect how those assets are assessed, and which Districts are to receive the property taxes. The Districts are 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 Districts. See "FUNDING OF SCHOOL DISTRICTS IN CALIFORNIA—Major Revenues" herein.

Article XIIIB of the California Constitution

Article XIIIB of the State Constitution ("Article XIIIB"), 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. As amended, Article XIIIB defines

(a) "change in the cost of living" with respect to school districts to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to a school district to mean the percentage change in the average daily attendance of the school district from the preceding fiscal year.

For fiscal years beginning on or after December 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 pursuant to 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, (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 pursuant to Section 8.5 of Article XVI of the State Constitution. See "Propositions 98 and 111" below.

Article XIIIC and Article XIIID 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 XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of Districts, 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 District from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds 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 XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

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

Proposition 46

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

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act, have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and school districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of General Fund revenues as the percentage appropriated to such districts in 1986-87, or (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one year period. The current level of guaranteed funding pursuant to Proposition 98 is 34.55% of the State general fund.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget.

Proposition 111

On June 5, 1990, the voters of California approved the "Traffic Congestion Relief and Spending Limitation Act of 1990 ("Proposition 111"), which modified the State Constitution to alter the Article XIIIB spending limit and the education funding provisions of Proposition 98. Proposition 111 took effect on July 1, 1990.

The most significant provisions of Proposition 111 are summarized as follows:

a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two year period, if there are excess State tax revenues, 50% of the excess is to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. Exclusions from Spending Limit. Two new exceptions have been added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, excluded are all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, excluded are any increases in gasoline taxes above the current nine cents per gallon level, sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990.

d. Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

e. School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) a certain percentage of State general fund revenues (the "first test") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "second test"). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in California per capita personal income. Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as Proposition 39) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55 percent (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1 percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, school districts, including the District, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1 percent of the value of property. Property taxes may only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55 percent vote requirement would apply only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55 percent of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for a high school or elementary school district), or $25 (for a school district), per $100,000 of taxable property value. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 1A

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State can not (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years.

Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments with in a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 1A, 39, 46 and 98 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the Districts or the Districts' ability to expend revenues. The nature and impact of these measures cannot be anticipated by the Districts.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, A Professional Corporation, San Francisco, California, Special Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Notes represented by the Note Participations is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Special Counsel, interest on the Notes represented by the Note Participations is exempt from State of California personal income tax. Special Counsel notes that, with respect to corporations, interest on the Notes represented by the Note Participations is not included as an adjustment in the calculation of alternative minimum taxable income.

Special Counsel's opinion as to the exclusion from gross income of interest on the Notes represented by the Note Participations is based upon certain representations of fact and certifications made by the Districts and others and is subject to the condition that the Districts comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Notes to assure that interest on the Notes will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest on the Notes represented by the Note Participations to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Note Participations. The Districts have covenanted to comply with all such requirements.

Although Special Counsel has rendered an opinion that interest on the Notes represented by the Note Participations is excluded from gross income for federal income tax purposes provided that the Districts continue to comply with certain requirements of the Code, the ownership of the Note Participations and the accrual or receipt of interest with respect to the Note Participations may otherwise affect the tax liability of certain persons. Special Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Notes represented by the Note Participations, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Note Participations.

It is possible that subsequent to the issuance of the Note Participations there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Note Participations or the market value of the Note Participations. No assurance can be given that subsequent to the issuance of the Note Participations such changes or interpretations will not occur.

The amount by which a Owner's original basis for determining gain or loss on the sale or exchange of a Note Participation (generally the purchase price) exceeds the amount payable on maturity constitutes amortizable premium which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Owner's basis in the Note Participation (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Owner realizing a taxable gain when the Note Participation is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Note Participation to the Owner. Purchasers should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Note Participations will be selected for audit by the IRS. It is also possible that the market value of the Note Participations might be affected as a result of such an audit (or by an audit of similar obligations).

Special Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Special Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Special Counsel expresses no opinion as to the effect on the exclusion from gross income of interest on the Notes represented by the Note Participations for federal income tax purposes with respect to any Note Participation if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

A copy of the proposed form of opinion of Special Counsel is attached hereto as APPENDIX F. Special Counsel expresses no opinion therein on the accuracy, completeness or sufficiency of this Official Statement or other offering material related to the Note Participations.

LITIGATION

There is no action, suit or proceeding known to be pending or threatened against any of the Districts, restraining or enjoining the execution or delivery of the Note Participations, the Trust Agreement or the Notes or in any way contesting or affecting the validity of the foregoing or, any action of the Districts taken with respect to any of the foregoing.

There is no litigation pending or, to the knowledge of the respective Districts, threatened, questioning the existence of the Districts, or the title of the officers of the respective Districts to their respective offices, or the power and authority of the Districts to issue and deliver the Notes or the Trustee to execute and deliver the related Note Participations.

RATINGS

Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC Business ("S&P") has assigned the rating of "SP-1+" to the Note Participations and to each of the Districts' Notes. The Districts supplied certain information to S&P's to be considered in evaluating the Note Participations and the Notes. The ratings reflect only the view of S&P, and any explanation of the significance of such ratings should be obtained from S&P. There is no assurance that any ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by S&P if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any rating may have an adverse effect on the market price of the Note Participations.

UNDERWRITING

Stone & Youngberg LLC (the "Underwriter"), has contracted to purchase the Note Participations at a price of $64,339,190.67 (representing the principal amount of the Note Participations, plus net original issue premium of $893,868.80, less an Underwriter's discount of $39,678.13). The Underwriter may offer and sell Note Participations to certain dealers and others at prices lower than the offering prices stated on the cover page hereof. The offering price may be changed from time to time by the Underwriter.

CONTINUING DISCLOSURE

Material Events Undertaking

Pursuant to the Trust Agreement, the Districts have agreed to give, or cause to be given, to the Municipal Securities Rulemaking Board (the "Repository"), in a timely manner notice of the following "Listed Events" with respect to such District's Note and the series of Note Participations related thereto if determined by the District to be material: (1) principal and interest payment delinquencies; (2) non-payment related defaults, (3) modification to the rights of the Owners; (4) contingent or unscheduled Note or Note Participation calls, if any; (5) defeasances; (6) rating changes; (7) adverse tax opinions or events adversely affecting the tax-exempt status of the Notes or the series of Note Participations related thereto; (8) unscheduled draws on any debt service reserves reflecting financial difficulties; and (9) any release, substitution, or sale of property securing repayment of the Notes or series of Note Participations related thereto. These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

The undertakings regarding material event disclosure set forth in the Trust Agreement may be amended, and any provision thereof may be waived, by written agreement of the parties thereto, without the consent of the Owners of the Note Participations (except to the extent required under clause (3)(ii) below), if all of the following conditions are satisfied: (1) such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Participants or the type of business conducted thereby; (2) the undertakings therein as so amended or waived would, in the opinion of nationally recognized Bond Counsel expert in federal securities laws addressed to the Districts and the Trustee, have complied with the requirements of the Rule at the time of the primary offering of the Note Participations, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; (3) the proposed amendment or waiver either (i) is approved by the Owners in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of the Owners, or (ii) does not, in the opinion of the nationally recognized Bond Counsel or counsel expert in federal securities laws addressed to the Participants and the Trustee, materially impair the interests of the owners of Note Participations; and (4) the Participants shall have delivered copies of such opinions and amendment to each Repository.

The Districts' obligations under the Trust Agreement shall terminate upon the defeasance or payment in full of all of the Notes and the Note Participations. The undertakings in the Trust Agreement relating to continuing disclosure shall inure solely to the benefit of the Districts, the Trustee, the Dissemination Agent, the Underwriter and the Owners and Beneficial Owners, from time to time of the Note Participations, and shall create no rights in any other person or entity.

See also APPENDIX E—"DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE TRUST AGREEMENT".

Prior Continuing Disclosure Obligations

Certain of the participating Districts have, in the past, failed to file certain portions of the annual reports or material event notices required by such District's outstanding continuing disclosure obligations. All such Districts have since filed all required annual reports and material event notices, and all the participating Districts are currently in compliance with their outstanding continuing disclosure obligations.

CERTAIN LEGAL MATTERS

At the time of the delivery of the Note Participations, Stradling Yocca Carlson & Rauth, A Professional Corporation, San Francisco, California, Special Counsel, will deliver its final approving opinion in the form set forth in APPENDIX F. A copy of such approving opinion will be available for delivery with the Note Participations.

AUTHORIZATION AND APPROVAL

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 Districts and the purchasers or Owners of any of the Note Participations.

This Official Statement, and its distribution and use by the Underwriter, have been duly authorized and approved by the Districts.

ACALANES UNION SCHOOL DISTRICT

By: /s/ Julie Bautista
Authorized Representative

MORELAND SCHOOL DISTRICT

By: /s/ Dana Taylor
Authorized Representative

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT

By: /s/ Shaw-Lee Ouyang
Authorized Representative

PORTOLA VALLEY SCHOOL DISTRICT

By: /s/ Tim Hanretty
Authorized Representative

SAN MARINO UNIFIED SCHOOL DISTRICT

By: /s/ Julie Boucher
Authorized Representative

SAN MATEO-FOSTER CITY SCHOOL DISTRICT

By: /s/ Micaela Ochoa
Authorized Representative

SAN MATEO UNION HIGH SCHOOL DISTRICT

By: /s/ Elizabeth McManus
Authorized Representative

SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

By: /s/ Tim Cuneo
Authorized Representative

SARATOGA UNION SCHOOL DISTRICT

By: /s/ Rosanna Jeng
Authorized Representative

SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT

By: /s/ Ronald D. Little II
Authorized Representative

WOODSIDE ELEMENTARY SCHOOL DISTRICT

By: /s/ Tim Hanretty
Authorized Representative

APPENDIX A

NOTE AMOUNT BY DISTRICT AND COVERAGE ANALYSIS

This Appendix contains tables listing the participating Districts, the principal amount of the Note being issued by each such District, the principal amount of the Note of such District as a percentage of the principal amount of the Note Participations, and projected note payment coverage for each District.

NOTE AMOUNT BY DISTRICT AND COVERAGE ANALYSIS

Issuer	Par Amount	% of Pool	Est. Ending Cash & Reserves	Coverage With Cash & Reserves	Alternate Liquidity	Coverage With Alternate Liquidity
Acalanes Union High School District	14,826,000	23.4%	4,678,920	1.32 x	12,530,000	2.16 x
Moreland School District	3,169,000	5.0%	1,821,169	1.57 x	14,926,565	6.28 x
Mountain View Whisman School District	1,884,000	3.0%	6,616,955	4.51 x	-	4.51 x
Portola Valley School District	2,546,000	4.0%	2,092,355	1.82 x	-	1.82 x
San Marino Unified School District	2,971,000	4.7%	3,209,104	2.08 x	-	2.08 x
San Mateo Union High School District	14,826,000	23.4%	11,153,087	1.75 x	4,270,110	2.04 x
San Mateo-Foster City School District	6,925,000	10.9%	4,872,284	1.70 x	667,309	1.80 x
Santa Monica-Malibu Unified School District	2,779,000	4.4%	14,773,053	6.32 x	12,840,584	10.94 x
Saratoga Union School District	3,169,000	5.0%	2,591,814	1.82 x	1,520,000	2.30 x
South San Francisco Unified School District	8,407,000	13.2%	10,548,983	2.25 x	4,717,176	2.82 x
Woodside School District	1,983,000	3.1%	659,171	1.33 x	83,500	1.37 x
Totals & Averages	63,485,000	100.0%		2.41 x		3.47 x

APPENDIX B

DISTRICT FINANCIAL INFORMATION

DISTRICT FINANCIAL INFORMATION

Acalanes Union High School District

	2006-07 Audited	2007-08 Audited	2008-09 Audited	2009-10 2nd Interim
GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES				
Total Revenues	55,104,231	55,908,374	56,188,389	51,668,323
Total Expenditures	53,985,702	55,426,125	54,379,624	53,823,997
Total Other Financing Sources/(Uses)	20,171	(320,982)	(34,499)	(1,070,963)
Beginning Fund Balance	3,720,241	4,858,941	5,020,208	7,938,440
Adjustments	-	-	-	-
Ending Fund Balance	4,858,941	5,020,208	6,794,474	4,711,803
GENERAL FUND BALANCE SHEET				
Total Assets	6,316,406	5,823,469	18,905,329	
Total Liabilities	1,457,465	803,261	12,110,855	
Total Fund Balance	4,858,941	5,020,208	6,794,474	
Total Liabilities and Fund Balance	6,316,406	5,823,469	18,905,329	

Moreland School District

	2006-07 Audited	2007-08 Audited	2008-09 Audited	2009-10 2nd Interim
GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES				
Total Revenues	35,128,157	34,009,370	35,533,802	33,965,170
Total Expenditures	31,334,147	35,632,102	34,783,645	38,327,687
Total Other Financing Sources/(Uses)	(196,382)	443,764	963,296	1,180,154
Beginning Fund Balance	3,750,020	7,347,648	6,168,680	7,882,133
Adjustments	-	-	-	-
Ending Fund Balance	7,347,648	6,168,680	7,882,133	4,699,770
GENERAL FUND BALANCE SHEET				
Total Assets	8,480,402	7,346,730	9,167,794	
Total Liabilities	1,132,754	1,178,050	1,285,661	
Total Fund Balance	7,347,648	6,168,680	7,882,133	
Total Liabilities and Fund Balance	8,480,402	7,346,730	9,167,794	

Mountain View Whisman School District

	2006-07 Audited	2007-08 Audited	2008-09 Audited	2009-10 2nd Interim
GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES				
Total Revenues	37,959,972	40,493,461	42,110,101	41,747,884
Total Expenditures	36,170,915	38,780,053	39,140,816	42,973,950
Total Other Financing Sources/(Uses)	(293,139)	(268,205)	(78,935)	(201,459)
Beginning Fund Balance	3,090,870	4,586,788	6,031,988	8,922,338
Adjustments	-	-	-	
Ending Fund Balance	4,586,788	6,031,991	8,922,338	7,494,813
GENERAL FUND BALANCE SHEET				
Total Assets	11,207,697	12,290,301	14,730,880	
Total Liabilities	6,620,909	6,258,310	5,808,542	
Total Fund Balance	4,586,788	6,031,991	8,922,338	
Total Liabilities and Fund Balance	11,207,697	12,290,301	14,730,880	

Portola Valley School District

	2006-07 Audited	2007-08 Audited	2008-09 Audited	2009-10 2nd Interim
GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES				
Total Revenues	10,517,906	11,243,359	11,442,610	11,576,837
Total Expenditures	10,729,956	11,314,167	11,291,385	11,816,118
Total Other Financing Sources/(Uses)	266,703	68,806	(149,183)	244,313
Beginning Fund Balance	466,522	521,175	519,173	543,567
Adjustments	-	-	-	(22,352)
Ending Fund Balance	521,175	519,173	521,215	526,247
GENERAL FUND BALANCE SHEET				
Total Assets	1,466,583	1,675,557	2,790,657	
Total Liabilities	945,408	1,156,384	2,269,442	
Total Fund Balance	521,175	519,173	521,215	
Total Liabilities and Fund Balance	1,466,583	1,675,557	2,790,657	

San Marino Unified School District

	2006-07 Audited	2007-08 Audited	2008-09 Audited	2009-10 2nd Interim
GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES				
Total Revenues	30,236,874	29,690,651	30,959,772	29,476,756
Total Expenditures	30,242,966	29,924,517	29,082,555	28,756,610
Total Other Financing Sources/(Uses)	(252,622)	(151,139)	145,251	(3,860,014)
Beginning Fund Balance	2,855,549	2,596,835	2,211,830	4,234,298
Adjustments	-	-	-	(29,934)
Ending Fund Balance	2,596,835	2,211,830	4,234,298	1,064,496
GENERAL FUND BALANCE SHEET				
Total Assets	7,590,922	3,524,505	5,638,115	
Total Liabilities	4,994,087	1,312,675	1,403,817	
Total Fund Balance	2,596,835	2,211,830	4,234,298	
Total Liabilities and Fund Balance	7,590,922	3,524,505	5,638,115	

San Mateo Union High School District

	2006-07 Audited	2007-08 Audited	2008-09 Audited	2009-10 2nd Interim
GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES				
Total Revenues	94,471,079	96,560,168	100,398,903	107,628,974
Total Expenditures	88,930,454	87,278,206	95,163,777	102,157,867
Total Other Financing Sources/(Uses)	(2,506,700)	(2,620,822)	(2,602,883)	(5,359,303)
Beginning Fund Balance	3,122,138	6,156,063	12,817,203	16,131,708
Adjustments	-	-	-	(682,262)
Ending Fund Balance	6,156,063	12,817,203	15,449,446	15,561,250
GENERAL FUND BALANCE SHEET				
Total Assets	27,460,167	33,684,474	45,554,849	
Total Liabilities	21,304,104	20,867,271	30,105,403	
Total Fund Balance	6,156,063	12,817,203	15,449,446	
Total Liabilities and Fund Balance	27,460,167	33,684,474	45,554,849	

DISTRICT FINANCIAL INFORMATION

San Mateo-Foster City School District

	2006-07 Audited	2007-08 Audited	2008-09 Audited	2009-10 2nd Interim
GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES				
Total Revenues	85,934,153	88,467,715	88,351,306	89,132,159
Total Expenditures	80,962,547	88,242,200	86,635,128	94,143,509
Total Other Financing Sources/(Uses)	(409,709)	1,017,135	729,760	800,000
Beginning Fund Balance	14,318,193	18,880,090	20,122,740	23,752,602
Adjustments	-	-	-	(1,183,923)
Ending Fund Balance	18,880,090	20,122,740	22,568,678	18,357,329
GENERAL FUND BALANCE SHEET				
Total Assets	32,801,339	27,381,234	35,670,033	
Total Liabilities	13,921,249	7,258,494	13,101,355	
Total Fund Balance	18,880,090	20,122,740	22,568,678	
Total Liabilities and Fund Balance	32,801,339	27,381,234	35,670,033	

Santa Monica-Malibu Unified School District

	2006-07 Audited	2007-08 Audited	2008-09 Audited	2009-10 2nd Interim
GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES				
Total Revenues	119,451,896	120,722,332	118,794,000	106,934,981
Total Expenditures	115,134,973	115,722,489	117,919,560	121,293,672
Total Other Financing Sources/(Uses)	3,066,987	(348,561)	(75,000)	33,335
Beginning Fund Balance	11,660,322	23,433,892	28,085,174	29,768,562
Adjustments	4,389,660	-	(1,000,000)	(2,028,373)
Ending Fund Balance	23,433,892	28,085,174	27,884,614	13,414,833
GENERAL FUND BALANCE SHEET				
Total Assets	40,667,263	40,822,547	41,367,222	
Total Liabilities	17,233,371	12,737,373	13,482,608	
Total Fund Balance	23,433,892	28,085,174	27,884,614	
Total Liabilities and Fund Balance	40,667,263	40,822,547	41,367,222	

Saratoga Union School District

	2006-07 Audited	2007-08 Audited	2008-09 Audited	2009-10 2nd Interim
GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES				
Total Revenues	21,553,338	22,990,603	24,280,892	22,552,319
Total Expenditures	20,814,353	22,840,258	23,891,678	23,966,416
Total Other Financing Sources/(Uses)	(347,648)	(108,601)	(13,189)	-
Beginning Fund Balance	1,297,984	1,689,321	1,731,064	2,107,090
Adjustments	-	-	-	-
Ending Fund Balance	1,689,321	1,731,065	2,107,089	692,993
GENERAL FUND BALANCE SHEET				
Total Assets	3,123,913	2,947,819	2,617,024	
Total Liabilities	1,434,592	1,216,755	509,935	
Total Fund Balance	1,689,321	1,731,064	2,107,089	
Total Liabilities and Fund Balance	3,123,913	2,947,819	2,617,024	

South San Francisco Unified School District

	2006-07 Audited	2007-08 Audited	2008-09 Audited	2009-10 2nd Interim
GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES				
Total Revenues	72,072,181	73,278,031	76,688,696	71,511,414
Total Expenditures	66,595,544	70,592,748	71,855,051	78,221,468
Total Other Financing Sources/(Uses)	(1,983,242)	(143,161)	(2,131,096)	(1,073,747)
Beginning Fund Balance	9,155,895	12,649,290	15,191,412	17,893,960
Adjustments	-	-	-	-
Ending Fund Balance	12,649,290	15,191,412	17,893,961	10,110,159
GENERAL FUND BALANCE SHEET				
Total Assets	21,954,310	22,470,811	32,109,252	
Total Liabilities	9,305,020	7,279,399	14,215,292	
Total Fund Balance	12,649,290	15,191,412	17,893,960	
Total Liabilities and Fund Balance	21,954,310	22,470,811	32,109,252	

Woodside School District

	2006-07 Audited	2007-08 Audited	2008-09 Audited	2009-10 2nd Interim
GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES				
Total Revenues	6,771,619	7,336,305	7,671,603	7,857,643
Total Expenditures	6,788,479	7,748,722	7,683,193	8,111,021
Total Other Financing Sources/(Uses)	42,754	71,869	(10,367)	442,007
Beginning Fund Balance	1,185,131	1,211,025	870,477	848,520
Adjustments	-	-	-	-
Ending Fund Balance	1,211,025	870,477	848,520	1,037,149
GENERAL FUND BALANCE SHEET				
Total Assets	2,273,402	2,152,253	2,173,860	
Total Liabilities	1,062,377	1,281,776	1,325,340	
Total Fund Balance	1,211,025	870,477	848,520	
Total Liabilities and Fund Balance	2,273,402	2,152,253	2,173,860	

APPENDIX C

CASH FLOWS AND ALTERNATIVE CASH RESOURCES

This Appendix contains current and projected cash flows and a description of alternative cash resources for each District. The projected cash flow amounts are projections only; there can be no assurance that such projections will be realized. Further, investors should note that amounts shown as alternative cash resources for a District will not necessarily be available for the payment of the Note of such District.

CASH FLOWS AND ALTERNATIVE CASH RESOURCES

Acalanes Union High School District

2009-10 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2009	4,189,438	1,852,325	9,885,000	2,754,685			13,172,078
August 2009	13,172,078	5,778,031		8,703,942			10,246,167
September 2009	10,246,167	3,457,266		6,976,142			6,727,291
October 2009	6,727,291	4,767,101		7,057,822		1,099,487	5,536,057
November 2009	5,536,057	1,047,103		6,694,922			(111,762)
December 2009	(111,762)	21,598,055		4,658,336			16,827,957
January 2010	16,827,957	9,130,081		11,503,993	4,942,500		9,511,545
February 2010	9,511,545	369,323		4,407,019			5,473,849
March 2010	5,473,849	4,518,817		7,895,296			2,097,370
April 2010	2,097,370	18,441,046		4,833,718	4,942,500		10,762,198
May 2010	10,762,198	3,961,442		5,047,494			9,676,146
June 2010	9,676,146	(552,701)		5,273,589			3,849,856

2010-11 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2010	3,849,856	1,118,284	14,826,000	2,664,407		96,174	17,225,907
August 2010	17,225,907	4,801,482		8,618,256		(261,174)	13,147,959
September 2010	13,147,959	2,590,956		6,846,732		(156,775)	8,735,408
October 2010	8,735,408	3,949,856		6,930,366			5,754,898
November 2010	5,754,898	756,995		6,544,962			(33,069)
December 2010	(33,069)	23,282,909		4,397,833			18,852,007
January 2011	18,852,007	7,020,295		11,456,339	7,413,000		7,002,963
February 2011	7,002,963	759,874		4,248,922			3,513,915
March 2011	3,513,915	4,187,415		5,263,323			2,438,007
April 2011	2,438,007	23,552,921		4,674,553	7,413,000		13,903,375
May 2011	13,903,375	2,047,877		4,890,347			11,060,905
June 2011	11,060,905	(1,270,245)		5,111,740			4,678,920

Alternative Cash Resources

Fund	Est. 2010-11 Ending Balance
Adult Education Fund	125,000
Cafeteria Special Revenue Fund	5,000
Deferred Maintenance Fund	1,100,000
Capital Facilities Fund	300,000
Special Reserve Fund for Capital Outlay Projects	11,000,000
Total	12,530,000

CASH FLOWS AND ALTERNATIVE CASH RESOURCES

Moreland School District

2009-10 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2009	6,169,324	1,482,206	2,299,000	927,828		(771,201)	8,251,501
August 2009	8,251,501	205,382		1,617,962		(10,740)	6,828,181
September 2009	6,828,181	1,312,034		3,456,264		25,871	4,709,822
October 2009	4,709,822	1,315,904		3,608,934		1,570,915	3,987,707
November 2009	3,987,707	2,086,163		3,382,586		94,651	2,785,935
December 2009	2,785,935	5,784,413		3,179,829		5,969	5,396,488
January 2010	5,396,488	4,688,690		3,355,750	1,149,500	43,866	5,623,794
February 2010	5,623,794	1,495,429		3,363,747		65,570	3,821,046
March 2010	3,821,046	2,236,849		3,785,774		11,809	2,283,930
April 2010	2,283,930	5,628,424		3,337,425	1,149,500	59,104	3,484,533
May 2010	3,484,533	2,184,384		3,882,515			1,786,402
June 2010	1,786,402	4,371,448		4,073,052			2,084,798

2010-11 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2010	3,176,253 [1]	1,427,699	3,169,000	835,608		2,194,076	9,131,420
August 2010	9,131,420	167,242		1,429,708		121,199	7,990,153
September 2010	7,990,153	1,407,937		3,236,949		72,752	6,233,893
October 2010	6,233,893	939,497		3,365,717			3,807,673
November 2010	3,807,673	2,139,091		3,174,595			2,772,169
December 2010	2,772,169	6,059,621		3,022,352			5,809,438
January 2011	5,809,438	4,369,243		3,142,091	1,584,500		5,452,090
February 2011	5,452,090	1,410,175		3,160,337			3,701,928
March 2011	3,701,928	2,056,028		3,392,923			2,365,033
April 2011	2,365,033	5,898,998		3,157,301	1,584,500		3,522,230
May 2011	3,522,230	2,045,893		3,620,972			1,947,151
June 2011	1,947,151	3,623,959		3,749,941			1,821,169

Alternative Cash Resources

Fund	Est. 2010-11 Ending Balance
Child Development Fund	8,994
Cafeteria Special Revenue Fund	84,144
Special Reserve Fund for Capital Outlay Projects	14,833,427
Total	14,926,565

[1] July 2010 beginning cash includes unrestricted special reserves transferable to general fund.

CASH FLOWS AND ALTERNATIVE CASH RESOURCES

Mountain View Whisman School District

2009-10 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2009	7,779,302	1,949,674	2,372,000	1,996,139		49,125	10,153,962
August 2009	10,153,962	434,434		1,454,978		(399,679)	8,733,739
September 2009	8,733,739	1,263,267		3,643,763		133	6,353,376
October 2009	6,353,376	3,616,664		3,684,687		1,128,643	7,413,996
November 2009	7,413,996	919,207		3,759,416		874,448	5,448,235
December 2009	5,448,235	8,012,676		3,521,166		403,819	10,343,564
January 2010	10,343,564	6,815,861		3,824,893	1,186,000	231,326	12,379,858
February 2010	12,379,858	958,140		3,652,281		(846,522)	8,839,195
March 2010	8,839,195	2,242,305		3,690,138		(86,970)	7,304,392
April 2010	7,304,392	7,159,682		3,837,529	1,186,000	29,359	9,469,904
May 2010	9,469,904	3,822,109		5,004,329		(265,444)	8,022,240
June 2010	8,022,240	4,553,865		5,106,089		24,797	7,494,813

2010-11 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2010	8,430,899 [1]	1,456,904	1,884,000	1,746,823			10,024,980
August 2010	10,024,980	327,963		1,333,619			9,019,324
September 2010	9,019,324	926,831		3,441,226			6,504,929
October 2010	6,504,929	3,248,685		3,446,804			6,306,810
November 2010	6,306,810	1,342,920		3,520,371			4,129,359
December 2010	4,129,359	7,802,595		3,338,332			8,593,622
January 2011	8,593,622	6,277,063		3,578,643	942,000		10,350,042
February 2011	10,350,042	553,323		3,458,179			7,445,186
March 2011	7,445,186	2,007,282		3,325,431			6,127,037
April 2011	6,127,037	7,281,330		3,587,721	942,000		8,878,646
May 2011	8,878,646	3,126,332		4,489,412			7,515,566
June 2011	7,515,566	3,688,918		4,587,529			6,616,955

Alternative Cash Resources

Fund	Est. 2009-10 Ending Balance
N/A	-
Total	-

[1] July 2010 beginning cash includes unrestricted special reserves transferable to general fund.

CASH FLOWS AND ALTERNATIVE CASH RESOURCES

Portola Valley School District

2009-10 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2009	2,021,708 [1]	123,716	1,641,000	420,721		6,254	3,371,957
August 2009	3,371,957	73,838		320,136			3,125,659
September 2009	3,125,659	82,277		1,148,049			2,059,887
October 2009	2,059,887	(243,089)		1,404,611			412,187
November 2009	412,187	656,792		949,350			119,629
December 2009	119,629	3,963,950		1,369,029			2,714,550
January 2010	2,714,550	658,531		1,100,497	820,500		1,452,084
February 2010	1,452,084	183,591		926,449			709,226
March 2010	709,226	516,988		925,930			300,284
April 2010	300,284	2,600,838		1,482,060	820,500		598,562
May 2010	598,562	784,944		933,836			449,670
June 2010	449,670	2,052,697		798,207			1,704,160

2010-11 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2010	1,704,160	76,875	2,546,000	389,327		117,065	4,054,773
August 2010	4,054,773	71,701		292,396		9,889	3,843,967
September 2010	3,843,967	83,583		1,069,559		5,936	2,863,927
October 2010	2,863,927	(173,943)		1,312,398			1,377,586
November 2010	1,377,586	184,938		884,630			677,894
December 2010	677,894	829,944		1,087,225			420,613
January 2011	420,613	4,223,113		1,015,246	1,273,000		2,355,480
February 2011	2,355,480	89,854		855,556			1,589,778
March 2011	1,589,778	482,844		850,252			1,222,370
April 2011	1,222,370	2,749,660		1,396,833	1,273,000		1,302,197
May 2011	1,302,197	468,725		858,126			912,796
June 2011	912,796	1,910,351		730,792			2,092,355

Alternative Cash Resources

Fund	Est. 2010-11 Ending Balance
N/A	-
Total	-

[1] July 2009 beginning cash includes unrestricted special reserves transferable to general fund.

CASH FLOWS AND ALTERNATIVE CASH RESOURCES

San Marino Unified School District

2009-10 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2009	2,718,864	3,083,293	4,636,000	451,233		(1,448,243)	8,538,681
August 2009	8,538,681	618,344		875,281		39,090	8,320,834
September 2009	8,320,834	937,078		2,259,022		(199,365)	6,799,525
October 2009	6,799,525	(609,539)		5,088,024		2,079,661	3,181,623
November 2009	3,181,623	1,469,087		2,473,440		277,685	2,454,955
December 2009	2,454,955	7,207,107		2,605,260		50,075	7,106,877
January 2010	7,106,877	3,455,544		2,427,071	2,318,000	240,268	6,057,618
February 2010	6,057,618	1,692,614		2,364,848		18,255	5,403,639
March 2010	5,403,639	1,376,610		2,515,321		103,289	4,368,217
April 2010	4,368,217	4,650,103		2,443,110	2,318,000	93,901	4,351,111
May 2010	4,351,111	2,240,246		2,630,197		-	3,961,160
June 2010	3,961,160	569,171		4,418,768		210,818	322,381

2010-11 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2010	2,892,808 [1]	931,767	2,971,000	388,799		(1,050,052)	5,356,724
August 2010	5,356,724	860,447		747,710		562,648	6,032,109
September 2010	6,032,109	179,626		1,855,130		337,740	4,694,345
October 2010	4,694,345	(8,610)		2,298,559		88,674	2,475,849
November 2010	2,475,849	910,788		2,042,133		-	1,344,504
December 2010	1,344,504	6,873,614		2,155,275		-	6,062,844
January 2011	6,062,844	3,513,151		2,003,740	1,485,500	-	6,086,755
February 2011	6,086,755	1,254,361		1,946,009		784,058	6,179,165
March 2011	6,179,165	618,595		2,078,764		-	4,718,996
April 2011	4,718,996	4,755,437		2,001,084	1,485,500	-	5,987,849
May 2011	5,987,849	1,993,873		2,171,824		-	5,809,898
June 2011	5,809,898	279,578		2,880,372		-	3,209,104

Alternative Cash Resources

Fund	Est. 2010-11 Ending Balance
N/A	-
Total	-

[1] July 2010 beginning cash includes unrestricted special reserves transferable to general fund.

CASH FLOWS AND ALTERNATIVE CASH RESOURCES

San Mateo Union High School District

2009-10 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2009	17,777,615	3,802,400	19,259,000	3,354,383		(631,364)	36,853,268
August 2009	36,853,268	(386,097)		8,941,333		616,964	28,142,802
September 2009	28,142,802	1,238,928		7,563,583		(313,873)	21,504,274
October 2009	21,504,274	7,150,773		7,120,523		(2,028,419)	19,506,105
November 2009	19,506,105	4,955,807		24,772,873		97,658	(213,303)
December 2009	(213,303)	37,589,666		8,538,761		(6,013,216)	22,824,386
January 2010	22,824,386	5,850,706		(942,678)	9,629,500	(307,063)	19,681,207
February 2010	19,681,207	1,060,960		8,195,597		638,967	13,185,537
March 2010	13,185,537	4,964,050		8,109,004		483,680	10,524,263
April 2010	10,524,263	28,079,834		9,341,350	9,629,500	(41,822)	19,591,425
May 2010	19,591,425	3,510,365		9,801,298			13,300,492
June 2010	13,300,492	3,792,852		7,562,685			9,530,659

2010-11 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2010	13,284,085 [1]	2,020,962	14,826,000	3,244,044		973,173	27,860,176
August 2010	27,860,176	(46,561)		9,365,450		(12,774)	18,435,391
September 2010	18,435,391	929,024		7,501,056		(7,668)	11,855,691
October 2010	11,855,691	6,489,147		6,832,762			11,512,076
November 2010	11,512,076	4,598,671		13,820,302			2,290,445
December 2010	2,290,445	37,963,633		8,525,911			31,728,167
January 2011	31,728,167	5,669,901		8,111,739	7,413,000		21,873,329
February 2011	21,873,329	697,177		8,195,446			14,375,060
March 2011	14,375,060	4,491,752		8,447,355			10,419,457
April 2011	10,419,457	28,148,224		9,663,784	7,413,000		21,490,897
May 2011	21,490,897	2,960,403		9,553,284			14,898,016
June 2011	14,898,016	3,166,831		6,911,760			11,153,087

Alternative Cash Resources

Fund	Est. 2010-11 Ending Balance
Adult Education Fund	2,169,553
Child Development Fund	2,141
Cafeteria Special Revenue Fund	99,987
Deferred Maintenance Fund	850,542
Foundation Special Revenue Fund	3,000
Capital Facilities Fund	1,141,382
County School Facilities Fund	3,505
Total	4,270,110

[1] July 2010 beginning cash includes unrestricted special reserves transferable to general fund.

CASH FLOWS AND ALTERNATIVE CASH RESOURCES

San Mateo-Foster City School District

2009-10 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2009	16,632,040	9,903,798		2,085,140		(1,296,357)	23,154,341
August 2009	23,154,341	1,135,433		5,481,191		11,623	18,820,207
September 2009	18,820,207	2,767,339		6,823,123		175,353	14,939,776
October 2009	14,939,776	7,558,439		7,787,365		548,520	15,259,370
November 2009	15,259,370	5,747,404		8,904,384		348,679	12,451,069
December 2009	12,451,069	31,397,754		8,958,644		(787,234)	34,102,945
January 2010	34,102,945	12,922,448		8,895,029		(787,234)	37,343,130
February 2010	37,343,130	6,685,687		8,790,592		(787,235)	34,450,991
March 2010	34,450,991	4,554,317		8,790,592			30,214,716
April 2010	30,214,716	19,891,477		8,790,592			41,315,601
May 2010	41,315,601	(833,312)		8,790,592			31,691,697
June 2010	31,691,697	(398,861)		10,046,265			21,246,571

2010-11 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2010	21,246,571	1,920,034	6,925,000	1,762,539		(8,050,787)	20,278,279
August 2010	20,278,279	492,749		5,047,966		(2,405,208)	13,317,854
September 2010	13,317,854	429,251		5,980,695		(1,443,772)	6,322,638
October 2010	6,322,638	4,424,690		6,662,638			4,084,690
November 2010	4,084,690	3,716,656		7,544,311			257,034
December 2010	257,034	24,107,558		7,545,200			16,819,392
January 2011	16,819,392	5,672,068		7,544,158	3,462,500		11,484,803
February 2011	11,484,803	7,735,663		7,409,819			11,810,647
March 2011	11,810,647	4,055,586		7,409,819			8,456,415
April 2011	8,456,415	19,381,379		7,409,819	3,462,500		16,965,474
May 2011	16,965,474	1,436,605		7,409,819			10,992,260
June 2011	10,992,260	2,449,751		8,569,728			4,872,284

Alternative Cash Resources

Fund	Est. 2010-11 Ending Balance
Special Reserve Fund for Capital Outlay Projects	667,309
Total	667,309

CASH FLOWS AND ALTERNATIVE CASH RESOURCES

Santa Monica-Malibu Unified School District

2009-10 Cash Flow							
Month	**Beginning Balance**	**Revenues**	**TRAN Amount**	**Expenditures**	**Principal Pledge**	**Prior Year Transactions**	**Ending Balance**
July 2009	31,396,857	3,956,029		1,487,824		(6,040,141)	27,824,922
August 2009	27,824,922	2,408,131		3,663,308		(685,196)	25,884,549
September 2009	25,884,549	2,188,670		3,522,034		(2,317,830)	22,233,355
October 2009	22,233,355	4,560,079		10,691,433		567,664	16,669,665
November 2009	16,669,665	5,031,997		10,661,395		2,305,417	13,345,683
December 2009	13,345,683	30,146,436		10,611,785		874,088	33,754,423
January 2010	33,754,423	9,022,463		10,742,818		(1,959,344)	30,074,724
February 2010	30,074,724	5,967,942		10,942,517		(213,992)	24,886,157
March 2010	24,886,157	1,861,751		10,759,579		988,064	16,976,393
April 2010	16,976,393	22,223,744		10,241,689		274,727	29,233,175
May 2010	29,233,175	5,805,745		11,110,653		-	23,928,267
June 2010	23,928,267	4,623,928		10,630,063		24,769	17,946,901

2010-11 Cash Flow							
Month	**Beginning Balance**	**Revenues**	**TRAN Amount**	**Expenditures**	**Principal Pledge**	**Prior Year Transactions**	**Ending Balance**
July 2010	20,257,371 [1]	2,318,523	2,779,000	1,487,824		(8,432,844)	15,434,227
August 2010	15,434,227	3,012,424		3,663,308		700,419	15,483,762
September 2010	15,483,762	1,732,604		3,522,034		(803,116)	12,891,216
October 2010	12,891,216	3,595,229		9,940,627		2,304,250	8,850,068
November 2010	8,850,068	5,480,066		9,493,119		903,259	5,740,274
December 2010	5,740,274	28,824,214		9,514,788		658,643	25,708,343
January 2011	25,708,343	8,367,733		9,841,024	1,389,500	136,594	22,982,147
February 2011	22,982,147	5,803,913		9,660,630		297,955	19,423,385
March 2011	19,423,385	2,135,277		9,622,495		23,346	11,959,512
April 2011	11,959,512	25,907,178		10,325,974	1,389,500	201,192	26,352,408
May 2011	26,352,408	4,684,802		10,324,469		-	20,712,741
June 2011	20,712,741	4,268,535		10,208,223		-	14,773,053

Alternative Cash Resources	
Fund	**Est. 2010-11 Ending Balance**
Child Development Fund	155,094
Cafeteria Special Revenue Fund	485,490
Capital Facilities Fund	7,400,000
Special Reserve Fund for Capital Outlay Projects	4,800,000
Total	12,840,584

[1] July 2010 beginning cash includes unrestricted special reserves transferable to general fund.

CASH FLOWS AND ALTERNATIVE CASH RESOURCES

Saratoga Union School District

2009-10 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2009	1,663,424	456,244	2,973,000	617,462		(198,716)	4,276,490
August 2009	4,276,490	38,810		851,309		81,349	3,545,341
September 2009	3,545,341	151,462		2,246,172		(18,598)	1,432,032
October 2009	1,432,032	1,500,985		2,113,314		157,674	977,377
November 2009	977,377	1,484,947		2,154,544		(31,619)	276,161
December 2009	276,161	5,690,565		2,031,278		(26,061)	3,909,386
January 2010	3,909,386	3,394,359		2,103,091	1,486,500	155,725	3,869,879
February 2010	3,869,879	330,545		2,322,043		195,581	2,073,962
March 2010	2,073,962	1,275,911		2,092,821		(7,526)	1,249,527
April 2010	1,249,527	4,937,742		2,483,108	1,486,500	(282,264)	1,935,397
May 2010	1,935,397	2,470,564		2,483,166		-	1,922,795
June 2010	1,922,795	820,185		2,468,108		418,122	692,994

2010-11 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2010	3,284,037 [(1)]	352,919	3,169,000	598,821			6,207,135
August 2010	6,207,135	28,784		804,432			5,431,487
September 2010	5,431,487	158,960		2,168,975			3,421,472
October 2010	3,421,472	1,503,915		2,063,197			2,862,190
November 2010	2,862,190	1,483,847		2,077,325			2,268,712
December 2010	2,268,712	5,761,583		1,981,989			6,048,306
January 2011	6,048,306	3,169,401		2,043,869	1,584,500		5,589,338
February 2011	5,589,338	242,348		2,267,561			3,564,125
March 2011	3,564,125	1,282,482		2,034,329			2,812,278
April 2011	2,812,278	4,992,068		2,391,388	1,584,500		3,828,457
May 2011	3,828,457	2,397,234		2,391,398			3,834,293
June 2011	3,834,293	1,133,909		2,376,388			2,591,814

Alternative Cash Resources

Fund	Est. 2010-11 Ending Balance
Cafeteria Special Revenue Fund	20,000
Capital Facilities Fund	1,500,000
Total	1,520,000

[(1)] July 2010 beginning cash includes unrestricted special reserves transferable to general fund.

CASH FLOWS AND ALTERNATIVE CASH RESOURCES

South San Francisco Unified School District

2009-10 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2009	19,891,314	394,905		2,139,838		(973,625)	17,172,756
August 2009	17,172,756	(105,219)		2,498,606		(1,106,769)	13,462,163
September 2009	13,462,163	387,311		7,063,957		540,406	7,325,923
October 2009	7,325,923	3,724,502		6,840,313		(1,713,543)	2,496,569
November 2009	2,496,569	4,300,330		6,402,058		203,327	598,168
December 2009	598,168	23,051,457		6,728,938		980,904	17,901,591
January 2010	17,901,591	5,710,973		6,292,311		(444,943)	16,875,310
February 2010	16,875,310	791,831		6,557,241			11,109,900
March 2010	11,109,900	2,811,740		6,557,241			7,364,399
April 2010	7,364,399	17,922,824		6,557,241			18,729,982
May 2010	18,729,982	4,454,911		6,557,241			16,627,652
June 2010	16,627,652	4,826,471		7,809,624			13,644,500

2010-11 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2010	15,612,008 [1]	373,220	8,407,000	1,819,895		(2,884,532)	19,687,802
August 2010	19,687,802	(383,356)		2,031,679		(2,672,884)	14,599,883
September 2010	14,599,883	(432,581)		6,078,233		1,508,014	9,597,083
October 2010	9,597,083	3,157,126		5,920,530			6,833,679
November 2010	6,833,679	2,747,746		5,659,128			3,922,296
December 2010	3,922,296	22,092,247		5,910,907			20,103,637
January 2011	20,103,637	4,621,802		5,572,951	4,203,500		14,948,988
February 2011	14,948,988	1,073,794		5,845,751			10,177,031
March 2011	10,177,031	3,078,032		5,845,751			7,409,312
April 2011	7,409,312	16,651,717		5,845,751	4,203,500		14,011,778
May 2011	14,011,778	4,583,685		5,845,751			12,749,712
June 2011	12,749,712	4,518,368		6,719,097			10,548,983

Alternative Cash Resources

Fund	Est. 2010-11 Ending Balance
Adult Education Fund	245,563
Child Development Fund	362,101
Cafeteria Special Revenue Fund	597,436
Deferred Maintenance Fund	1,012,888
Capital Facilities Fund	114,765
Special Reserve Fund for Capital Outlay Projects	2,384,423
Total	4,717,176

[1] July 2010 beginning cash includes unrestricted special reserves transferable to general fund.

CASH FLOWS AND ALTERNATIVE CASH RESOURCES

Woodside School District

2009-10 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2009	669,257	80,460	1,315,000	540,775		95,415	1,619,357
August 2009	1,619,357	6,456		310,132			1,315,681
September 2009	1,315,681	45,256		794,554			566,383
October 2009	566,383	938,670		769,570			735,483
November 2009	735,483	12,460		631,933			116,010
December 2009	116,010	287,024		798,154			(395,120)
January 2010	(395,120)	2,283,953		762,291			1,126,542
February 2010	1,126,542	185,359		571,929	526,000		213,972
March 2010	213,972	371,895		613,958	131,500		(159,591)
April 2010	(159,591)	1,854,353		1,132,709	131,500		430,553
May 2010	430,553	335,974		579,862	526,000		(339,335)
June 2010	(339,335)	1,513,926		529,285			645,306

2010-11 Cash Flow

Month	Beginning Balance	Revenues	TRAN Amount	Expenditures	Principal Pledge	Prior Year Transactions	Ending Balance
July 2010	645,306	54,935	1,983,000	511,343		43,853	2,215,751
August 2010	2,215,751	10,604		290,359			1,935,996
September 2010	1,935,996	43,319		764,037			1,215,277
October 2010	1,215,277	925,150		753,895			1,386,532
November 2010	1,386,532	21,757		660,733			747,556
December 2010	747,556	289,119		757,845			278,831
January 2011	278,831	2,310,274		770,564	991,500		827,041
February 2011	827,041	191,057		587,058			431,040
March 2011	431,040	385,782		626,405			190,417
April 2011	190,417	3,122,755		1,034,696	991,500		1,286,977
May 2011	1,286,977	342,212		600,545			1,028,645
June 2011	1,028,645	186,757		556,230			659,171

Alternative Cash Resources

Fund	Est. 2010-11 Ending Balance
Child Development Fund	83,500
Total	83,500

APPENDIX D

REPAYMENT MONTHS, PERCENTAGES AND AMOUNTS

REPAYMENT MONTHS, PERCENTAGES AND AMOUNTS

		January 31, 2011 Principal Payment		April 30, 2011 Principal Payment		May 31, 2011 Interest Payment	
Issuer	**Par Amount**	**Percent**	**Amount**	**Percent**	**Amount**	**Percent**	**Amount**
Acalanes Union High School District	14,826,000	50%	7,413,000	50%	7,413,000	100%	291,578.00
Moreland School District	3,169,000	50%	1,584,500	50%	1,584,500	100%	62,323.67
Mountain View Whisman School District	1,884,000	50%	942,000	50%	942,000	100%	37,052.00
Portola Valley School District	2,546,000	50%	1,273,000	50%	1,273,000	100%	50,071.33
San Marino Unified School District	2,971,000	50%	1,485,500	50%	1,485,500	100%	58,429.67
San Mateo Union High School District	14,826,000	50%	7,413,000	50%	7,413,000	100%	291,578.00
San Mateo-Foster City School District	6,925,000	50%	3,462,500	50%	3,462,500	100%	136,191.67
Santa Monica-Malibu Unified School District	2,779,000	50%	1,389,500	50%	1,389,500	100%	54,653.67
Saratoga Union School District	3,169,000	50%	1,584,500	50%	1,584,500	100%	62,323.67
South San Francisco Unified School District	8,407,000	50%	4,203,500	50%	4,203,500	100%	165,337.67
Woodside School District	1,983,000	50%	991,500	50%	991,500	100%	38,999.00
Totals	63,485,000		31,742,500		31,742,500		1,248,538.35

APPENDIX E

DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE TRUST AGREEMENT

The following is a brief summary of certain provisions of the legal documents related to the Note Participations which are not described in the Official Statement to which this Appendix is attached. This summary is not intended to be definitive and is qualified in its entirety by reference to the fully executed Trust Agreement and Note Resolutions for the complete terms thereof. Copies of the Trust Agreement and Note Resolutions are available upon request from the respective School Districts.

DEFINITIONS

"Authorized Denomination" means $5,000 or any multiple thereof.

"Authorized School District Representative" means the person or persons designated as such in the School District Note Resolution or any other person at the time designated to act on behalf of such School District by written certificate furnished to the Trustee, containing the specimen signature of such person and signed on behalf of such School District by an Authorized School District Representative.

"Business Day" means any day except Saturday, Sunday or any day on which banks located in the city in which the designated corporate trust office of the Trustee is located, or in the City of Los Angeles, California are required or authorized to remain closed.

"Certificate" or "Request" with respect to a School District means an instrument in writing signed on behalf of such School District by an Authorized School District Representative.

"Code" means the Internal Revenue Code of 1986 and the regulations issued or applicable thereunder.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to a School District and related to the authorization, execution and delivery of the Notes and the related sale of the Note Participations, including, but not limited to, costs of preparation and reproduction and delivery of documents, filing and recording fees, fees and charges of the Trustee and its counsel, legal fees and charges, fees and disbursements of consultants and professionals, fees and charges for preparation, execution and safekeeping of the Note Participations and any other costs, charges or fees in connection with the original execution and delivery of the Note Participations and the issuance of the Notes.

"Costs of Issuance Fund" means the fund by that name established pursuant to the Trust Agreement.

"Defaulted Note" means a Note any of the principal of or interest on which is not paid when due.

"Default Rate" means the rate of interest per annum payable with respect to the outstanding portion of each Defaulted Note which if the Defaulted Note is unpaid, will equal the Note Rate.

"Financial Advisor" means Keygent LLC, or any other successor thereto.

"Interest Fund" means the fund by that name established pursuant to the Trust Agreement.

"Interest Payment Date" means the Maturity Date.

"Maturity Date" means July 1, 2011.

"Moody's" means Moody's Investors Service, a corporation duly organized and existing under any by virtue of the laws of the State of Delaware, and its successors and assigns.

"Note Participation Payment Fund" means the fund by that name established under the Trust Agreement.

"Note Participations" means $63,485,000 principal amount of the California Education Notes Program, Fiscal Year 2010-11 Note Participation, Series A authorized by, at any time Outstanding, and are executed and delivered by the Trustee under and pursuant to the Trust Agreement.

"Note Payment Deposit Date" means June 26, 2011.

"Note Rate" means the stated rate of interest payable on the Notes.

"Note Resolutions" means the respective resolutions adopted by the board of trustees of the School Districts authorizing the issuance of the Notes and approving the execution and delivery of the Trust Agreement, and the Note Participations.

"Notes" means one or more series of taxable or tax-exempt tax and revenue anticipation notes issued by the School Districts in the respective aggregate principal amounts described in the Trust Agreement, which are attributable to the Note Participations, as indicated in the Trust Agreement.

"Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds.

"Outstanding," when used as of any particular time with reference to Note Participations, means (subject to the subheading entitled "AMENDMENT OF OR SUPPLEMENT TO THE TRUST AGREEMENT — Disqualified Note Participations") all Note Participations except —

(1) Note Participations cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Note Participations paid or deemed to have been paid within the meaning of the Trust Agreement; and

(3) Note Participations in lieu of or in exchange or substitution for which other Note Participations shall have been executed and delivered by the Trustee under the Trust Agreement.

"Owner" means the registered owner of any Outstanding Note Participation.

"Payment Account Deposit Certification" means a certification of the School District in the form set forth in the Trust Agreement that the deposit required to be made to the Payment Account pursuant to the Note Resolution has been made.

"Payment Accounts" means the accounts created by the School Districts pursuant to the Note Resolutions.

"Payment Subaccount" means any subaccounts held on behalf of the School Districts by the Trustee in the Note Participation Payment Fund.

"Permitted Investments" means any of the following to the extent then permitted by law:

1. (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the

right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

2. Obligations of instrumentalities or agencies of the United States of America. These are specifically limited to:

-- Federal Home Loan Mortgage Corporation (FHLMC)
Participation Certificates (excluding stripped mortgage securities which are purchased at prices exceeding their principal amounts)
Debt Obligations

-- Federal Home Loan Banks (FHL Banks)
Consolidated debt obligation

-- Federal National Mortgage Association (FNMA) Debt obligations and
Mortgage backed securities (Excluding stripped mortgage securities-which are purchased at prices exceeding their principal amounts).

Book entry securities listed in 1 and 2 above must be held in a trust account with the Federal Reserve Bank or with a clearing corporation or chain of clearing corporations which has an account with the Federal Reserve Bank.

3. Federal Housing Administration debentures.

4. Commercial paper, payable in the United States of America, having original maturities of not more than 92 days and which are rated A+ by S&P and Prime-1 by Moody's.

5. Interest bearing demand or time deposits issued by state banks or trust companies, savings and loan associations, federal savings banks or any national banking associations, the deposits of which are insured by the Bank Insurance Fund (BIF) or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation (SAIF) or any successors thereto. These deposits: (a) must be continuously and fully insured by BIF or SAIF, or (b) must have maturities of less than 366 days and be deposited with banks the short term obligations of which are rated A+ by S&P and P-1 by Moody's.

6. Money market mutual funds or portfolios investing in short-term US Treasury securities rated AAAm or AAAm-G by S&P and Aaa by Moody's, including those which the Trustee and its affiliates or subsidiaries provide advisory or management services.

7. Investment agreements which are with investment institutions, or with a financial entity whose obligations are guaranteed or insured by a financial entity, having long-term obligations which are rated "AA" or higher by S&P and "Aa" or higher by Moody's as to long term instruments and which are approved by S&P and Moody's; provided that if such rating falls below AA- or Aa3, by S&P or Moody's, respectively, the investment agreement will require the Trustee to replace such financial institution or will provide for the investment agreement to be collateralized at levels and under such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach).

8. The Local Agency Investment Fund administered by the State of California.

"Pricing Confirmation Supplement" means that certain Pricing Confirmation Supplement attached to each Purchase Agreement as agreed and accepted by each of the respective School Districts.

"Principal Fund" means the fund by that name established under the Trust Agreement.

"Principal Office of the Trustee" means the corporate trust office of the Trustee, which, for the Trustee initially appointed under the Trust Agreement, is located in Los Angeles, California, *provided* that a different office may be designated by the Trustee in writing to the School Districts.

"Principal Payment Date" means the date on which principal evidenced and represented by the Note Participations becomes due and payable, being the Maturity Date.

"Proceeds Fund" means the fund by that name established under the Trust Agreement.

"Program" means the California Education Notes Program pursuant to which the Note Participations are executed and delivered to assist School Districts in financing cash flow deficits.

"Purchase Agreement" means that certain Purchase Agreement by and between each of the respective School Districts and the Purchaser relating to the Notes and the Note Participations.

"Purchaser" means Stone & Youngberg LLC, as Purchaser of the Note Participations evidencing and representing interests in the Notes.

"Rating Agency" means each national rating agency then maintaining a rating on the Note Participations.

"Repayment Month" means those months identified as pledge months in the Pricing Confirmation Supplement executed by each School District.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw-Hill Companies.

"School District" or "School Districts" means the school districts listed in the Trust Agreement and in each case their successors and assigns.

"Special Counsel" means Stradling Yocca Carlson & Rauth, a Professional Corporation.

"Trust Agreement" means the Trust Agreement executed and entered into as of July 1, 2010, by and between the Trustee and the School Districts, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance therewith.

"Trustee" means Wells Fargo Bank, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, at its principal corporate trust office in Los Angeles, California, or any other bank or trust company at its principal corporate trust office which may at any time be substituted in its place as Trustee as provided in the Trust Agreement.

TRUSTEE'S DUTIES REGARDING NOTES

Return of Paid Notes. Each Note, when paid in full, will be cancelled by the Trustee and returned to the School District that issued such Note.

NOTE PAYMENTS

Deposit of Notes. The Notes, as evidenced and represented by the Note Participations, have been irrevocably deposited with and pledged and transferred to the Trustee, who is the registered owner of each Note for the benefit of the Owners of the Note Participations, and the payments on the Notes will be used for the punctual payment of the interest and principal evidenced and represented by the Note Participations, and the Notes will not be used for any other purpose while any of the Note Participations remain Outstanding. This deposit, transfer and pledge will constitute a first and exclusive lien on the principal and interest payments of the Notes for the foregoing purpose in accordance with the terms hereof. Each School District has approved and the Trustee has accepted the deposit of the Notes.

All principal and interest payments on the Notes will be paid directly by each School District to the Trustee. Principal and interest payments on the Notes received by the Trustee will be held in trust by the Trustee under the terms of the Trust Agreement and will be deposited by it, as and when received, in the appropriate Payment Subaccount within the Note Participation Payment Fund, which fund the Trustee has agreed to maintain so long as any of the Note Participations are Outstanding, and all money in such fund will be held in trust by the Trustee for the benefit and security of the Owners of the Note Participations to the extent provided in the Trust Agreement. If the Trustee receives Note repayments from a School District which, together with other amounts on deposit in one of the Note Participation Payment Fund allocable to such School District, are in excess of the amounts required to pay the principal of and interest due on such School District's Note, such excess amounts will be transferred to such School District following payment of the Note Participations evidencing and representing principal and interest on such School District's Note.

Moneys received by the Trustee attributable to a School District will not be used in any manner (directly or indirectly) to make up any deficiency in any other School District's Note repayments.

Deposit of Money in the Note Participation Payment Fund. The Trustee will deposit the money contained in the Note Participation Payment Fund at the following respective times in the following respective funds in the manner provided in the Trust Agreement, each of which funds the Trustee has agreed to maintain so long as any Note Participations are Outstanding, and the money therein will be disbursed only for the purposes and uses authorized in the Trust Agreement:

(a) **Interest Fund.** The Trustee, on each Interest Payment Date, will deposit in the Interest Fund that amount of money representing the interest becoming due and payable on the Notes on such Interest Payment Date. All money in the Interest Fund will be used and withdrawn by the Trustee solely for the purpose of paying the interest evidenced and represented by the Note Participations on each Interest Payment Date.

(b) **Principal Fund.** The Trustee, on the Principal Payment Date, will deposit in the Principal Fund that amount of money representing the principal becoming due and payable on the Notes on such Principal Payment Date. All moneys in the Principal Fund will be used and withdrawn by the Trustee solely for the purpose of paying the principal evidenced and represented by the Note Participations on the Principal Payment Date.

Investments. Any money held by the Trustee at any time in any Funds created under the Trust Agreement will, to the fullest extent practicable, be invested as directed in writing by an Authorized School District Representative in Permitted Investments which will, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement under the Trust Agreement. In the absence of any written direction from the School District, the Trustee will invest any money held in any Funds created under the Trust Agreement in Permitted Investments identified in Section 6 of the definition thereof which will, as nearly as practicable, mature on or before the dates on which such money is anticipated to be needed for disbursement under the Trust Agreement. The amounts held in the Proceeds Funds will be accounted for separately for the respective School Districts. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may at its sole discretion, for the purpose of any such investment, commingle any of the money held by it under the Trust Agreement. The Trustee will not be liable or responsible for any loss suffered in connection with any such deposit or investment made by it under the terms of and in accordance with the Trust Agreement. The Trustee may present for redemption or sell any such deposit or investment whenever it shall be necessary in order to provide money to meet any payment of the money so deposited or invested, and the Trustee will not be liable or responsible for any losses resulting from any such deposit or investment presented for redemption or sold. Any interest or profits on such deposits and investments received by the Trustee will be credited to the fund, account or subaccount from which such investment was made.

Confirmation of Deposits to Payment Accounts. (a) The Trustee will, on the fifteenth day of each month identified as a Repayment Month for each School District in its respective Note, send a request for a Payment Account Deposit Certification, substantially in the form attached as Exhibit C to the Trust Agreement, requesting that such School District confirm and certify that it has made the required deposit (in the amount and on the date specified in the Pricing Confirmation Supplement for each School District attached to the Purchase Agreement) into its Payment Account created pursuant to its Note Resolution. Such Payment Account Deposit Certification will be signed by an Authorized School District Representative and delivered to the Trustee within seven Business Days after the date of such request. In the event that the Trustee has not received the Payment Account Deposit Certification from a School District by the fifth day of each month identified as a Repayment Month, the Trustee shall immediately notify the Financial Advisor of such failure by the School District. In the event that the Trustee has not received the Payment Account Deposit Certification from a School District within seven Business Days following the date such Payment Account Deposit Certification was due from a School District, the Trustee will be entitled to conclude that the deposit into such School District's Payment Account has not been made and will immediately notify each rating agency then rating the Note Participations, the Purchaser and the Underwriter of such event, which constitutes an "Event of Default" under such School District's Note Resolution. Upon the occurrence of such an event, the Trustee will exercise the rights and remedies set forth in the Trust Agreement. Notwithstanding anything to the contrary in the Trust Agreement, any School District for which the Trustee is holding or investing moneys or securities on behalf of said School District (which moneys or securities are intended to be that School District's Payment Account deposit, either pursuant to the Trust Agreement or through some other arrangement between the Trustee and the School District) need not present a Payment Account Deposit Certification; likewise, the Trustee need not send a request for a Payment Account Deposit Certification to said School District.

(b) On the Note Payment Deposit Date, the Trustee will transfer all amounts held by it on behalf of each School District to the Note Participation Payment Funds, as described in the Trust Agreement.

COVENANTS

Compliance with Trust Agreement. The Trustee will not execute or deliver any Note Participations in any manner other than in accordance with the provisions of the Trust Agreement; and the School Districts will not suffer or permit any default to occur thereunder, but will faithfully observe and perform all the agreements, conditions, covenants and terms contained therein required to be observed and performed by them.

Amendment of Notes. The School Districts and the Trustee will not amend or permit the amendment of the Notes without (a)(1) a determination that such amendment does not materially adversely affect the interest of the Owners or (2) the written consents of a majority in aggregate principal amount of the Note Participations then Outstanding, and (b) an Opinion of Counsel to the effect that such amendment will not cause interest on the Notes to be included in gross income for federal income tax purposes; *provided* that no such amendment will reduce the rate of interest or amount of principal or extend the time of payment thereof with respect to any Note.

Observance of Laws and Regulations. The School Districts will faithfully observe and perform all lawful and valid obligations or regulations now or hereafter imposed on them by contract, or prescribed by any state or national law, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such observance or performance is material to the transactions contemplated by the Trust Agreement.

Tax Covenants. (a) The School Districts will not take any action or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on the Notes, as evidenced and represented by the Note Participations, under Section 103 of the Code. The School Districts will not directly or indirectly use or permit the use of any proceeds of the Note Participations or the obligations which they evidence and represent or any other funds held under the Trust Agreement or take or omit to take any action that would cause the Note Participations or the obligation which they represent to be "private activity bonds" within the meaning of Section 141(a) of the Code or obligations which are "federally guaranteed" within the meaning of Section 149(b) of the Code.

(b) The School Districts will not directly or indirectly use or permit the use of any proceeds of the Note Participations or the obligations which they represent or any other funds held under the Trust Agreement or take or omit to take any action that would cause the Note Participations or the obligations which they evidence and represent to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the School Districts have covenanted to comply with all requirements of Section 148 of the Code to the extent applicable to the Notes. In the event that at any time any School District is of the opinion (which opinion may be based on an Opinion of Counsel), that for purposes of the Trust Agreement it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Trust Agreement with respect to such School District, such School District will so instruct the Trustee in writing, and the Trustee will take such action as may be necessary in accordance with such instructions.

Liens. So long as the Note Participations are Outstanding, the School Districts will not create or suffer to be created any pledge of or lien on the Notes other than the pledge and lien created by the Trust Agreement.

Accounting Records and Statements. The Trustee will keep proper books of record and account in accordance with industry standards in which complete and correct entries will be made of all transactions made by the Trustee relating to the receipt, investment, disbursement, allocation and application of all funds received by the Trustee under the Trust Agreement. Such records will specify the account or fund to which each investment (or portion thereof) held by the Trustee is to be allocated and will set forth, in the case of each investment: (a) its purchase price; (b) identifying information, including par amount, coupon rate, and payment dates; (c) the amount received at maturity or its sale price, as the case may be; (d) the amounts and dates of any payments made with respect thereto; and (e) such documentation as is required to be obtained as evidence to establish that all investments have been purchased in arms' length transactions with no amounts paid to reduce the yield on the investments.

Such records will be open to inspection by the any School District at any reasonable time during regular business hours on reasonable notice.

Recordation and Filing. The School Districts will file, record, register, renew, refile and rerecord all such documents, including financing statements (or continuation statements in connection therewith), as may be required by law in order to maintain at all times a security interest in the Notes under and pursuant to the Trust Agreement, all in such manner, at such times and in such places as may be required in order to fully perfect, preserve and protect the benefit, protection and security of the Owners and the rights of the Trustee under the Trust Agreement, and the School Districts will do whatever else may be necessary or be reasonably required in order to perfect and continue the pledge of and lien on the Notes as provided in the Trust Agreement.

Further Assurances. Whenever and so often as requested to do so by the Trustee or any Owner, the School Districts will promptly execute and deliver, or cause to be executed and delivered, all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee, and the Owners the benefit, protection and security conferred, or intended to be conferred, upon them by the Trust Agreement.

DEFAULT AND LIMITATIONS OF LIABILITY

Action on Default. If any default in the payment of principal of or interest on a Note or any other "Event of Default" defined in a Note Resolution shall occur and be continuing, or if any default shall be made by any School District in the performance or observance of any other of the covenants, agreements or conditions on its part contained in the Trust Agreement and such default shall have continued for a period of thirty (30) days after written notice thereof shall have been given to such School District by the Trustee or the Owners of not less than a majority in aggregate principal amount evidenced and represented by the Note Participations at the time Outstanding then such default will constitute an "Event of Default" under the Trust Agreement, and in each and every such case during the continuance of such Event of Default the Trustee or the Owners of not less than a majority in aggregate principal amount evidenced and represented by the Note Participations at the time Outstanding will be entitled, upon notice in writing to such School District, but subject to the provisions of the Trust Agreement, to exercise the remedies provided to the owner of the Note then in default or under the Note Resolution pursuant to which it was issued which are necessary or desirable to collect the principal of the Note and the interest thereon to maturity.

The Owners of the Note Participations, for purposes of the Trust Agreement and the Note Resolution of each School District, to the extent of their interest, will be treated as owners of such Notes and will be entitled to all rights and security of the owners of Notes pursuant to each such Note and Note Resolution and the Trust Agreement, and will be treated for all purposes as owners of such Notes. Each School District has recognized the rights of the Owners of the Note Participations, acting directly or through the Trustee, to enforce the obligations and covenants contained in its Note, its Note Resolution and the Trust Agreement; *provided* that in no event will a School District be liable for any obligations, covenants or damages except those which arise out of its Note and its Note Resolution, and, in particular, no School District will be liable for any obligations, liabilities, acts or omissions of any other School District.

Other Remedies of the Trustee. The Trustee will have the right

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights under the Trust Agreement against any School District or any supervisor, council member, board member, trustee, member, officer or employee thereof, and to compel such School District or any such supervisor, council member, board member, trustee, member, officer or employee thereof to observe or perform its or his or her duties under applicable law and the agreements, conditions, covenants and terms contained in the Trust Agreement, or in the applicable Note and Note Resolution, required to be observed or performed by it or him or her;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee or the Owners; or

(c) by suit in equity upon the happening of any default under the Trust Agreement to require any School District and any supervisor, council member, board member, trustee, member, officer and employee to account as the trustee of any express trust.

Non-Waiver. A waiver by the Trustee of any default under the Trust Agreement or breach of any obligation thereunder will not affect any subsequent default thereunder or any subsequent breach of an obligation thereunder or impair any rights or remedies on any such subsequent default thereunder or on any such subsequent breach of an obligation thereunder. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default under the Trust Agreement will impair any such right or remedy or will be construed to be a waiver of any such default thereunder or an acquiescence therein, and every right or remedy conferred upon the Trustee by applicable law or by this article may be enforced and exercised from time to time and as often as will be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or the School Districts, then the Trustee and the School Districts will be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Application of Funds. (a) All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Trust Agreement will be deposited into a segregated payment account of the Note Participation Payment Funds relating to the defaulting School District's Note and be applied by the Trustee after payment of all amounts due and payable under the Trust Agreement hereof in the following order upon presentation of the several Note Participations to which such Note is attributable, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid; the Trustee will obtain and follow the instructions contained in an Opinion of Counsel and rebate or set aside for rebate from the specified funds held under the Trust Agreement, any amount pursuant to such instructions required to be paid to the United States of America under the Code:

First, Costs and Expenses: to the payment of the costs and expenses of the Trustee and of the Owners in declaring such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel;

Second, Interest: to the payment to the persons entitled thereto of all payments of interest evidenced and represented by the Note Participations then due in the order of the due date of such payments, and, if the amount available will not be sufficient to pay in full any payment or payments coming due on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference, subject to subparagraph (b) of this heading;

Third, Principal: to the payment to the persons entitled thereto of the unpaid principal evidenced and represented by any Note Participations which shall have become due, in the order of their due dates, with interest on the overdue principal and interest represented by the Note Participations at a rate equal to the Default

Rate and, if the amount available will not be sufficient to pay in full all the amounts due with respect to the Note Participations on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference, subject to subparagraph (b) of this heading; and

Remedies Not Exclusive. No remedy conferred in the Trust Agreement upon or reserved therein to the Trustee is intended to be exclusive and all remedies will be cumulative and each remedy will be in addition to every other remedy given thereunder or now or thereafter existing under applicable law or equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any other applicable law.

Exercise of Remedies; Relative Rights of the Note Participation Owners. Upon the exercise by any Owner or the Trustee, of its right of action to institute suit directly against a School District to enforce payment of the obligation evidenced and represented by the Note Participations, any moneys recovered by such action will be deposited with the Trustee and applied as provided in the Trust Agreement.

Limited Liability of the School Districts. Except as expressly provided in the respective Notes and Note Resolutions, the School Districts will not have any obligation or liability to the Trustee or the Owners, with respect to the Trust Agreement or the preparation, execution, delivery, transfer, exchange or cancellation of the Note Participations or the receipt, deposit or disbursement of the principal of and interest on the Notes by the Trustee, or with respect to the performance by the Trustee of any obligation contained in the Trust Agreement required to be performed by it.

Notwithstanding anything to the contrary in the Trust Agreement or in any Note or document referred to therein, no School District will incur any obligation under the Trust Agreement, except to the extent payable from unencumbered revenues attributable to its 2010-2011 fiscal year, nor will any School District incur any obligation on account of any default, action or omission of any other School District.

No Liability by the Trustee to the Owners. Except as expressly provided in the Trust Agreement, the Trustee will not have any obligation or liability to the Owners with respect to the payment when due of the Notes by the School Districts, or with respect to the observance or performance by the School Districts of the other agreements, conditions, covenants and terms contained in the Notes and the Note Resolutions.

THE TRUSTEE

Employment and Duties of the Trustee. The School Districts have appointed and agreed to employ the Trustee to receive, deposit and disburse the payments on the Notes as provided in the Trust Agreement, to prepare, execute, deliver, transfer, exchange and cancel the Note Participations as provided therein, to pay the interest and principal evidenced and represented by the Note Participations to the Owners thereof as provided therein and to perform the other obligations contained therein; all in the manner provided therein and subject to the conditions and terms thereof. By executing and delivering the Trust Agreement, the Trustee has undertaken to perform such obligations (and only such obligations) as are specifically set forth therein, and no implied covenants or obligations will be read therein against the Trustee.

Removal and Resignation of the Trustee. Fifty percent of the School Districts may at any time remove the Trustee initially a party to the Trust Agreement and any successor thereto by giving written notice of such removal by mail to the Trustee, all of the School Districts and all Owners of Note Participations, and such Trustee may at any time resign by giving written notice by mail of such resignation to the School Districts and all Owners of Note Participations. Upon giving any such notice of removal or upon receiving any such notice of removal or resignation, the School Districts will promptly appoint a successor Trustee by an instrument in writing; *provided*, that in the event the School Districts do not appoint a successor Trustee within sixty (60) days following the giving of any such notice of removal or the receipt of any such notice of resignation, the removed or resigning Trustee may petition any appropriate court having jurisdiction to appoint a successor Trustee. Any successor Trustee will be a bank or trust company doing business and having a principal corporate trust office either in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus (or the parent holding company of which has a combined capital and surplus)of at least $75,000,000 and subject to supervision or examination by state or national authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such bank or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

Any removal or resignation of a Trustee and appointment of a successor Trustee will become effective only upon the written acceptance of the appointment by the successor Trustee.

Compensation of the Trustee. The Trustee shall be paid for its services solely from amounts held in the Costs of Issuance Funds or paid by the School Districts specifically for such purpose and reimburse the Trustee for all its advances and expenditures under the Trust Agreement, including, but not limited to, advances to and fees and expenses of accountants, agents, appraisers, consultants, counsel or other experts employed by it in the observance and performance of its rights and obligations under the Trust Agreement; *provided*, that the Trustee will not have any lien for such compensation or reimbursement against any money held by it in any of the funds established under the Trust Agreement, although the Trustee may take whatever legal actions are available to it directly against the School Districts to recover such compensation or reimbursement.

Protection of the Trustee. The Trustee will be protected and will incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it will in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions hereof, and the Trustee will be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee may consult with counsel, who may be counsel to the School Districts, with regard to legal questions arising under the Trust Agreement, and the opinion of such counsel will be full and complete authorization and protection in respect to any action taken or suffered by it under the Trust Agreement in good faith in accordance therewith.

The Trustee will not be responsible for the sufficiency of the payments on the Notes, or of the assignment made to it of all rights to receive the payments on the Notes and will not be deemed to have knowledge of any Event of Default unless and until it will have actual knowledge thereof or have received written notice thereof at its principal corporate trust office in Los Angeles, California. The Trustee will not be accountable for the use or application by the School Districts, or any other party, of any funds which the Trustee properly releases to the School Districts or which the School Districts may otherwise receive from time to time. The Trustee makes no representation concerning, and has no responsibility for, the validity, genuineness, sufficiency, or performance by parties other than the Trustee of the Trust Agreement, any Note Participation, any Note, any Note Resolution, or of any other paper or document, or for taking any action on them (except as specifically and expressly stated for the Trustee in the Trust Agreement), or with respect to any obligation of the School Districts.

Whenever in the observance or performance of its rights and obligations under the Trust Agreement or under the Note Participations the Trustee will deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Trust Agreement, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the majority of the School Districts, and such certificate will be full warrant to the Trustee for any action taken or suffered under the provisions of the Trust Agreement upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Note Participations and may join in any action which any Owner may be entitled to take with like effect as if it were not a party to the Trust Agreement. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the School Districts, and may act as agent, depository or trustee for any committee or body of Owners or of owners of obligations of the School Districts as freely as if it were not the Trustee under the Trust Agreement.

The Trustee will not be answerable for the exercise of any of its rights under the Trust Agreement or for the performance of any of its obligations thereunder or for anything whatsoever in connection with the funds established thereunder, except only for its own willful misconduct or negligence.

No provision of the Trust Agreement will require the Trustee to expend or risk its own funds or otherwise incur any financial or other liability or risk in the performance of any of its obligations under the Trust Agreement, or in the exercise of any of its rights thereunder, if it will have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it, and before taking any remedial action thereunder the Trustee may require that indemnity satisfactory to it be furnished for all expenses to which it may be put and to protect it from all liability thereunder.

The School Districts will indemnify the Trustee for any liability incurred by the Trustee as a result of the Trustee executing the Representation Letter on behalf of the School Districts.

The School Districts agree to indemnify and hold the Trustee, its officers, directors, employees and agents harmless from and against any loss, liability, cost, expense or claim whatsoever which it may incur without negligence or willful misconduct on the Trustee's part, arising out of the acceptance of the duties of the Trustee under the Trust Agreement and the administration thereof or in the exercise or performance of its powers and duties thereunder, including without limitation those of its attorneys, including the costs and expenses of defending against any claim of liability. Such indemnity should survive the termination and discharge of the Trust Agreement.

The Trustee will have no responsibility with respect to any information statement, recital or the content of any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Notes and Note Participations, other than information statements which have been provided by the Trustee.

The Trustee will not be liable with respect to any action taken or not taken by it at the direction of the Owners of a majority in aggregate principal amount of the Note Participations outstanding relating to the exercise of any right or remedy available to the Trustee or the exercise of any trust or power conferred upon the Trustee under the Trust Agreement.

The Trustee has executed the Note Participations solely in its capacity as Trustee under the Trust Agreement and is not liable thereon in its individual or personal capacity and all payments to be made thereon by the Trustee will be made solely from funds held by the Trustee under the Trust Agreement.

Notices to Rating Agencies. The Trustee will notify each Rating Agency, in writing, upon occurrence of any of the following events: any amendment, supplement or other change to the Trust Agreement from the form originally executed and entered into; *provided*, *however*, that the Trustee will incur no liability for failure to so notify.

AMENDMENT OF OR SUPPLEMENT TO THE TRUST AGREEMENT

Amendment or Supplement of Trust Agreement. The Trust Agreement and the rights and obligations of the Owners and the Trustee thereunder may be amended or supplemented at any time by an amendment thereof or supplement thereto which will become binding when the written consents the Owners of a majority in aggregate principal amount of the Note Participations then Outstanding, exclusive of Note Participations disqualified as provided in the Trust Agreement, are filed with the Trustee. No such amendment or supplement will (1) reduce the rate of interest evidenced and represented by any Note Participation or extend the Interest Payment Date or reduce the amount of principal evidenced and represented by any Note Participation or extend the Principal Payment Date thereof without the prior written consent of the Owner of the Note Participation so affected, or (2) reduce the percentage of Owners whose consent is required by the terms of the Trust Agreement for the execution of certain amendments thereof or supplements thereto, or (3) modify any of the rights or obligations of the Trustee without its prior written consent thereto.

The Trust Agreement and the rights and obligations of the Owners and the Trustee thereunder may also be amended or supplemented at any time by an amendment thereof or supplement thereto but without the written consents of any Owners, in order to make any modifications or changes necessary or appropriate in the Opinion of Counsel to preserve or protect the exclusion from gross income of interest on the Notes for federal income tax purposes, or, but only to the extent that such amendment will not materially adversely affect the interests of the Owners, for any purpose including, without limitation, one or more of the following purposes

(a) to add to the agreements, conditions, covenants and terms contained in the Trust Agreement required to be observed or performed by the School Districts other agreements, conditions, covenants and terms thereafter to be observed or performed by the School Districts, or to surrender any right reserved therein to or conferred therein on the School Districts;

(b) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Trust Agreement or in regard to questions arising thereunder which any School District may deem desirable or necessary; or

(c) to modify, amend or supplement the Trust Agreement or any supplement thereto in such manner as to permit the qualification thereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute thereafter in effect or to permit the qualification of the Note Participations for sale under the securities laws of the United States of America or of any of the states of the United States of America and, if twenty percent of the School Districts or Bond Counsel so determine, to add to the Trust Agreement or any supplement thereto such other terms, conditions and provisions as may be permitted by said Trust Indenture Act of 1939 or similar federal statute.

Disqualified Note Participations. Note Participations held for the account of the School Districts (but excluding Note Participations held in any pension or retirement fund of the School Districts) will not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Note Participations provided in the Trust Agreement, and will not be entitled to consent to or take any other action provided therein, and the Trustee may adopt appropriate regulations to require each Owner, before his consent provided for therein will be deemed effective, to reveal if the Note Participations as to which such consent is given are disqualified as provided in this Section.

Procedure for Amendment with Written Consent of the Owners. The Trust Agreement may be amended by supplemental agreement as provided in this paragraph in the event the consent of the Owners is required pursuant to the Trust Agreement. A description of the proposed amendment, together with a request to the Owners for their consent thereto, will be mailed by the Trustee to each Owner of a Note Participation at his address as set forth in the Note Participation registration books maintained pursuant to the Trust Agreement, but failure to receive copies of such description and request so mailed will not affect the validity of the supplemental agreement when assented to as in this Section provided. Nothing in the Trust Agreement will be deemed to require the mailing of the supplemental agreement itself to the Owners.

Such supplemental agreement will not become effective unless there will be filed with the Trustee the written consent of the Owners of at least a majority in aggregate principal amount of the Note Participations then Outstanding (exclusive of Note Participations disqualified as provided in the Trust Agreement) and notices will have been mailed as provided in the Trust Agreement. Each such consent will be effective only if accompanied by proof of ownership of the Note Participations for which such consent is given, which proof will be acceptable to the Trustee. Any such consent will be binding upon the Owner of the Note Participation giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the Trustee has received the required percentage of consents of the Owners of the Note Participations and acknowledged the same to the School Districts.

After the Owners of the required percentage of Note Participations will have filed their consents to such supplemental agreement, the Trustee will acknowledge to the School Districts the effectiveness of the agreement and will mail a notice to the School Districts and the Owners of the Note Participations in the manner provided in the Trust Agreement for the mailing of such description, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Note Participations and is effective as provided in the Trust Agreement (but failure to mail copies of said notice will not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, will be proof of the matters therein stated until the contrary is proved.

Endorsement or Replacement of Note Participations after Amendment or Supplement. After the effective date of any action taken as provided in the Trust Agreement, the Trustee may determine that the Note Participations may bear a notation by endorsement in form approved by the Trustee as to such action, and in that case upon demand of the Owner of any Outstanding Note Participation and presentation of the Note Participation for such purpose at the office of the Trustee a suitable notation as to such action will be made on such Note Participation. If the Trustee will so determine, new Note Participations so modified as in the opinion of the Trustee will be necessary to conform to such action will be prepared, and in that case upon demand of the Owner of any Outstanding Note Participations such new Note Participations will be exchanged without cost to each Owner for Note Participations then Outstanding at the office of the Trustee upon surrender of such Outstanding Note Participations. All Note Participations surrendered to the Trustee pursuant to the provisions of this paragraph will be cancelled by the Trustee and will not be redelivered.

Amendment or Supplement by Mutual Consent. The provisions of the Trust Agreement will not prevent any Owner from accepting any amendment or supplement as to the particular Note Participations owned by him; *provided*, that due notation thereof is made on such Note Participations.

DEFEASANCE

Discharge of Note Participations and Trust Agreement.

(a) If the Trustee will pay or cause to be paid or there will otherwise be paid to the Owners of all Outstanding Note Participations the interest and principal evidenced and represented thereby at the times and in the manner provided in the Trust Agreement, then such Owners will cease to be entitled to the pledge of and lien on the Notes and Note Payments and any interest in the funds held under the Trust Agreement as provided therein, and all agreements and covenants of the School Districts whose Notes to such Owners thereunder and under such School District's Note Resolution will thereupon cease, terminate and become void and will be discharged and satisfied.

(b) Any Outstanding Note Participations will on their Principal Payment Date be deemed to have been paid within the meaning of and with the effect expressed in subparagraph (a) of this heading if there will be on deposit with the Trustee moneys which are sufficient to pay the interest and principal evidenced and represented by such Note Participations payable on and prior to their Principal Payment Date.

(c) Any Outstanding Note Participations will prior to their Principal Payment Date be deemed to have been paid within the meaning of and with the effect expressed in subparagraph (a) of this heading if there will have been deposited with the Trustee either moneys in an amount which will be sufficient or United States Treasury bills, notes, bonds or certificates of indebtedness, or obligations for which the full faith and credit of the United States of America are pledged for the payment of interest and principal, and which are purchased with moneys and are not subject to redemption except by the holder thereof prior to maturity (including any such securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the interest on and principal of which when paid will provide money which, together with the moneys, if any, deposited with the Trustee at the same time, will be sufficient to pay when due the interest evidenced and represented by such Note Participations on and prior to their Principal Payment Date and the principal evidenced and represented by such Note Participations.

(d) After the payment of the interest and principal evidenced and represented by all Outstanding Note Participations as provided in this subparagraph, the Trustee will execute and deliver to the School Districts all such instruments as they may deem necessary or desirable to evidence the discharge and satisfaction of the Trust Agreement, and the Trustee, after payment of all fees and expenses of the Trustee, will pay over or deliver to the School Districts all money or deposits or investments held by it pursuant to the Trust Agreement which are not required for the payment of the interest and principal evidenced and represented by such Note Participations.

Unclaimed Money. Anything contained in the Trust Agreement to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or principal evidenced and represented by any Note Participations which remains unclaimed for two (2) years after the date when the payments evidenced and represented by such Note Participations have become payable, if such money was held by the Trustee on such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date when the interest and principal evidenced and represented by such Note Participations have become payable, will be repaid by the Trustee to the School Districts as their absolute property free from trust, and the Trustee will thereupon be released and discharged with respect thereto and the Owners will look only to the School Districts for the payment of the interest and principal evidenced and represented by such Note Participations; *provided*, that before being required to make any such payment to the School Districts, the Trustee may, as a charge on such funds, give notice by mail to all Owners of Note Participations that such money remains unclaimed and that after a date named in such notice, which date will not be less than sixty (60) days after the date of giving such notice, the balance of such money then unclaimed will be returned to the School Districts.

MISCELLANEOUS

Content of Certificates; Post-Issuance Legal Opinions. Every Certificate of any School District with respect to compliance with any agreement, condition, covenant or term contained in the Trust Agreement will include: (a) a statement that the person or persons executing such certificate have read such agreement, condition, covenant or term and the definitions in the Trust Agreement relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any Certificate of any School District may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person or persons executing such certificate know that the Opinion of Counsel with respect to the matters upon which his or their certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters and information with respect to which is in the possession of the School District, upon a representation by an officer or officers of the School District unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

Should any of the post-issuance Opinions of Counsel referred to in the Trust Agreement, the Note Resolutions or in any School District Certificate be delivered by bond counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation, or if the Note Participations are prepaid or remain Outstanding in connection with a transaction which is approved by counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation, the Trustee, promptly after such opinion is delivered, will mail, first-class, postage prepaid, (1) a copy of each said opinion to each Owner at said Owner's address as it appears in the registration book kept by the Trustee and (2) a notice indicating that the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation delivered in connection with the delivery of the Note Participations may no longer be relied upon. The School Districts will cooperate with the Trustee in order to effectuate the provisions of this paragraph.

Funds. Any fund or account required to be established and maintained in the Trust Agreement by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purpose of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such funds will at all times be maintained in accordance with industry practice and with due regard for the instructions, if any, delivered to the Trustee pursuant to the Trust Agreement and for the protection of the security of the Note Participations and the rights of the Owners.

Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms contained in the Trust Agreement required to be observed or performed by or on the part of the School Districts or the Trustee will be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms will be null and void and will be deemed separable from the remaining agreements, conditions, covenants and terms thereof and will in no way affect the validity thereof or of the Note Participations, and the

Owners will retain all the benefit, protection and security afforded to them thereunder and under all provisions of applicable law. The School Districts and the Trustee have declared that they would have executed and entered into the Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause and phrase thereof and would have authorized the execution and delivery of the Note Participations pursuant thereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

California Law. The Trust Agreement will be construed and governed in accordance with the laws of the State of California.

APPENDIX F

PROPOSED FORM OF SPECIAL COUNSEL OPINION

July 7, 2010

Participants identified
in the Trust Agreement

$63,485,000
California Education Notes Program
Fiscal Year 2010-11 Note Participations
Series A

Ladies and Gentlemen:

We have acted as Special Counsel to various Districts (the “Participants”), in connection with the execution and delivery of (i) $63,485,000 aggregate principal amount of the California Education Notes Program, Fiscal Year 2010-11 Note Participations, Series A (the “Note Participations”), evidencing and representing fractional and undivided interests in (i) the tax and revenue anticipation notes (the “Notes”) issued by the Participants identified in the Trust Agreement (as hereinafter defined) and identified in the Official Statement, dated June 22, 2010 (the “Official Statement”), relating to the Note Participations, and (ii) the debt service payments on the Notes to be made by the Participants. The Note Participations are executed and delivered pursuant a trust agreement, dated as of July 1, 2010, between Wells Fargo Bank National Association (the “Trustee”) and the Participants which are a party to the respective trust agreement (the “Trust Agreement”). Each Note is issued pursuant to and by authority of a resolution of the governing board of each respective Participant, each passed and adopted (collectively, the “Resolutions”) under and by authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the California Government Code, and designated the respective Participant’s “2010-11 Tax and Revenue Anticipation Note.”

In such connection, we have reviewed the Trust Agreement, the Resolutions, the Notes, opinions of counsel to the Participants regarding issuance of the Notes by the Participants and the adoption, legality, validity and enforceability of the Resolutions, the Notes and other matters, the opinion of counsel to the Trustee, certificates of the Participants regarding tax and other matters (the “Certificates”), certificates of the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

Certain agreements, requirements and procedures contained or referred to in the Resolutions, the Certificates and other relevant documents may be changed and certain actions (including, without limitation, prepayment of the Note Participations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Note or the interest thereon evidenced and represented by the Note Participations if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Note Participations has concluded with their execution and delivery, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Participants. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions, the Trust Agreement and the Certificates, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest evidenced and represented by the Note Participations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Resolutions, the Notes, the Trust Agreement and evidenced and represented by the Note Participations, and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other similar laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities such as the Participants in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the official statement or other offering materials relating to the Notes or the Note Participations and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. Each Note constitutes the valid and binding obligation of the respective issuing Participant. The principal of and interest on each Note are payable from the Pledged Revenues (as that term is defined in the respective Resolution) of the issuing Participant and, to the extent not so paid, are payable from any other moneys of such Participant lawfully available therefor.

2. The Resolutions have been duly adopted by the Participants and each constitutes a valid and binding obligation of the respective Participant.

3. The Trust Agreement, assuming due authorization, execution and delivery by the Participants and the Trustee, constitutes the valid and binding obligations of, the respective Participants which are a party thereto.

4. The Note Participations, upon execution and delivery thereof by the Trustee, are entitled to the benefits of the Trust Agreement.

5. Interest on the Notes paid by the Participants and received by the registered owners of the Note Participations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is not included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of such interest represented by, the Note Participations.

Respectfully submitted,

STRADLING YOCCA CARLSON & RAUTH

interests in Note Participations, except in the event that use of the book-entry system for the Note Participations is discontinued.

To facilitate subsequent transfers, all Note Participations 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 Note Participations 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 Note Participations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Note Participations 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 Note Participations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Note Participations, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Note Participations may wish to ascertain that the nominee holding the Note Participations 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Note Participations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Districts 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 Note Participations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Note Participations 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 Districts 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, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Districts or 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.

A Beneficial Owner shall give notice to elect to have its Note Participations purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Note Participations by causing the Direct Participant to transfer the Participant's interest in the Note Participations, on DTC's records, to the Paying Agent. The requirement for physical delivery of Note Participations in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Note Participations are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Note Participations to the Paying Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Note Participations at any time by giving reasonable notice to the Districts or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

The Districts may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

APPENDIX H

COUNTY TREASURY POOLS

ACALANES UNION HIGH SCHOOL DISTRICT

CONTRA COSTA COUNTY INVESTMENT POOL
QUARTERLY REPORT

The Contra Costa County Treasurer accepts funds only from agencies located within the County for investment in the Contra Costa County Investment Pool (the "Investment Pool"). As of December 31, 2009, the cost value of the Investment Pool was $2,005,987,239 and the fair value was $2,008,159,215, which was 100.1% of cost. As of December 31, 2009 the weighted average maturity of the Contra Costa County Investment Pool was 116 days.

The following table summarizes the composition of the Pool as of December 31, 2009.

CONTRA COSTA COUNTY INVESTMENT POOL
PORTFOLIO COMPOSITION
(as of December 31, 2009)

Type of Investment	Cost Value	Fair Value	Percent of Total (Cost Value)
U.S. Treasuries (STRIPS, Bills, Notes)	$25,003,248.93	$25,579,586.03	1.25%
U.S. Agencies (Federal, State, Local)	309,554,523.00	311,205,326.17	15.43
Money Market Instruments	917,222,379.90	917,026,712.33	45.72
Local Agency Investment Fund	433,215,632.08	433,626,244.69	21.60
Other	223,063,701.42	222,793,591.96	11.12
Cash	97,927,754.05	97,927,754.05	4.88
TOTAL	$2,005,987,239.38	$2,008,159,215.23	100.00%

Note: All report information is unaudited.

Over 88% of the portfolio or over $1.77 billion will mature in less than a year. Contra Costa County County is able to meet its cash flow needs for six months.

MORELAND SCHOOL DISTRICT
MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT
SARATOGA UNION SCHOOL DISTRICT

SANTA CLARA COUNTY INVESTMENT POOL
QUARTERLY REPORT

As of December 31, 2009, the book value of the Santa Clara County Investment Pool (the "Investment Pool") was $4,174,997,661.09, the par value was $4,710,298,809.15, and the market value was $4,187,560,169.92. The following table summarizes the composition of the Investment Pool as of December 31, 2009.

SANTA CLARA COUNTY INVESTMENT POOL
Portfolio Composition
(As of December 31, 2009)

Type of Maturity	Market Value ($ millions)	% of Total Market Value	Average Days to Maturity
Negotiable CDs	$49,972,200.00	1.2%	181
Repurchase Agreements	200,000,000.00	4.8	5
Federal Agency Bonds	1,025,092,696.56	24.5	665
U.S. Treasury Notes	136,155,263.25	3.3	257
Corporate Bonds	368,570,575.12	8.8	354
FDIC Guaranteed Corporate Bonds	233,045,729.00	5.6	644
NCUA Guaranteed Corporate Bonds	59,941,450.00	1.4	719
Asset Backed Securities	50,151,797.00	1.2	469
Federal Agency Amortizing Bonds	2,153,596.55	0.1	55
Commercial Paper, Discount Notes	811,585,416.60	19.4	40
Federal Agency, Discount Notes	809,308,000.00	19.3	135
Dreyfus Money Market Fund	173,019,736.31	4.1	1
Other Money Market Funds	265,988,270.97	6.4	1
Columbia Government Money Market Fund	2,575,438.56	0.1	1
TOTAL	$4,187,560,169.92	100.0%	291

As of December 31, 2009, the weighted average maturity of the Investment Pool was 291 days. As of such date, the Investment Pool had 58.3% of its assets invested in securities maturing in less than one year, 18.2% of its assets invested in securities maturing in one to two years, and 12.9% of its assets invested in securities maturing in over two years. 10.6% of the Investment Pool is invested in cash equivalents.

PORTOLA VALLEY SCHOOL DISTRICT
SAN MATEO-FOSTER CITY SCHOOL DISTRICT
SAN MATEO UNION HIGH SCHOOL DISTRICT
SOUTH SAN FRANCISCO UNIFIED SCHOOL DISTRICT
WOODSIDE ELEMENTARY SCHOOL DISTRICT

SAN MATEO COUNTY TREASURY POOL
MONTHLY REPORT

The following table reflects information with respect to the San Mateo County Treasury Pool (the "Treasury Pool") as of the close of business May 31, 2010:

Security	Market Value	Cost	Market Value + Accrued Interest	Percent of Portfolio
Certificate of Deposit	$19,842,600.00	$20,000,000.00	$19,856,702.20	0.71%
Repurchase Agreements	415,000,000.00	415,000,000.00	415,005,879.17	14.83
Floating Rate Securities	60,687,320.00	60,922,450.00	60,715,743.47	2.17
Corporate Bonds	151,339,536.00	147,703,428.89	152,233,741.56	5.41
Federal Agency – Floating Rate Securities	69,946,040.00	69,994,813.00	69,959,728.50	2.50
Federal Agency Securities	712,269,807.50	710,495,785.48	713,616,597.78	25.45
United States Treasuries	1,309,591,928.43	1,310,200,098.72	1,309,802,526.26	46.78
FDIC-TLGP CB (Temporary Liquidity Guaranty Program)	50,460,450.00	50,150,900.00	50,710,477.78	1.80
FDIC-TLGP CB FLTR (Temporary Liquidity Guaranty Program)	10,034,800.00	10,000,000.00	10,055,172.58	0.36
Total	$2,799,172,481.93	$2,794,467,476.09	$2,801,956,569.28	100.00%

As reflected in the table above, as of May 31, 2010, the cost and market value of investments credited to the Treasury Pool were $2,794,467,476.09 and $2,799,172,481.93, respectively. As of May 31, 2010, the dollar weighted average portfolio maturity of the Treasury Pool was 0.9 years and the average duration was 0.9 years. There have not been any unanticipated or unusual withdrawals from the Treasury Pool in the last six months.

SAN MARINO UNIFIED SCHOOL DISTRICT
SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

LOS ANGELES COUNTY INVESTMENT POOL
MONTHLY REPORT

As of April 30, 2010, investments in the Los Angeles County Treasury Pool (the "Treasury Pool") were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$10.375
Schools and Community Colleges	13.839
Independent Public Agencies	2.162
Total	$26.376

Of these entities, the involuntary participants accounted for approximately 91.80%, and all discretionary participants accounted for 8.20%of the total Treasury Pool.

The Treasurer prepares a monthly Report of Investments (the "Investment Report") summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Los Angeles County Board of Supervisors. According to the Investment Report dated May 28, 2010, the April 30, 2010 book value of the Treasury Pool was approximately $26.376 billion and the corresponding market value was approximately $26.487 billion.

The following table identifies the types of securities held by the Treasury Pool as of April 30, 2010.

Type of Investment	% of Pool
U.S. Government and Agency Obligations	46.33%
Certificates of Deposit	14.74
Commercial Paper	35.36
Bankers Acceptances	0.00
Municipal Obligations	0.06
Corporate Notes & Deposit Notes	3.52
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00
Total	100.00%

The Treasury Pool is highly liquid. As of April 30, 2010, approximately 51.81% of the investments mature within 60 days, with an average of 520.93 days to maturity for the entire portfolio.

APPENDIX I

SELECTED DISTRICT GENERAL AND FINANCIAL INFORMATION

ACALANES UNION HIGH SCHOOL DISTRICT

The District

The Acalanes Union High School District (the "District") is located in the western portion of Contra Costa County (the "County") approximately 20 miles east of the City of San Francisco. The District encompasses an area of approximately 80 square miles and has an estimated population of 115,958. The District was established in 1940 and provides secondary educational services to the residents of the Cities of Lafayette and Orinda, the Town of Moraga, a portion of the City of Walnut Creek, and of certain surrounding unincorporated areas of the County.

Administration

The District is governed by a five-member Board of Trustees, each member of which is elected by the public for a four-year term of office. Elections for positions on the Board are held every two years, alternating between two and three positions available. Current members of the Board, together with their offices and the dates their terms expire, are listed below:

Board Member	Office	Term Expires
Vanessa Crews	President	December 2010
Tom Mulvaney	Clerk	December 2010
Kathy Coppersmith	Member	December 2012
Gwen Reinke	Member	December 2012
Richard Whitmore	Member	December 2010

Comparative Financial Statements

The following tables show the District's audited revenues, expenditures and fund balances for fiscal years 2004-05 through 2008-09.

GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES
Fiscal Years 2004-05 through 2007-08
Acalanes Union High School District

	2004-05 Audited Actuals	2005-06 Audited Actuals	2006-07 Audited Actuals	2007-08 Audited Actuals
REVENUES				
Revenue Limit Sources				
State Apportionments	$6,718,009	$6,244,083	$7,323,146	$7,583,043
Local Taxes	25,516,163	27,322,758	29,160,059	30,377,958
Revenue Limit Transfers	--	--	--	--
Total Revenue Limit Sources	32,234,172	33,566,841	36,483,205	37,961,001
Federal Revenues	925,432	857,715	810,845	782,518
Other State Revenues	2,677,417	3,074,028	4,876,009	3,876,559
Other Local Revenues	7,686,937	12,298,643	12,934,172	13,288,296
Total Revenues	43,523,958	49,797,227	55,104,231	55,908,374
EXPENDITURES				
Instruction	25,887,439	29,432,981	31,160,810	32,035,453
Supervision of Instruction	2,044,888	2,308,081	2,655,949	3,064,293
Instructional Library and Technology	1,661,124	1,101,191	1,594,675	1,507,925
School Site Administration	1,462,338	1,642,238	1,727,892	1,876,760
Home-to-School Transportation	790,346	559,424	603,853	611,739
Food services	--	--	--	--
Other Pupil Services	3,633,196	4,053,892	4,712,414	4,799,346
Data Processing Services	--	907,191	664,132	674,096
Other General Administration	3,030,391	2,510,682	2,677,409	2,851,621
Plant services	5,567,956	6,316,870	6,677,011	6,684,384
Facility Acquisition and Construction	--	9,792	--	--
Ancillary Services	924,378	1,053,669	1,084,023	931,758
Community Services	223,741	212,140	170,333	152,697
Enterprise Activities	--	--	11,457	10,131
Other Outgo	203,995	233,488	245,744	225,922
Total Expenditures	45,429,792	50,341,639	53,985,702	55,426,125
Excess (Deficiency) of Revenues Over Expenditures	(1,905,834)	(544,412)	1,118,529	482,249
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	1,804,473	--	72,395	--
Operating Transfers out	(11,897)	(16,143)	(52,224)	(320,982)
Total Other Financing Sources (Uses)	1,792,576	(16,143)	20,171	(320,982)
Net Change in Fund Balances	(113,258)	(560,555)	1,138,700	161,267
Fund Balance – Beginning of Fiscal Year	4,394,054	4,280,796	3,720,241	4,858,941
Fund Balance – End of Fiscal Year	$4,280,796	$3,720,241	$4,858,941	$5,020,208

Source: Acalanes Union High School District.

STATEMENT OF GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Year 2008-09
Acalanes Union High School District[1]

	2008-09 Audited Actuals
REVENUES	
Revenue Limit Sources	
State Apportionment	$5,526,844
Local Sources	31,535,895
Total Revenue Limit Sources	37,062,739
Federal Revenue	2,727,245
Other State Revenue	2,718,097
Other Local Revenue	13,680,308
TOTAL REVENUES	56,188,389
EXPENDITURES	
Certificated Salaries	27,216,874
Classified Salaries	8,267,086
Employee Benefits	10,992,772
Books & Supplies	1,459,389
Services & Other Operating Expenses	6,077,357
Capital Outlay	123,763
Other Outgo	242,383
TOTAL EXPENDITURES	54,379,624
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,808,765
OTHER FINANCING SOURCES/(USES)	
Operating Transfers In	250,000
Operating Transfers Out	(284,499)
TOTAL OTHER FINANCING SOURCES/(USES)	(34,499)
Net change in Fund Balance	1,774,266
Fund Balance at beginning of year	5,020,208
Fund Balance at end of year	$6,794,474

(1) Change in the presentation of 2008-09 data due to a change in the District's auditing firm.
Source: Acalanes Union High School District.

General Fund Budget

The following table reflects the comparison of the District's general fund adopted budgets for fiscal years 2007-08 through 2009-10, audited actuals for fiscal years 2007-08 and 2008-09, and projected results for fiscal year 2009-10.

COMPARISON OF GENERAL FUND BUDGETS
Fiscal Years 2007-08 through 2009-10
Acalanes Union High School District

	2007-08 Adopted Budget	2007-08 Audited Actuals	2008-09 Adopted Budget	2008-09 Audited Actuals	2009-10 Original Adopted Budget	2009-10 Projected Totals[1]
REVENUES						
Revenue Limit Sources	$37,697,932	$37,961,001	$38,022,599	$37,062,739	$33,178,270	$31,588,717
Federal Revenue	754,561	782,518	723,342	2,727,245	1,464,649	2,082,083
Other State Revenue	3,469,167	3,876,559	3,351,234	2,718,097	2,609,898	4,458,681
Other Local Revenue	12,221,469	13,288,296	13,012,028	13,680,308	12,765,475	13,538,842
TOTAL REVENUES	54,143,129	55,908,374	55,109,203	56,188,389	50,018,292	51,668,323
EXPENDITURES						
Certificated Salaries	27,060,554	27,528,662	26,943,335	27,216,874	26,401,205	26,611,083
Classified Salaries	8,165,805	8,600,358	8,114,499	8,267,086	7,446,035	7,726,089
Employee Benefits	10,445,092	10,831,982	10,873,763	10,992,772	10,739,057	10,790,306
Books & Supplies	2,989,487	2,506,422	2,411,668	1,459,389	1,860,948	1,938,502
Services & Other Operating Expenses	6,032,802	5,923,890	6,230,337	6,077,357	6,169,281	6,724,638
Capital Outlay	52,500	58,889	--	123,763	--	33,379
Transfers of Indirect Costs	(250,000)	(24,078)	--	(250,000)	(250,000)	(250,000)
Other Outgo	250,000	--	--	242,383	250,000	250,000
TOTAL EXPENDITURES	54,746,240	55,426,125	54,573,602	54,129,624	52,616,526	53,823,997
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(603,111)	482,249	535,601	2,058,765	(2,598,234)	(2,155,674)
OTHER FINANCING SOURCES/(USES)						
Operating Transfers In	--	--	--	--	--	150,000
Contributions	--	--	--	--	--	--
Operating Transfers Out	--	(320,982)	(100,000)	(284,499)	(180,000)	(1,220,963)
TOTAL OTHER FINANCING SOURCES/(USES)	--	(320,982)	(100,000)	(284,499)	(180,000)	(1,070,963)
Net change in Fund Balance	(603,111)	161,267	435,601	1,774,266	(2,778,234)	(3,226,637)
Fund Balance at beginning of year	3,945,160	4,858,941	4,357,211	5,020,208	6,248,336	7,938,440
Fund Balance at end of year	$3,342,049	$5,020,208	$4,792,812	$6,794,474	$3,470,102	$4,711,803

(1) From the District's second interim financial report for fiscal year 2009-10, dated as of April 23, 2010.
Source: Acalanes Union High School District.

District Growth

The following table shows the District's average daily attendance ("A.D.A.") and enrollment over the last 11 years and a projection for the current fiscal year.

AVERAGE DAILY ATTENDANCE AND ENROLLMENT
FISCAL YEARS 1998-99 THROUGH 2009-10
Acalanes Union High School District

Year	Average Daily Attendance	Enrollment
1998-99	4,845	5,065
1999-00	5,049	5,280
2000-01	5,150	5,375
2001-02	5,320	5,514
2002-03	5,507	5,744
2003-04	5,553	5,785
2004-05	5,663	5,906
2005-06	5,671	5,903
2006-07	5,603	5,832
2007-08	5,673	5,905
2008-09	5,472	5,654
2009-10[1]	5,480	5,654

[1] Projected.
Source: Acalanes Union High School District.

Labor Relations

The District employs approximately 313 full-time certificated employees and 172 full-time classified employees. The District also employs 67 part-time certificated employees and 67 part-time classified employees. District employees, except for management and some part-time employees, are represented by the two bargaining units as noted below:

BARGAINING UNITS
Acalanes Union High School District

Labor Organization	Number of Employees In Bargaining Unit	Contract Expiration Date
Acalanes Education Association	313	June 30, 2012
Service Employees International Union	172	June 30, 2011

Retirement Programs

STRS and CalPERS. 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 the fiscal years 2008-09, 2007-08, and 2006-07 were $2,360,306, $2,300,621 and $2,163,197, respectively. The District's contribution to STRS is projected to be $2,176,602 for fiscal year 2009-10.

The District also participates in the State of California Public Employees' Retirement System ("CalPERS"). This plan covers all classified personnel who are employed four or more hours per day. Both systems are operated on a statewide basis. The District's contribution to CalPERS for the fiscal years 2008-09, 2007-08, and 2006-07 were $808,999, $791,489, and $866,222, respectively. The District's contribution to PERS is projected to be $661,456 for fiscal year 2009-10.

The District is currently required by statute to contribute 8.25% of eligible salary expenditures to STRS, while participants contribute 8% of their respective salaries. STRS has a substantial statewide unfunded liability. Since this liability has not been broken down by each school district, it is impossible to determine the District's share. The District was required to contribute to PERS at an actuarially determined rate, which is 9.709% of eligible salary expenditures for fiscal year 2009-10, while participants contribute 7% of their respective salaries.

Other Post-Employment Benefits

The District has contracted to provide supplemental post-retirement benefits and healthcare coverage (the "Post-Employment Benefits") to certain retired employees. To be eligible, employees must be at least 55 years of age and have at least 10 years of continuous service to the District immediately prior to retirement. As of June 30, 2010, 49 employees met those eligibility requirements. Expenditures for the Post-Employment Benefits are recognized on a pay-as-you-go basis. During fiscal year 2009-10, the District has projected expenditures of $680,000 for the Post-Employment Benefits.

The District received a study by Total Compensation, Inc. on August 25, 2008 (the "Actuarial Study") with respect to its liability in connection with the Post-Employment Benefits. The Actuarial Study, dated as of August 1, 2008, determined that the actuarial accrued liability with respect to the District's Post-Employment Benefits is $9,999,476, and that the present value of total projected benefits is $13,258,106. The Actuarial Study also concluded that the annual required contribution ("ARC") for the year beginning August 1, 2008 is $1,070,907. The ARC is the annual amount that would be necessary to fund the Post-Employment Benefits in accordance with the Governmental Accounting Standards Board's Statements No. 43 and 45.

Insurance

The District is a member of four Joint Powers Authorities ("JPAs") for insurance purposes: the Contra Costa County Schools Insurance Group (CCCSIG) for Workers' Compensation Insurance; the East Bay Schools Insurance Group (EBSIG) for Property and Liability Insurance, the Schools Association for Excess Risk (SAFER) for excess liability insurance, and the Schools Self-insurance of Contra Costa County (SSICCC) for dental and vision benefits. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs arrange for and/or provide coverage for their members. The JPAs are governed by a board consisting of a representative from each member district. The boards control the operations of the JPAs, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA.

Based upon prior claims experience, the District believes that it has adequate insurance coverage.

Assessed Valuations

Shown in the following table are the assessed valuations for the District from fiscal year 2005-06 to fiscal year 2009-10.

ASSESSED VALUATIONS
Fiscal Years 2005-06 through 2009-10
Acalanes Union High School District

	Local Secured	Utility	Unsecured	Total
2005-06	$19,004,752,623	$1,475,950	$428,699,704	$19,434,928,277
2006-07	20,685,834,324	1,476,589	450,100,666	21,137,411,579
2007-08	22,115,176,261	1,476,589	456,882,163	22,573,535,013
2008-09	23,111,571,673	1,419,775	487,171,580	23,600,163,028
2009-10	23,678,370,404	1,419,775	479,708,986	24,159,499,165

Source: California Municipal Statistics, Inc.

District Debt Structure

Short-Term Debt. On July 30, 2009, as part of the Program, the District issued tax and revenue anticipation notes for fiscal year in the amount of $9,885,000. The notes mature on July 30, 2010, and bear interest at 2.0%. Proceeds from the notes can be drawn upon during the year if cash shortages arise.

Long-Term Debt. A schedule of changes in long-term debt for the year ended June 30, 2009 is shown below:

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Compensated Absences	$321,629	$329,290	$321,629	$329,290
General Obligation Bonds:				
Current Interest	134,725,898	--	2,972,805	131,753,093
Capital Appreciation	17,993,489	1,065,501	1,640,000	17,418,990
Bond Anticipation Notes	--	15,328,350	59,700	15,268,650
OPEB Liability	--	1,070,907	600,067	470,840
Totals	$153,041,016	$17,794,048	$5,594,201	$165,240,863

Source: Acalanes Union High School District.

General Obligation Bonds. The following table shows the combined debt service schedule with respect to the District's total outstanding general obligation bonded debt.

Year Ending (August 1)	2000 G.O. Refunding Debt Service	2002 G.O. Refunding Debt Service	Election of 2002, Series A Debt Service[1]	2004 G.O. Refunding, Series A Debt Service	2004 G.O. Refunding, Series B Debt Service	2005 G.O. Refunding (2013 Crossover) Debt Service[2]	2005B G.O. Refunding (2013 Crossover) Debt Service[2]	Election of 2008, Series A Debt Service	Total Debt Service
2010	$2,248,150.00	$1,577,237.50	$1,640,000.00	$1,586,628.76	$731,250.00	--	--	--	$7,783,266.26
2011	2,254,900.00	1,552,237.50	2,035,000.00	1,586,128.76	729,000.00	--	--	--	8,157,266.26
2012	2,262,600.00	1,537,237.50	2,430,000.00	1,589,128.76	735,500.00	--	--	--	8,554,466.26
2013	2,264,250.00	1,542,237.50	2,840,000.00	1,585,378.76	730,250.00	--	--	--	8,962,116.26
2014	1,339,850.00	1,577,237.50	--	2,462,466.26	738,750.00	$3,265,356.26	$1,077,200.00	--	10,460,860.02
2015	--	3,207,237.50	--	2,182,093.76	740,250.00	3,727,606.26	1,127,200.00	--	10,984,387.52
2016	--	3,192,237.50	--	2,943,093.76	--	4,025,181.26	1,535,200.00	--	11,695,712.52
2017	--	3,197,237.50	--	2,937,593.76	--	4,537,806.26	1,786,050.00	--	12,458,687.52
2018	--	3,207,237.50	--	2,924,993.76	--	5,058,143.76	2,077,462.50	--	13,267,837.52
2019	--	3,222,237.50	--	2,914,193.76	--	5,604,093.76	2,396,550.00	--	14,137,075.02
2020	--	3,190,125.00	--	2,939,993.76	--	6,177,100.00	2,750,950.00	--	15,058,168.76
2021	--	3,167,312.50	--	2,965,793.76	--	6,776,050.00	3,127,775.00	--	16,036,931.26
2022	--	3,152,962.50	--	2,977,975.00	--	7,403,550.00	3,549,662.50	--	17,084,150.00
2023	--	6,150,650.00	--	--	--	8,056,675.00	3,992,937.50	--	18,200,262.50
2024	--	6,207,300.00	--	--	--	8,662,500.00	4,514,975.00	--	19,384,775.00
2025	--	--	--	--	--	--	2,105,000.00	$5,892,195.00	7,997,195.00
2026	--	--	--	--	--	--	--	6,277,195.00	6,277,195.00
2027	--	--	--	--	--	--	--	6,552,195.00	6,552,195.00
2028	--	--	--	--	--	--	--	6,842,195.00	6,842,195.00
2029	--	--	--	--	--	--	--	7,142,195.00	7,142,195.00
2030	--	--	--	--	--	--	--	7,457,195.00	7,457,195.00
2031	--	--	--	--	--	--	--	7,782,195.00	7,782,195.00
2032	--	--	--	--	--	--	--	8,127,507.50	8,127,507.50
2033	--	--	--	--	--	--	--	8,485,945.00	8,485,945.00
2034	--	--	--	--	--	--	--	8,854,382.50	8,854,382.50
2035	--	--	--	--	--	--	--	9,244,695.00	9,244,695.00
2036	--	--	--	--	--	--	--	9,652,820.00	9,652,820.00
2037	--	--	--	--	--	--	--	10,077,285.00	10,077,285.00
2038	--	--	--	--	--	--	--	10,519,917.50	10,519,917.50
2039	--	--	--	--	--	--	--	10,985,955.00	10,985,955.00
	$10,369,750.00	$45,680,725.00	$8,945,000.00	$31,595,462.62	$4,405,000.00	$63,294,062.56	$30,040,962.50	$123,893,872.50	$318,224,835.18

[1] Excludes debt service on the bonds refunded by this issue.
[2] Excludes debt service on bonds on and prior to the Crossover Date.

SAN MATEO-FOSTER CITY SCHOOL DISTRICT

The District

The San Mateo-Foster City School District (the "District"), encompasses approximately 13 square miles of San Mateo County, California (the "County"), and serves the cities of San Mateo and Foster City, as well as certain unincorporated areas of the County. The District currently operates 16 elementary schools which provide instruction for grades Kindergarten through five, and four middle schools which provide instruction for grades six through eight.

Administration

The District is governed by a five-member Board of Trustees, each member of which is elected by the public for a four-year term of office. Elections for positions on the Board are held every two years, alternating between two and three positions available. Current members of the Board, together with their offices and the dates their terms expire, are listed below:

Board Member	Office	Term Expires
Colleen Sullivan	President	November 2011
Mark Hudak	Vice President	November 2011
Lory Lorimer Lawson	Clerk	November 2013
Julie S. Chan	Trustee	November 2013
Ellen Mallory Ulrich	Trustee	November 2013

Comparative Financial Statements

The following table shows the District's audited revenues, expenditures and fund balances for fiscal years 2005-06 through 2008-09.

GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES
Fiscal Years 2005-06 through 2008-09
San Mateo-Foster City School District

	Audited 2005-06	Audited 2006-07	Audited 2007-08	Audited 2008-09
REVENUES				
Revenue Limit Sources				
State apportionments	$14,050,168	$14,543,305	$15,744,685	$21,727,669
Local sources	38,222,683	41,630,055	42,945,119	37,065,648
Total Revenue Limit	52,272,851	56,173,360	58,689,804	58,793,317
Federal	5,180,004	5,674,124	5,334,904	8,645,556
Other State	10,633,536	13,350,996	14,031,868	12,071,117
Other Local	9,960,764	10,735,673	10,411,139	8,841,316
Total Revenues	78,047,155	85,934,153	88,467,715	88,351,306
EXPENDITURES				
Instruction	49,771,100	53,314,782	60,715,633	59,793,771
Instruction-related services	9,350,312	9,461,360	9,735,171	10,080,399
Pupil services	3,133,550	2,907,914	3,289,206	3,338,654
Ancillary services	199,709	224,244	244,918	184,308
Community services	164,504	187,322	188,616	213,751
Enterprise activities	125,338	116,342	108,165	126,638
General administration	3,537,087	4,547,969	3,981,395	3,403,405
Plant services	6,186,455	7,427,188	7,730,433	6,782,695
Other outgo	2,311,623	2,775,426	2,111,272	2,528,319
Facility acquisition and construction	--	--	101,641	--
Debt service- principal	--	--	35,750	140,996
Debt service- interest	--	--	--	42,192
Total Expenditures	74,779,678	80,962,547	88,242,200	86,635,128
Revenues Over (Under) Expenditures	3,267,477	4,971,606	225,515	1,716,178
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	593,512	--	300,000	729,760
Other sources	--	--	1,097,135	--
Operating Transfers Out	(773,024)	(409,709)	(380,000)	--
Net Financing Sources (Uses)	(179,512)	(409,709)	1,017,135	729,760
Net Change in Fund Balance	3,087,965	4,561,897	1,242,650	2,445,938
Fund Balance, July 1 (as adjusted)	11,230,228	14,318,193	18,880,090	20,122,740
Fund Balance, June 30	$14,318,193	$18,880,090	$20,122,740	$22,568,678

Source: San Mateo-Foster City School District.

General Fund Budget

The following table reflects the comparison of the District's general fund adopted budgets for fiscal years 2007-08 through 2009-10, audited actuals for fiscal years 2007-08 and 2008-09, and projected results for fiscal year 2009-10.

COMPARISON OF GENERAL FUND BUDGETS
Fiscal Years 2007-08 through 2009-10
San Mateo-Foster City School District

	Budgeted 2007-08	Audited 2007-08	Budgeted 2008-09	Audited 2008-09	Original Adopted Budget 2009-10	Projected 2009-10[1]
REVENUES						
Revenue Limit Sources	$58,154,722	$58,689,804	$58,311,673	$58,793,317	$59,276,630	$59,217,397
Federal	3,986,646	5,334,904	5,676,612	8,645,556	5,725,616	10,120,238
Other State	12,714,660	14,031,868	12,275,610	12,071,117	11,150,426	11,073,824
Other Local	6,988,097	10,411,139	6,256,647	8,841,316	9,135,200	8,720,700
Total Revenues	81,844,125	88,467,715	82,520,542	88,351,306	85,287,872	89,132,159
EXPENDITURES						
Certificated Salaries	37,291,603	40,741,457	41,907,120	41,407,799	43,723,718	43,718,697
Classified Salaries	10,428,285	11,435,019	11,063,617	11,800,234	12,378,210	12,658,559
Employee Benefits	13,680,383	14,832,328	14,897,369	14,415,319	14,896,034	14,547,361
Books and Supplies	2,855,859	5,338,897	3,691,662	3,096,767	2,937,737	6,490,709
Services, other operating expenses	12,907,832	12,373,255	11,419,987	13,258,913	11,482,567	14,192,210
Capital Outlay	90,955	1,429,880	36,960	158,694	6,660	53,476
Other Outgo (Excl. Indirect Costs)	3,325,412	2,248,663	3,125,412	2,711,507	2,665,419	2,665,419
Indirect/Direct support costs	(182,922)	(157,299)	(190,272)	(214,105)	(182,922)	(182,922)
Total Expenditures	80,397,407	88,242,200	85,951,854	86,635,128	87,907,423	94,143,509
Revenues Over (Under) Expends	1,446,718	225,515	(3,431,312)	1,716,178	(2,619,551)	(5,011,350)
OTHER FINANCING SOURCES						
Operating Transfers In	300,000	300,000	300,000	729,760	300,000	800,000
Other sources/Contributions	--	1,097,135	--	--	--	--
Operating Transfers Out	(380,000)	(380,000)	--	--	--	--
Net Financing Sources (Uses)	(80,000)	1,017,135	300,000	729,760	300,000	800,000
Net Change in Fund Balance	1,366,718	1,242,650	(3,131,312)	2,445,938	(2,319,551)	(4,211,350)
Fund Balance, July 1 (as adjusted)	18,880,090	18,880,000	20,122,740	20,122,740	23,752,602	23,752,602
Fund Balance, June 30	$20,246,808	$20,122,740	$16,991,429	$22,568,678	$21,433,051	$18,357,329

(1) From the District's second interim financial report for fiscal year 2009-10, dated as of April 12, 2010.
Source: San Mateo-Foster City School District.

District Growth

The following table shows the District's average daily attendance ("A.D.A.") and enrollment over the last 6 years and a projection for the current fiscal year.

AVERAGE DAILY ATTENDANCE AND ENROLLMENT
FISCAL YEARS 2003-04 THROUGH 2009-10
San Mateo-Foster City School District

Fiscal Year	Average Daily Attendance	Enrollment
2003-04	9,736	10,069
2004-05	9,656	10,013
2005-06	9,552	9,935
2006-07	9,631	9,996
2007-08	9,789	10,079
2008-09	10,041	10,340
2009-10[1]	10,289	10,780

[1] Projected.
Source: San Mateo-Foster City School District.

Labor Relations

The District currently employs approximately 483 full-time certificated employees and 160 classified employees. In addition, the District employs 557 part-time faculty and staff. These employees, except management and some part-time employees, are represented by the two bargaining units as noted below:

BARGAINING UNITS
San Mateo-Foster City School District

Labor Organization	Number of Employees	Contract Expires
San Mateo Elementary Teachers' Association/ California Teachers' Association	560	June 30, 2010[1]
California School Employees Association	640	June 30, 2010[1]

[1] Members of these bargaining units are working under the terms of existing contracts while new contracts are negotiated.

Retirement Programs

STRS and CalPERS. The District participates in the State of California Teacher's Retirement System ("STRS"). This plan covers basically all fulltime certificated employees. The District's contribution to STRS for fiscal years 2008-09, 2007-08 and 2006-07 were $3,233,870, $3,265,635 and $2,909,459, respectively. The District has projected a contribution of $3,260,422 for fiscal year 2009-10.

The District also participates in the State of California Public Employees' Retirement System ("CalPERS"). This plan covers all classified personnel who are employed four or more hours per day. Both systems are operated on a statewide basis. The District's contributions to PERS for fiscal years 2008-09, 2007-08 and 2006-07 were $1,492,073, $1,463,927 and $1,738,690 respectively. The District has projected a contribution of $2,036,251 for fiscal year 2009-10.

The District is currently required by statute to contribute 8.25% of eligible salary expenditures to STRS, while participants contribute 8% of their respective salaries. STRS has a substantial statewide unfunded liability. Since this liability has not been broken down by each school district, it is impossible to determine the District's share. The District was required to contribute to PERS at an actuarially determined rate, which is 9.709% of eligible salary expenditures for fiscal year 2009-10, while participants contribute 7% of their respective salaries.

Other Post-Employment Benefits

The District provides lifetime post-employment health care benefits in accordance with District's employment contracts to all employees who retire from the District. Managers (not including spouse and family) are eligible for full life-time medical, vision and dental premiums. Caps are imposed on payments for other employees up to the age of 65 and after the age of 65. As of June 30, 2009, 521 retirees were currently receiving benefits and 1,059 active employees were plan members.

An actuarial study, dated May 22, 2009, was performed for the District to determine the amount of the unfunded liability in connection with these benefits and identified an unfunded accrued actuarial liability ("UUAL") of $24,624,000 as of January 1, 2009. According to the study, in order to fund the UUAL, the District's annual required contribution is $2,008,000, assuming a 4.5% rate of investment return and funding over a period of 30 years. In fiscal year 2008-09, the District contributed $1,103,447 to the plan, all of which was used for current year benefits. The District did not budget a contribution for fiscal year 2009-10.

Insurance

The District is a member of two Joint Powers Authorities ("JPAs") for insurance purposes: the San Mateo County Schools Insurance Group for property and worker's compensation insurance; and the School's Excess Liability Fund for excess property and liability insurance. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs arrange for and/or provide coverage for their members. The JPAs are governed by a board consisting of a representative from each member district. The boards control the operations of the JPAs, including selection of management and approval of operating budgets independent of any influence by the member districts beyond their representation on the Board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPA.

Based upon prior claims experience, the District believes that it has adequate insurance coverage.

Assessed Valuations

Shown in the following table are the assessed valuations for the District from fiscal year 2003-04 to fiscal year 2009-10.

ASSESSED VALUATIONS
Fiscal Years 2003-04 through 2009-10
San Mateo-Foster City School District

	Local Secured	Utility	Unsecured	Total
2003-04	$15,972,435,714	$7,933,235	$974,788,965	$16,955,157,914
2004-05	16,854,639,991	1,954,524	926,478,665	17,783,073,180
2005-06	18,080,977,390	1,835,641	908,835,594	18,991,648,625
2006-07	19,702,216,047	1,541,542	894,854,565	20,598,612,154
2007-08	21,270,280,177	2,179,969	799,890,067	22,072,350,213
2008-09	22,776,087,607	2,179,957	778,504,280	23,556,771,844
2009-10	22,883,431,317	2,179,935	794,410,187	23,680,021,439

Source: California Municipal Statistics, Inc.

District Debt Structure

Long-Term Debt. A schedule of changes in long-term debt for the year ended June 30, 2009, is shown below:

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
General Obligation Bonds	$98,270,000	--	$3,290,000	$94,980,000
Bond Anticipation Note	--	$55,000,000	--	55,000,000
Capital Leases	995,494	--	140,996	854,498
Post-employment Benefits Obligation	--	904,553	--	904,553
Accumulated Vacation - net	669,027	--	12,879	656,148
Early Retirement Incentive	342,750	--	63,000	279,750
	100,277,271	55,904,553	3,506,875	152,674,949
Bond Premium, net amortization	3,521,320	581,900	435,182	3,668,038
Refunding Charge, net of amortization	(3,014,521)	--	(200,968)	(2,813,553)
Long-term Obligations, net of Bond Premium and Refunding Charge	$100,784,070	$56,486,453	$3,741,089	$153,529,434

General Obligation Bonds. On October 9, 2003, the District issued its General Obligation Refunding Bonds, Series 2003 in an aggregate principal amount of $27,305,000 (the "2003 Refunding Bonds") to refund several series of outstanding bond issuances of the District.

On November 3, 2005, the San Mateo-Foster City School Facilities Financing Authority issued its Revenue Bonds, Series 2005 (the "Authority Bonds") in an aggregate principal amount of $79,975,000. The Authority Bonds were issued to refund several outstanding bond issuances of the District and finance capital improvements to certain school facilities thereof. The Authority Bonds are payable from debt service payments to be made by the District on its General Obligation Refunding Bonds, Series 2005, issued in an aggregate principal amount of $76,752,425.21 (the "2005 Refunding Bonds").

On February 5, 2008 the voters of the District authorized the issuance of $175,000,000 of general obligation bonds of the District (the "2008 Authorization"). On February 23, 2010, the District issued the first series of bonds under the 2008 Authorization in the aggregate principal amount of $54,999,412.85 (the "2008 Series A Bonds").

The following table shows the combined debt service schedule with respect to the District's total outstanding general obligation bonded debt.

Bond Year	2003 Refunding Bonds	2005 Refunding Bonds	2008 Series A Bonds	Total Debt Service
2010	$2,333,118.76	$5,753,219.24	--	$8,086,338.00
2011	2,340,518.76	5,911,574.78	--	8,252,093.54
2012	2,335,318.76	6,085,928.32	--	8,421,247.08
2013	2,332,918.76	6,260,949.52	--	8,593,868.28
2014	2,343,118.76	6,426,909.45	--	8,770,028.21
2015	2,345,318.76	6,604,480.64	$30,000.00	8,979,799.40
2016	2,334,718.76	6,798,537.17	80,000.00	9,213,255.93
2017	2,329,437.50	6,991,035.80	130,000.00	9,450,473.30
2018	2,299,950.00	7,211,578.62	180,000.00	9,691,528.62
2019	2,301,787.50	7,404,713.08	235,000.00	9,941,500.58
2020	2,468,112.50	7,437,356.98	295,000.00	10,200,469.48
2021	--	9,984,583.07	385,000.00	10,369,583.07
2022	--	10,309,199.54	430,000.00	10,739,199.54
2023	--	10,276,154.51	555,000.00	10,831,154.51
2024	--	--	2,460,075.00	2,460,075.00
2025	--	--	2,640,075.00	2,640,075.00
2026	--	--	2,760,075.00	2,760,075.00
2027	--	--	11,348,106.26	11,348,106.26
2028	--	--	11,855,931.26	11,855,931.26
2029	--	--	12,393,968.76	12,393,968.76
2030	--	--	12,952,362.50	12,952,362.50
2031	--	--	13,530,431.26	13,530,431.26
2032	--	--	14,139,193.76	14,139,193.76
2033	--	--	14,803,750.00	14,803,750.00
2034	--	--	15,470,412.50	15,470,412.50
2035	--	--	16,164,862.50	16,164,862.50
2036	--	--	16,890,475.00	16,890,475.00
2037	--	--	17,649,962.50	17,649,962.50
2038	--	--	18,445,375.00	18,445,375.00
2039	--	--	19,273,100.00	19,273,100.00
2040	--	--	20,139,193.76	20,139,193.76
2041	--	--	21,043,718.76	21,043,718.76
2042	--	--	21,986,075.00	21,986,075.00
Total	$25,764,318.82	$103,456,220.72	$268,267,143.82	$397,487,683.36

Capital Leases. The District purchased its phone system pursuant to a capital lease. As of June 30, 2009, the capital lease has minimum lease payments as follows:

Year Ending June 30	Annual Lease Payment
2010	$147,517
2011	154,340
2012	161,478
2013	168,947
2014	176,763
2015	45,453
Total	$854,498

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The District

The San Mateo Union High School District (the "District"), located in the County of San Mateo, California, includes the communities of Burlingame, Foster City, Hillsborough, Millbrae, San Bruno and San Mateo. The District operates six comprehensive high schools, a continuation high school and an adult school. The District's projected 2009-10 enrollment is approximately 8,650 students including special education and continuing education students. The District serves a resident population of approximately 225,000 and has a 2009-10 assessed valuation of $49,956,726,563.

Administration

The District is governed by a five-member Board of Education, each member of which is elected by the public for a four-year term of office. Elections for positions on the Board are held every two years, alternating between two and three positions available. Current members of the Board, together with their offices and the dates their terms expire, are listed below:

Name	Office	Term Expires
David Pine	President	December 2011
Stephen E. Rogers	Vice President	December 2011
Robert H. Griffin	Clerk	December 2013
Peter H. Hanley	Member	December 2013
Linda Lees Dwyer	Member	December 2013

Comparative Financial Statements

The following table shows the District's audited revenues, expenditures and fund balances for fiscal years 2004-05 through 2008-09.

GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES
Fiscal Years 2004-05 through 2008-09
San Mateo Union High School District

	Audited Actuals 2004-05	Audited Actuals 2005-06	Audited Actuals 2006-07	Audited Actuals 2007-08	Audited Actuals 2008-09
REVENUES:					
Revenue Limit Sources:					
State	$242,647	$242,035	$159,876	($289,194)	($278,243)
Local	68,139,724	71,227,393	77,730,264	82,556,017	88,602,676
Miscellaneous	--	--	--	--	--
Federal	2,516,106	2,349,634	2,138,552	2,318,134	2,691,982
Other State	4,751,764	4,118,290	8,274,554	6,567,121	4,835,883
Other Local	4,841,381	7,193,073	6,167,833	5,408,090	4,546,605
TOTAL	80,491,622	85,130,425	94,471,079	96,560,168	100,398,903
EXPENDITURES:					
Certificated Salaries	39,835,625	41,131,085	40,164,920	40,683,282	45,185,897
Classified Salaries	15,194,590	15,710,683	14,596,802	14,338,437	15,733,928
Employee Benefits	16,106,181	16,882,371	16,914,622	16,334,184	17,948,154
Books & Supplies	3,984,967	3,726,318	4,393,716	3,741,238	4,813,856
Services/Other Operating Expenditures	6,798,749	8,185,606	9,297,793	8,398,756	9,275,355
Transfers of Indirect/Direct Support Costs	(359,210)	(336,629)	--	--	--
Capital Outlay	182,904	--	--	706,748	--
Other Outgo	809,971	2,295,167	3,562,601	3,075,561	2,206,587
TOTAL	82,553,777	87,594,601	88,930,454	87,278,206	95,163,777
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(2,062,155)	(2,464,176)	5,540,625	9,281,962	5,235,126
OTHER FINANCING SOURCES/(USES):					
Transfers In	867,184	1,272,945	345,242	368,691	376,187
Transfers Out	(715,184)	(745,890)	(2,851,942)	(2,989,513)	(2,979,070)
TOTAL	152,000	527,055	(2,506,700)	(2,620,822)	(2,602,883)
NET INCREASE (DECREASE) IN FUND BALANCE	(1,910,155)	(1,937,121)	3,033,925	6,661,140	2,632,243
Fund Balance, beginning of year	6,969,414	5,059,259	3,122,138	6,156,063	12,817,203
Fund Balance, end of year	$5,059,259	$3,122,138	$6,156,063	$12,817,203	$15,449,446

Source: San Mateo Union High School District.

General Fund Budget

The following table reflects the comparison of the District's general fund adopted budgets for fiscal years 2007-08 through 2009-10, audited actuals for fiscal years 2007-08 and 2008-09, and projected results for fiscal year 2009-10.

COMPARISON OF GENERAL FUND BUDGETS
Fiscal Years 2007-08 through 2009-10
San Mateo Union High School District

	Adopted Budget 2007-08	Audited Actuals 2007-08	Adopted Budget 2008-09	Audited Actuals 2008-09	Original Adopted Budget 2009-10	Projected Actuals 2009-10[(1)]
REVENUES						
Revenue Limit Sources	$79,329,434	$82,266,823	$84,635,520	$88,324,433	$81,289,289	$89,455,220
Federal	2,118,456	2,318,134	2,363,110	2,691,982	4,155,525	5,242,631
Other State	6,144,204	6,567,121	5,268,996	4,835,883	4,806,338	7,604,497
Other Local	3,766,245	5,408,090	4,048,124	4,546,605	3,716,198	5,326,625
TOTAL	91,358,339	96,560,168	96,315,750	100,398,903	93,967,350	107,628,974
EXPENDITURES:						
Certificated Salaries	42,863,447	40,683,282	44,946,028	45,185,897	43,465,193	45,571,105
Classified Salaries	14,420,921	14,338,437	15,817,521	15,733,928	14,551,037	15,060,990
Employee Benefits	16,878,375	16,334,184	18,489,509	17,948,154	18,730,507	19,159,936
Books & Supplies	2,942,769	3,741,238	3,441,145	4,813,856	3,273,441	6,739,872
Services/Other Operating Expenditures	9,644,796	8,398,756	9,946,432	9,275,355	11,146,001	12,379,073
Transfers of Indirect/Direct Support Costs	(398,000)	--	(386,040)	--	(336,040)	(207,650)
Capital Outlay	706,748	706,748	--	--	--	330,000
Other Outgo	2,872,611	3,075,561	3,223,458	2,206,587	3,064,565	3,124,541
TOTAL	89,931,668	87,278,206	95,478,053	95,163,777	93,894,705	102,157,867
Excess (Deficiency) of Revenues Over/(Under) Expenditures	1,426,671	9,281,962	837,697	5,235,126	72,645	5,471,107
OTHER FINANCING SOURCES/(USES):						
Transfers In	--	368,691	--	376,187	--	--
Transfers Out	(560,000)	(2,989,513)	(694,513)	(2,979,070)	(360,000)	5,359,303
TOTAL	(560,000)	(2,620,822)	(694,513)	(2,602,883)	(360,000)	(5,359,303)
NET INCREASE (DECREASE) IN FUND BALANCE	866,671	6,661,140	143,184	2,632,243	(287,355)	11,804
Fund Balance, beginning of year	6,156,063	6,156,063	12,817,203	12,817,203	16,131,708	15,449,446
Fund Balance, end of year	$7,022,734	$12,817,203	$12,960,388	$15,449,446	$15,844,353	$15,561,250

(1) From the District's second interim financial report for fiscal year 2009-10, dated as of April 14, 2010.
Source: San Mateo Union High School District.

District Growth

The following table shows the District's average daily attendance ("A.D.A.") and enrollment over the last five fiscal years.

AVERAGE DAILY ATTENDANCE AND ENROLLMENT
FISCAL YEARS 2005-06 THROUGH 2009-10
San Mateo Union High School District

Fiscal Year	Average Daily Attendance	Enrollment
2005-06	8,095	8,139
2006-07	8,051	8,089
2007-08	8,062	8,128
2008-09	8,099	8,128
2009-10[1]	8,284	8,650

[1] Projected.
Source: San Mateo Union High School District.

Labor Relations

The District employed approximately 410 full-time equivalent certificated employees and 181 full-time equivalent classified employees. The District also employs 63 part-time equivalent certificated employees and 114.2 part-time equivalent classified employees. District employees, except management and some part-time employees, are represented by the two bargaining units as noted below:

BARGAINING UNITS
San Mateo Union High School District

Labor Organization	Contract Expiration Date
California Teachers Association	June 30, 2010[1]
California School Employees Association (CSEA)	June 30, 2009[1]

[1] Contract currently under negotiation. Employees continue to work under the terms of the expired contract.
Source: San Mateo Union High School District.

Retirement Programs

STRS and CalPERS. The District participates in the State of California Teachers Retirement System ("STRS"). This plan covers all full-time and most part-time certificated employees. The District's contribution to STRS was $3,139,518 for fiscal year 2006-07, $3,536,753 for fiscal year 2007 08, $3,915,562 for fiscal year 2008-09, and is projected at $3,656,288 for fiscal year 2009-10. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to California public schools.

The District also participates in the State of California Public Employees Retirement System ("PERS"). This plan covers all classified personnel who are employed more than four hours per day. The District's contribution to PERS was $1,352,417 for fiscal year 2006-07, $1,393,874 for fiscal year 2007-08, $1,562,914 for fiscal year 2008-09, and is projected at $1,453,960 for fiscal year 2009-10. In order to receive PERS benefits, an employee must be at least 50 years old and have provided five years of service to California public schools.

The District is currently required by statute to contribute 8.25% of eligible salary expenditures to STRS, while participants contribute 8% of their respective salaries. STRS has a substantial statewide unfunded liability. Since this liability has not been broken down by each school district, it is impossible to determine the District's share. The District was required to contribute to PERS at an actuarially determined rate, which is 9.709% of eligible salary expenditures for fiscal year 2009-10, while participants contribute 7% of their respective salaries.

Other Post-Employment Benefits

The District provides post-employment health care benefits in the form of a medical insurance premium credit up to a maximum of $250.00 per month for 10 years or until age 65, whichever comes first. As of June 30, 2009, 80 employees participated in this program. For the fiscal year ending June 30, 2010, the District has projected expenditures of approximately $175,000 for post-employment benefits.

The District has received a study by Steven Itelson on July 1, 2008 (the "Actuarial Study") with respect to its liability in connection with such post-employment health care benefits. The Actuarial Study, dated as of July 30, 2008, determined that the actuarial accrued liability with respect to the District's Post-Employment Benefits is $1,902,600, and that the present value of total projected benefits is $2,998,900. The Actuarial Study also concluded that the annual required contribution ("ARC") for the year beginning July 1, 2008 is $208,400. The ARC is the annual amount that would be necessary to fund the OPEB in accordance with the Governmental Accounting Standards Board's Statements No. 43 and 45.

Insurance

The District is a member of the San Mateo County Schools Insurance Group ("SMCSIG") public entity risk pool. The District pays an annual premium to the entity for its workers' compensation, property liability and medical insurance coverage.

Assessed Valuations

Shown in the following table are the assessed valuations for the District from fiscal year 2004-05 to fiscal year 2009-10.

ASSESSED VALUATIONS
Fiscal Years 2004-05 through 2009-10
San Mateo Union High School District

	Secured	Utility	Unsecured	Total
2004-05	$32,864,327,254	$12,971,290	$4,478,498,907	$37,355,797,451
2005-06	35,359,549,459	12,558,782	4,174,921,429	39,547,029,670
2006-07	38,680,079,503	11,724,762	4,045,523,909	42,737,328,174
2007-08	41,685,629,380	7,819,752	4,079,309,837	45,772,758,969
2008-09	44,604,612,133	7,819,740	4,402,989,841	49,015,421,714
2009-10	45,133,729,639	7,819,718	4,815,177,206	49,956,726,563

Source: California Municipal Statistics, Inc.

District Debt Structure

Short-Term Debt. On July 30, 2009, as part of the Program, the District issued tax and revenue anticipation notes for fiscal year in the amount of $19,259,000. The notes mature on July 30, 2010, and bear interest at 2.0%. Proceeds from the notes can be drawn upon during the year if cash shortages arise

Long-Term Debt. A schedule of changes in long-term debt for the year ended June 30, 2009 is show below:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
General Obligation Bonds	$184,949,950	--	$4,200,000	$180,749,950
Accreted Interest	14,535,524	$3,847,076	--	18,382,600
Certificates of Participation	74,276,236	--	8,330,000	65,946,236
Unamortized (discount)/premium on long-term liabilities	1,438,135	--	46,929	1,391,206
Other post retirement benefits	345,616	208,400	158,552	395,464
Compensated absences	887,136	--	38,239	848,897
Totals	$276,432,597	$4,055,476	$12,773,720	$267,714,353

General Obligation Bonds. In April 2001, the District issued its Election of 2000 General Obligation Bonds, Series A, in the aggregate principal amount of $60,000,000 (the "Series A Bonds"). In July 2002, the District issued its Election of 2000 General Obligation Bonds, Series B, in the aggregate principal amount of $49,996,151.60 (the "Series B Bonds"). In March 2004, the District issued its Election of 2000 General Obligation Bonds, Series C, in the aggregate principal amount of $27,503,797.65 (the "Series C Bonds"), representing the full remaining balance of the bonds authorized by the November 7, 2000 election. In September 2004, the District issued its 2004 General Obligation Refunding Bonds in the aggregate principal amount of $55,960,000 (the "2004 Refunding Bonds"), the proceeds of which were used to advance refund all of the outstanding Series A Bonds.

In June 2008, the District issued its Election of 2006 General Obligation Bonds, Series 2008A in the aggregate principal amount of $62,700,000 (the "Series 2008A Bonds"). In February 2010, the District issued its Election of 2006 General Obligation Bonds, Series 2010A in the aggregate principal amount of $4,890,000 (the "Series 2010A Bonds"). Concurrently with the issuance of the Series 2010B Bonds, the District issued its Election of 2006 General Obligation Bonds, Series 2010B (Build America Bonds – Direct Payment to District), in the aggregate principal amount of $65,110,000 (the "Series 2010B Bonds").

The annual requirements to amortize all of the District's general obligation bonds, assuming no optional redemptions are made, are as follows:

	2000 Bond Authorization			2006 Bond Authorization			
Year Ending September 1	Series B Bonds	Series C Bonds	2004 Refunding Bonds	Series 2008A Bonds	Series 2010A Bonds	Series 2010B Bonds	Total Annual Debt Service
2010	$2,990,000.00	$985,538.76	$4,613,568.76	$3,109,081.26	$2,348,979.44	$2,248,339.61	$16,295,507.83
2011	3,250,000.00	1,050,163.76	4,622,318.76	2,749,081.26	167,400.00	4,172,176.60	16,011,140.38
2012	3,530,000.00	1,120,463.76	4,614,818.76	2,837,881.26	146,300.00	4,172,176.60	16,421,640.38
2013	3,815,000.00	1,192,495.00	4,620,043.76	2,978,081.26	201,300.00	4,172,176.60	16,979,096.62
2014	4,120,000.00	1,270,882.50	4,618,618.76	3,127,481.26	333,275.00	4,172,176.60	17,642,434.12
2015	4,435,000.00	1,349,107.50	4,618,750.00	3,285,481.26	472,825.00	4,172,176.60	18,333,340.36
2016	4,765,000.00	1,434,307.50	4,616,000.00	3,446,481.26	619,125.00	4,172,176.60	19,053,090.36
2017	5,105,000.00	1,522,677.50	4,551,250.00	3,620,081.26	771,350.00	4,172,176.60	19,742,535.36
2018	5,465,000.00	1,615,865.00	4,552,250.00	3,795,481.26	933,675.00	4,172,176.60	20,534,447.86
2019	5,840,000.00	1,708,365.00	4,555,500.00	3,987,281.26	--	5,272,176.60	21,363,322.86
2020	6,235,000.00	1,812,165.00	4,550,500.00	4,180,031.26	--	5,451,576.60	22,229,272.86
2021	6,645,000.00	1,918,000.00	4,552,250.00	4,389,531.26	--	5,617,736.60	23,122,517.86
2022	7,080,000.00	2,021,250.00	4,555,000.00	4,604,318.76	--	5,783,176.60	24,043,745.36
2023	7,530,000.00	2,135,000.00	4,553,250.00	4,829,237.50	--	5,946,609.10	24,994,096.60
2024	8,000,000.00	2,265,000.00	4,551,750.00	5,062,675.00	--	6,120,969.10	26,000,394.10
2025	8,490,000.00	2,385,000.00	--	5,311,450.00	--	6,291,145.36	22,477,595.36
2026	12,620,000.00	3,135,000.00	--	5,574,200.00	--	6,465,535.36	27,794,735.36
2027	--	16,195,000.00	--	5,844,887.50	--	6,646,135.36	28,686,022.86
2028	--	16,850,000.00	--	6,129,200.00	--	6,825,110.36	29,804,310.36
2029	--	--	--	6,430,475.00	--	7,013,632.80	13,444,107.80
2030	--	--	--	6,738,725.00	--	7,202,530.06	13,941,255.06
2031	--	--	--	7,067,500.00	--	7,394,782.20	14,462,282.20
2032	--	--	--	7,407,750.00	--	7,593,032.70	15,000,782.70
2033	--	--	--	--	--	11,994,588.36	11,994,588.36
2034	--	--	--	--	--	12,823,969.96	12,823,969.96
Total	$99,915,000.00	$61,966,281.28	$68,745,868.80	$106,506,393.88	$5,994,229.44	$150,068,459.53	$493,196,232.93

Bond Anticipation Notes. Concurrently with the issuance of the Series 2010A and 2010B Bonds, the District issued its 2010 General Obligation Bond Anticipation Notes in the aggregate principal amount of $65,000,000 (the "Notes"). The Notes will mature on February 28, 2011.

Certificates of Participation. On March 30, 2007, the District sold $74,516,236.40 of Certificates of Participation (the "2007 Certificates") to refinance outstanding certificates of participation of the District and to complete modernization and construction projects. The 2007 Certificates mature in varying amounts through 2043. On June 15, 2009 the District paid off $7,510,000 of outstanding 2007 Certificates from unspent proceeds. At June 30, 2009, the District's certificate payment obligations were as follows:

Year Ending June 30	Annual Payments
2015-2019	$17,357,788
2020-2024	23,174,781
2025-2029	30,194,955
2030-2034	28,121,594
2035-2039	25,094,375
2040-2044	25,322,125
TOTAL	149,265,618

The District

The South San Francisco Unified School District (the "District"), located in the County of San Mateo, California (the "County"), includes the entire City of South San Francisco, small portions of the cities of Daly City and San Bruno, and selected unincorporated areas of the County. The District currently operates nine elementary schools serving Kindergarten through grade five, three middle schools serving grades six through eight, two comprehensive high schools for grades nine through 12, a continuation high school and an adult school. The District has a 2009-10 assessed valuation of $15,311,131,760.

Administration

The District is governed by a five-member Board of Trustees, each member of which is elected by the public for a four-year term of office. Elections for positions on the Board are held every two years, alternating between two and three positions available. Current members of the Board, together with their offices and the dates their terms expire, are listed below:

Name	Office	Term Expires
Liza Normandy	President	December 2010
Shirlee Hoch	Vice President/Clerk	December 2010
Judith Bush	Member	December 2010
Maurice Goodman	Member	December 2012
Philip Weise	Member	December 2012

Comparative Financial Statements

The following table shows the District's audited revenues, expenditures and fund balances for fiscal years 2006-07 through 2008-09.

GENERAL FUND REVENUES, EXPENDITURES AND FUND BALANCES
Fiscal Years 2006-07 through 2008-09
South San Francisco Unified School District

	Audited Actuals 2006-07	Audited Actuals 2007-08	Audited Actuals 2008-09
REVENUES:			
Revenue Limit Sources	$54,903,521	$56,795,912	$60,614,522
Federal	3,670,951	4,120,177	4,824,461
Other State	11,765,932	10,474,950	9,695,816
Other Local	1,731,777	1,886,992	1,553,896
TOTAL	72,072,181	73,278,031	76,688,695
EXPENDITURES:			
Certificated Salaries	31,157,604	33,352,152	34,485,876
Classified Salaries	9,475,022	9,905,362	10,387,837
Employee Benefits	12,144,727	12,284,641	12,650,677
Books & Supplies	2,767,295	2,782,065	3,196,601
Services/Other Operating Expenditures	5,986,895	6,719,894	6,854,467
Capital Outlay	243,667	1,464,895	755,736
Other Outgo	5,133,899	4,392,624	3,790,985
Direct Support/Indirect Costs	(313,565)	(308,885)	(267,128)
TOTAL	66,595,544	70,592,748	71,855,051
Excess (Deficiency) of Revenues Over/(Under) Expenditures	1,796,263	2,685,283	4,833,644
OTHER FINANCING SOURCES/(USES):			
Transfers In	27,144	14,300	14,300
Transfers Out	(2,528,983)	(743,089)	(2,145,396)
Other Sources	518,597	585,628	--
TOTAL	(1,983,242)	(143,161)	(2,131,096)
NET INCREASE (DECREASE) IN FUND BALANCE	3,493,395	2,542,122	2,702,548
Fund Balance, beginning of year	9,155,895	12,649,290	15,191,412
Fund Balance, end of year	$12,649,290	$15,191,412	$17,893,960

Source: South San Francisco Unified School District.

General Fund Budget

The following table reflects the comparison of the District's general fund adopted budgets for fiscal years 2007-08 through 2009-10, audited actuals for fiscal years 2007-08 and 2008-09, and projected results for fiscal year 2009-10.

COMPARISON OF GENERAL FUND BUDGETS
Fiscal Years 2007-08 through 2009-10
South San Francisco Unified School District

	Adopted Budget 2007-08	Audited Actuals 2007-08	Adopted Budget 2008-09	Audited Actuals 2008-09	Adopted Budget 2009-10	Projected Totals 2009-10[(1)]
REVENUES:						
Revenue Limit Sources	56,252,318	$56,795,912	$56,678,323	$60,614,522	$57,387,348	$52,040,758
Federal	3,596,081	4,120,177	3,348,209	4,824,461	4,729,405	6,473,066
Other State	9,937,776	10,474,950	9,422,308	9,695,816	10,785,843	10,788,667
Other Local	1,846,139	1,886,992	1,652,802	1,553,896	2,116,656	2,208,924
TOTAL	71,632,314	73,278,031	71,101,642	76,688,695	75,019,252	71,511,414
EXPENDITURES:						
Certificated Salaries	33,403,339	33,352,152	33,696,301	34,485,876	35,798,419	35,736,346
Classified Salaries	10,002,062	9,905,362	10,241,961	10,387,837	10,891,802	10,913,084
Employee Benefits	12,725,636	12,284,641	12,952,744	12,650,677	13,468,102	13,185,738
Books & Supplies	3,316,188	2,782,065	2,703,450	3,196,601	2,726,550	7,140,944
Services/Other Operating Expenditures	6,546,849	6,719,894	6,639,550	6,854,467	7,315,678	7,623,637
Capital Outlay	609,815	1,464,895	1,122,081	755,736	31,081	144,189
Other Outgo	5,567,414	4,392,624	4,976,820	3,790,985	4,091,436	3,719,566
Direct Support/Indirect Costs	(302,183)	(308,885)	(326,993)	(267,128)	(177,510)	(242,036)
TOTAL	71,869,120	70,592,748	72,005,914	71,855,051	74,145,558	78,221,468
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(236,806)	2,685,283	(904,272)	4,833,644	873,695	(6,710,053)
OTHER FINANCING SOURCES/(USES):						
Transfers In	14,300	14,300	14,300	14,300	12,600	862,079
Transfers Out	(763,911)	(743,089)	(706,235)	(2,145,396)	(2,170,436)	(1,935,826)
Other Sources	483,721	585,628	520,000	--	--	--
TOTAL	(265,890)	(143,161)	(171,935)	(2,131,096)	(2,157,836)	(1,073,747)
NET INCREASE (DECREASE) IN FUND BALANCE	(502,696)	2,542,122	(1,076,207)	2,702,548	(1,284,142)	(7,783,800)
Fund Balance, beginning of year	12,649,290	12,649,290	15,191,412	15,191,412	17,893,960	17,893,960
Fund Balance, end of year	$12,146,594	$15,191,412	$14,115,205	$17,893,960	$16,609,818	$10,110,160

(1) From the District's second interim financial report for fiscal year 2009-10, dated as of April 12, 2010.
Source: South San Francisco Unified School District.

District Growth

The following table shows the District's average daily attendance ("A.D.A.") and enrollment over the last four fiscal years.

AVERAGE DAILY ATTENDANCE AND ENROLLMENT
FISCAL YEARS 2006-07 THROUGH 2009-10
South San Francisco Unified School District

Fiscal Year	Average Daily Attendance	Enrollment
2006-07	8,946	9,336
2007-08	8,989	9,419
2008-09	9,035	9,371
2009-10(1)	8,985	9,360

(1) Projected.
Source: South San Francisco Unified School District.

Labor Relations

The District currently employs approximately 585 full-time equivalent certificated employees and 360 classified employees. These employees, except management and some part-time employees, are represented by the two bargaining units as noted below:

BARGAINING UNITS
South San Francisco Unified School District

Labor Organization	Number of Employees in Organization	Contract Expiration Date
South San Francisco Classroom Teachers Association	505	June 30, 2010(1)
South San Francisco Federation of Adult Educators	32	June 30, 2010(1)
California School Employees Association (CSEA)	342	June 30, 2010(1)

(1) Contract currently under negotiation. Employees continue to work under the terms of the expired contract.
Source: South San Francisco Unified School District.

Retirement Programs

STRS and CalPERS. The District participates in the State of California Teachers Retirement System ("STRS"). This plan covers all full-time and most part-time certificated employees. The District's contribution to STRS was $2,508,749 for fiscal year 2006-07, $2,694,542 for fiscal year 2007 08, $2,845,403 for fiscal year 2008-09, and is projected at $2,864,142 for fiscal year 2009-10. In order to receive STRS benefits, an employee must be at least 55 years old and have provided five years of service to California public schools.

The District also participates in the State of California Public Employees Retirement System ("PERS"). This plan covers all classified personnel who are employed more than four hours per day. The District's contribution to PERS was $1,508,306 for fiscal year 2006-07, $1,032,567 for fiscal year 2007-08, $1,810,271 for fiscal year 2008-09, and is projected at $1,697,387 for fiscal year 2009-10. In order to receive PERS benefits, an employee must be at least 50 years old and have provided five years of service to California public schools.

The District is currently required by statute to contribute 8.25% of eligible salary expenditures to STRS, while participants contribute 8% of their respective salaries. STRS has a substantial statewide unfunded liability. Since this liability has not been broken down by each school district, it is impossible to determine the District's share. The District was required to contribute to PERS at an actuarially determined rate, which is 9.709% of eligible salary expenditures for fiscal year 2009-10, while participants contribute 7% of their respective salaries.

Other Post-Employment Benefits

The District provides post-employment health care benefits (the "Benefits") to certain retired employees in accordance with District employment contracts. Employees are eligible for the Benefits upon retirement from the District on or after age 55 with at least 10 years of service to the District. Such employees are eligible to receive medical benefits at the same level they are receiving at the time of retirement for a period of up to 5 years, or until age 65, whichever come first. As of June 30, 2009, 400 employees participated in this program. The District recognizes costs for the Benefits on a pay-as-you-go basis; for the fiscal year ended June 30, 2010, the District projects expenditures of $600,000 for the Benefits.

The District has received an actuarial study (the "Actuarial Study") with respect to its liability in connection with the Benefits. The Actuarial Study determined that, as of January 1, 2007, the actuarial accrued liability of the District with respect to the Benefits was approximately $12 million. The Actuarial Study also concluded that the annual required contribution ("ARC") for the year beginning July 1, 2008 was $882,000. The ARC is the annual amount that would be necessary to fund the OPEB in accordance with the Governmental Accounting Standards Board's Statements No. 43 and 45.

Insurance

The District is a member of the San Mateo County Schools Insurance Group ("SMCSIG") for property and worker's compensation insurance. The relationship between the District and SMCSIG is such that SMCSIG is not component unit of the District for financial reporting purposes. Based upon prior claims experience, the District believes that it has adequate insurance coverage.

Assessed Valuations

Shown in the following table are the assessed valuations for the District from fiscal year 2001-02 to fiscal year 2009-10.

ASSESSED VALUATIONS
Fiscal Years 2001-02 through 2009-10
South San Francisco Unified School District

	Secured	Utility	Unsecured	Total
2001-02	7,327,172,274	16,871,277	1,206,642,379	8,550,685,930
2002-03	8,010,657,702	14,746,743	1,335,596,178	9,361,000,623
2003-04	8,743,893,470	13,181,558	1,555,442,098	10,312,517,126
2004-05	9,405,612,578	13,627,091	1,226,275,786	10,645,515,455
2005-06	10,247,967,807	13,476,247	1,249,906,685	11,511,350,739
2006-07	11,297,313,084	13,244,790	1,312,212,784	12,622,770,658
2007-08	12,356,669,994	16,382,714	1,414,577,476	13,787,630,184
2008-09	13,958,411,841	15,338,174	2,395,337,284	16,369,087,299
2009-10	13,847,587,835	15,719,228	1,447,824,697	15,311,131,760

Source: California Municipal Statistics, Inc.

District Debt Structure

Long-Term Debt. A schedule of changes in long-term debt for the year ended June 30, 2009 is show below:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
General Obligation Bonds Payable	$36,435,170	--	$657,777	$35,777,393
Certificates of Participation Payable[(1)]	1,905,884	--	149,973	1,755,911
Early Retirement Incentive	1,982,034	--	611,463	1,370,571
EPA Loan	83,815	--	33,531	50,284
Net OPEB Obligation	--	251,883	--	251,883
Compensated Absences Payable	617,652	72,984	--	690,636
Total	$41,024,555	$324,867	$1,452,744	$39,896,678

(1) Does not reflect the issuance of the District's 2009 Certificates (defined herein) issued to prepay outstanding lease obligations of the District.
Source: South San Francisco Unified School District.

General Obligation Bonds. On January 26, 2006, the South San Francisco Unified School District School Facilities Financing Authority issued its Revenue Bonds, Series 2006 (the "Authority Bonds") in an aggregate principal amount of $39,035,000. The Authority Bonds were issued to refund all outstanding bond issuances of the District and finance capital improvements to certain school facilities thereof. The Authority Bonds are payable from debt service payments to be made by the District on its 2006 General Obligation Refunding Bonds, issued in an aggregate principal amount of $36,825,170.39 (the "2006 Refunding Bonds").

The annual requirements to amortize all of the District's general obligation bonds, assuming no optional redemptions are made, are as follows:

Year Ending September 1	Principal	Interest	Total Annual Debt Service
2010	$959,361.02	$996,788.72	$1,956,149.74
2011	1,129,683.57	1,938,893.86	3,068,577.43
2012	1,314,247.55	1,874,501.90	3,188,749.45
2013	1,514,042.42	1,799,589.78	3,313,632.20
2014	1,730,121.00	1,713,289.38	3,443,410.38
2015	1,963,603.36	1,614,672.48	3,578,275.84
2016	2,215,680.95	1,502,747.08	3,718,428.03
2017	2,487,620.93	1,376,453.26	3,864,074.19
2018	2,780,770.81	1,234,658.88	4,015,429.69
2019	3,096,563.37	1,076,154.94	4,172,718.31
2020	3,436,521.82	899,650.82	4,336,172.64
2021	3,802,265.31	703,769.08	4,506,034.39
2022	4,195,514.76	487,039.96	4,682,554.72
2023	4,349,045.94	247,895.62	4,596,941.56
Total	$34,975,042.81	$17,466,105.76	$52,441,148.57

Certificates of Participation. On December 1, 2009, the District executed and delivered its Refunding Certificates of Participations, Series 2009, in an aggregate principal amount of $965,000 (the "2009 Certificates"). Proceeds from the sale of the 2009 Certificates were used to prepay outstanding lease obligations of the District. Future lease payment obligations of the District with respect to the 2009 Certificates are summarized below.

Year Ending July 1	Annual Lease Payments
2010	$139,301.04
2011	141,587.50
2012	139,112.50
2013	140,812.50
2014	142,075.00
2015	142,575.00
2016	142,262.50
2017	141,412.50

EPA Loan. The District has a non-interest bearing loan with the Environmental Protection Agency. Future annual payments with respect thereto are summarized below.

Fiscal Year	Annual Payments
2010-11	$33,531
2011-12	16,753
Total	$50,284