

SIERRA SANDS UNIFIED SCHOOL DISTRICT

**Board of Education
Special Meeting**

**November 5, 2008
District Office Conference Room "A"
113 West Felspar
*www.ssusd.org***

We, the members of the Board of Education of the Sierra Sands Unified School District, are committed to providing the highest quality education in a safe environment to all K-12 students. We believe the school shares with the family, church, and community the responsibility for developing life-long learners who are responsible, productive citizens.

A G E N D A

CALL TO ORDER AND PLEDGE TO THE FLAG

12:00 Noon

Amy Covert
Judy Dietrichson, President
Pam Lochhead
Tom Martin
Tom Pearl
Kurt Rockwell, Vice President/Clerk
Michael Scott

Joanna Rummer, Superintendent

MOMENT OF SILENCE

1. ADOPTION OF AGENDA

2. CONSTRUCTION ADMINISTRATION

2.1 Adoption of Resolution #14 0809 Requesting the Board of Supervisors of the County of Kern, California to Sell Bonds of Said District In an Aggregate Principal Amount Not to Exceed \$8,000,000, Prescribing the Use of Bond Proceeds and Certain Other Matters Relating Thereto

3. ADJOURNMENT

2. CONSTRUCTION ADMINISTRATION

- 2.1 Adoption of Resolution #14 0809 Requesting the Board of Supervisors of the County of Kern, California to Sell Bonds of Said District In an Aggregate Principal Amount Not to Exceed \$8,000,000, Prescribing the Use of Bond Proceeds and Certain Other Matters Relating Thereto (*Goal #3, #4*)
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BACKGROUND INFORMATION: On June 6, 2006, the voters within the Sierra Sands Unified School District boundaries passed Measure "A", which authorized \$50.5 million in general obligation bonds. In August 2006, the district sold bonds in the amount of \$19,467,868.40. During the design and preparation phase of the district's modernization projects, these funds were invested in the Kern County Treasury and earned \$1.8 million in interest.

CURRENT CONSIDERATIONS: The design and planning components of Phase I of modernization are nearly complete, with Phase II quickly following. Phase I construction is scheduled to commence immediately following winter recess. The construction component is far more costly than the design component. It is anticipated that cash on hand will be quickly depleted. To avoid stopping the program due to lack of funds, additional bonds can be sold without exceeding the Proposition 39 rate of \$60 per \$100,000 of assessed valuation. As of this writing, Caldwell Flores Winters, Inc., the district's financial advisors, estimate that the sale of Series 2008 B bonds would net the program an additional \$6,248,000 without exceeding the promised tax rate. However, the day-to-day variances in interest rates in the bond market could allow for a greater sale, thus the not to exceed amount of \$8 million. Adoption of Resolution #14 0809 authorizes the district to request that the Kern County Board of Supervisors sell this second series of bonds. A representative from Caldwell Flores Winters, Inc. will be in attendance to respond to questions regarding this item.

Also included in this packet for review purposes are the "Contract of Purchase" and "Continuing Disclosure Certificate" forms, referred to and approved as to form in the resolution. They will be completed upon purchase and sale of the bonds.

FINANCIAL IMPLICATIONS: This cost of this transaction is not a general fund expenditure. The cost of issuance is \$277,729, paid through the transaction resulting in a net yield to the program of \$6,248,000. It is estimated that interest earned off these funds could approximate \$230,000. These estimates will change as a result of the bond market on the day of sale.

SUPERINTENDENT'S RECOMMENDATION: It is recommended that the board adopt resolution #14 0809 calling for the sale of Measure "A" Series 2008 B bonds, as presented.

RESOLUTION NO. 14 0809

RESOLUTION OF THE BOARD OF EDUCATION OF SIERRA SANDS UNIFIED SCHOOL DISTRICT REQUESTING THE BOARD OF SUPERVISORS OF THE COUNTY OF KERN, CALIFORNIA TO SELL BONDS OF SAID DISTRICT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED EIGHT MILLION DOLLARS (\$8,000,000), PRESCRIBING THE USE OF BOND PROCEEDS AND CERTAIN OTHER MATTERS RELATING THERETO

WHEREAS, the County of Kern, California (the “**County**”) held an election on June 6, 2006 at which it submitted to the qualified voters of the Sierra Sands Unified School District (the “**District**”) the following proposition, to wit:

“To improve the quality of education, shall Sierra Sands Unified School District be authorized to upgrade, renovate, and modernize classrooms and facilities including upgrading plumbing systems, renovating restrooms, making health and safety improvements, repairing and replacing roofs, improving student access to computers and technology, constructing new classrooms, and qualifying the District for over \$13,000,000 in State grants by issuing \$50,500,000 in bonds within legal interest rates, with a citizens’ oversight committee, annual audits and NO money for administrator salaries?”

WHEREAS, pursuant to the Education Code of the State of California (the “**Education Code**”) section 15264 *et seq.*, this Board of Education of the Sierra Sands Unified School District (this “**Board of Education**”) may upon a two-thirds vote pursue the authorization and issuance of bonds by a fifty-five percent (55%) vote of the voters pursuant to Section 1(b)(3) of Article XIII A of the California Constitution and Section 18(b) of Article XVI of the California Constitution; and

WHEREAS, the Proposition was approved by at least fifty-five percent (55%) of the voters; and

WHEREAS, this Board of Education has previously authorized and directed the issuance of Sierra Sands Unified School District General Obligation Bonds (Election of 2006), Series 2006 Bonds in an aggregate principal amount of \$19,467,868.40; and

WHEREAS, this Board of Education hereby determines by way of this resolution (this “**Resolution**”) that the second series of such bonds in an aggregate principal amount not-to-exceed Eight Million Dollars (\$8,000,000) should be offered for sale by the Board of Supervisors of the County (the “**County Board of Supervisors**”) in a series to be designated “Sierra Sands Unified School District General Obligation Bonds (Election of 2006), Series 2008” (the “**Bonds**”); and

WHEREAS, the Bonds will be issued pursuant to Education Code section 15264 *et seq.*; and

WHEREAS, this Board of Education deems it proper and necessary to specify its intended use of the proceeds from the sale of the Bonds; and

WHEREAS, this Board of Education has determined that because of the need for flexibility in order to achieve maximum interest cost savings, it is desirable to sell the Bonds on a negotiated sale basis to Piper Jaffray & Co. (the “**Underwriter**”) pursuant to a Contract of Purchase (the “**Contract of Purchase**”), a form of which has been prepared and is on file with the District; and

WHEREAS, a form of continuing disclosure certificate (the “**Continuing Disclosure Certificate**”) has been prepared by Nixon Peabody LLP and presented to this Board of Education; and

WHEREAS, the District will cause to be prepared a preliminary official statement (the “**Preliminary Official Statement**”) relating to the Bonds; and

NOW, THEREFORE, BE IT RESOLVED:

Section 1. The Bonds of the District in an aggregate principal amount not to exceed Eight Million Dollars (\$8,000,000) shall be issued by the County on behalf of the District and offered for sale to the Underwriter pursuant to the terms of the Contract of Purchase.

Section 2. The County Board of Supervisors is hereby requested to issue and sell bonds up to an aggregate initial principal amount of Eight Million Dollars (\$8,000,000) authorized at the aforementioned election as a series to be designated “Sierra Sands Unified School District General Obligation Bonds (Election of 2006), Series 2008,” (or as otherwise designated by resolution of the County Board of Supervisors) upon such terms and conditions (including, but not limited to, the dates upon which payments of the principal of and interest on the Bonds are to be paid) not inconsistent with this Resolution.

Section 3. The County Board of Supervisors is hereby requested to offer such Bonds for sale in the manner provided by law and in accordance with the terms of the Contract of Purchase as soon as possible following the receipt of this Resolution.

Section 4. The Vice President/Clerk of this Board of Education is hereby directed to file a certified copy of this Resolution with the County Board of Supervisors and the County Treasurer (the “**Treasurer**”).

Section 5. The form of the Contract of Purchase is hereby approved. The officers and agents of the District, including, but not limited to, the Superintendent or her designee, and such other officers of the District as may be designated by the Superintendent (each an “**Authorized Person**”) are, and each of them acting alone hereby is, authorized to execute and deliver the Contract of Purchase on behalf of the District, with such changes therein as such Authorized Person executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District, such approval to be conclusively evidenced by such officer’s execution thereof, and any other documents required to be executed thereunder, and to deliver the same to the Underwriter. The Authorized Persons are, and each of

them acting alone hereby is, in consultation with the Underwriter and Bond Counsel, authorized and directed to establish the final principal amount of the Bonds; provided, however, that such principal amount shall not exceed the amount authorized in Section 1 hereof. The Authorized Persons are, and each of them acting alone hereby is, authorized and directed to negotiate, with the Underwriter, the interest rates, not to exceed the maximum legal limit, on the Bonds and the Underwriter's discount, if any, on the purchase price of the Bonds, not to exceed 2% (not including original issue discount or costs of issuance) of the principal amount of the Bonds.

Section 6. The form of the Continuing Disclosure Certificate is hereby approved. The Authorized Persons are, and each of them acting alone hereby is, authorized to execute and deliver the Continuing Disclosure Certificate on behalf of the District, with such changes therein as such Authorized Person executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District, such approval to be conclusively evidenced by such Authorized Person's execution thereof, and any other documents required to be executed thereunder, and to deliver the same to the Underwriter. The District hereby covenants and agrees that it, not the County, will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an event of default and shall not be deemed to create any monetary liability on the part of the District to any other persons, including owners of the Bonds.

Section 7. This Board of Education also hereby authorizes the preparation and distribution of a Preliminary Official Statement in connection with the sale of the Bonds, in such form as shall be determined by the Superintendent and the other officers of the District as may be authorized by the Board. Such Preliminary Official Statement shall be presented to this Board of Education before the pricing of the Bonds, and upon approval by this Board of Education, the Authorized Persons are, and each of them acting alone hereby is, authorized to prepare and deliver copies of the Preliminary Official Statement to potential purchasers of the Bonds.

Section 8. This Board of Education will use the proceeds from the sale of the Bonds to finance the acquisition, expansion and construction of some or all of the purposes authorized at the June 6, 2006 election (collectively, the "**Projects**").

Section 9. This Board of Education authorizes the payment to the County for County staff expenses in connection with the County's support of, and participation in, the issuance of the Bonds.

Section 10. In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds, this Board of Education hereby covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986, as amended (the "**Code**"). In furtherance of this covenant, the District agrees to comply with the covenants contained in the Tax and Nonarbitrage Certificate (the "**Nonarbitrage Certificate**") to be executed by the District on the date of delivery of the Bonds. The District hereby agrees to deliver instructions to the registrar and paying agent to be appointed by the County Board of Supervisors (the "**Paying Agent**") in order to comply with the Nonarbitrage Certificate.

Section 11. The County Board of Supervisors is authorized to select and appoint the Paying Agent for the Bonds. Such Paying Agent (which may be the Treasurer of the County) shall signify the acceptance of its duties and obligations by executing and delivering to the County and the District a written acceptance thereof.

Section 12. (a) The Bonds shall be sold by negotiated sale inasmuch as: (i) such a sale will allow the District to integrate the sale of the Bonds with other public financings undertaken, or to be undertaken, by the District in order to finance and fund public school facilities; (ii) such a sale will allow the District to utilize the services of consultants who are familiar with the financial needs, status and plans of the District; and (iii) such a sale will allow the District to control the timing of the sale of the Bonds to the municipal bond market and, potentially, take advantage of interest rate opportunities for favorable sale of the Bonds to such market.

(b) Caldwell Flores Winters, Inc. has been selected to act as financial advisor to the District, Nixon Peabody LLP has been selected as the District's Bond Counsel and Piper Jaffray & Co. shall act as the Underwriter. The estimated costs of issuance associated with the bond sale are \$350,000, which include underwriter compensation, bond insurance premium, costs of printing the Preliminary Official Statement and the official statement, rating agency fees, paying agent fees, and other related costs. An estimate of the itemized fees and expenses is on file with the Superintendent.

Section 13. Upon the sale of the Bonds, the proceeds thereof, exclusive of accrued interest and any original issue premium, shall be deposited into a fund held by the County to be designated as the "Sierra Sands Unified District General Obligation Building Fund (Election of 2006), Series 2008" (the "**General Obligation Fund**"). The District shall, from time to time, request disbursements from the General Obligation Fund to pay the costs of the Projects in the same manner as other school money disbursements. The District shall pay, or cause to be paid, costs of issuance using moneys disbursed from time to time, as appropriate, from the General Obligation Fund.

Costs of issuance shall include all of the costs of issuing the Bonds, including but not limited to, all printing and document preparation expenses in connection with this Resolution, the Bonds and the Official Statement pertaining to the Bonds and any and all other agreements, instruments, certificates or other documents prepared in connection therewith; financial advisory fees; underwriter's fees; rating agency fees; auditor's fees; CUSIP service bureau charges; legal fees and expenses of counsel with respect to the financing; the initial fees and expenses of the Paying Agent; fees for any credit enhancement relating to the Bonds; and other fees and expenses incurred in connection with the issuance of the Bonds or the implementation of the financing for the Projects, to the extent such fees and expenses are approved by the District. Some or all of the costs of issuance may be paid by the Underwriter.

Section 14. The District hereby covenants to spend all Bond proceeds in accordance with applicable law, including but not limited to Chapter 1.5, Part 10, Division 1, Title 1 of the California Education Code of the State of California (commencing with Section 15264), as amended, and Article XIII A of the California Constitution.

Section 15. The Authorized Persons are hereby authorized and directed to take such other actions as may be necessary to sell all or a portion of the Bonds with bond insurance if the Superintendent, in consultation with the Underwriter and the County, determines that the savings to the District resulting from the purchase of such bond insurance exceeds the cost thereof.

Section 16. The Bonds may be issued as current interest bonds and/or capital appreciation bonds as set forth in the Contract of Purchase, subject to the provisions of a resolution of the County Board of Supervisors relating to the Bonds (the “**County Resolution**”) and the following:

(a) The Bonds shall be subject to redemption as provided in the Contract of Purchase.

(b) The County Board of Supervisors is hereby authorized to set the terms of the redemption of the Bonds in the Contract of Purchase and to provide in the County Resolution the method of giving notice of redemption to holders of Bonds to be redeemed.

Section 17. The Bonds are hereby designated as “Bank Qualified Bonds” under Section 265(b) of the Code. Taking the issuance of the Bonds into account, the District hereby acknowledges that it reasonably expects to issue no more than ten million dollars (\$10,000,000) aggregate principal amount of debt, the interest on which is excluded from gross income for federal income tax purposes, in the 2008 calendar year.

Section 18. The Authorized Persons are, and each of them acting alone is, hereby authorized to do any and all things, take any and all actions including, without limitation, to execute and deliver any and all documents that they may deem necessary or advisable in order to consummate the execution, delivery and sale of the Bonds and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Bonds, the Continuing Disclosure Certificate, the Contract of Purchase and the Nonarbitrage Certificate.

ADOPTED, SIGNED AND APPROVED this 5th day of November , 2008.

BOARD OF EDUCATION OF
SIERRA SANDS UNIFIED SCHOOL
DISTRICT

By: _____
President

Attest:

By: _____
Vice President/Clerk of the Board of Education
of Sierra Sands Unified School District

STATE OF CALIFORNIA)
)
COUNTY OF KERN) SS.

I, _____, do hereby certify that the foregoing is a true and correct copy of Resolution #___, which was duly adopted by the Board of Education of Sierra Sands Unified School District at a special meeting thereof held on the 5th day of November, 2008, and that it was so adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By: _____
Vice President/Clerk of the Board of Education
for Sierra Sands Unified School District

\$ _____
SIERRA SANDS UNIFIED SCHOOL DISTRICT
(COUNTY OF KERN, CALIFORNIA)
GENERAL OBLIGATION BONDS (ELECTION OF 2006), SERIES 2008

CONTRACT OF PURCHASE

_____, 2008

County of Kern
Treasurer - Tax Collector
1115 Truxtun Avenue
Bakersfield, California 93301

Sierra Sands Unified School District
113 Felspar
Ridgecrest, California 93555

Ladies and Gentlemen:

The undersigned (the “**Underwriter**”) offers to enter into this Contract of Purchase (this “**Contract of Purchase**”) with the County of Kern, California (the “**County**”) and the Sierra Sands Unified School District (the “**District**”), which, upon your acceptance hereof, will be binding upon the District and the Underwriter. This offer is made subject to the written acceptance of this Contract of Purchase by the County and the District and delivery of such acceptance to us at our office prior to 11:59 p.m., California Time, on the date hereof.

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the County for reoffering to the public, and the County hereby agrees to sell in the name and on behalf of the District to the Underwriter for such purpose, all (but not less than all) of \$ _____ in aggregate initial amount of the District’s General Obligation Bonds (Election of 2006), Series 2008 (the “**Bonds**”). The Bonds shall bear interest at the rates, and shall mature in the years shown on Appendix A hereto, which is incorporated herein by this reference.

The amount received by the Underwriter in exchange for the Bonds shall be \$ _____ (consisting of the \$ _____ principal amount of the Bonds, plus \$ _____ of original issue premium less an underwriter’s discount of \$ _____, less premium of a municipal bond insurance policy of \$ _____ paid to _____ (the “**Insurer**”). From the purchase price of \$ _____, \$ _____ will be used by U.S. Bank National Association, as paying agent (the “**Paying Agent**”) to pay costs of issuance, as provided below. On behalf of the Underwriter, the Paying Agent shall pay costs of issuance of the Bonds, in an amount not to exceed \$ _____. If, after payment of all costs of issuance, the amount paid by the Paying

Agent is less than \$ _____, then the Paying Agent shall return the remaining amount, plus all earnings thereon, to the County for deposit in the District's Debt Service Fund.

2. **The Bonds.** The Bonds shall be issued in the form of Current Interest Bonds and Capital Appreciation Bonds, as identified on Appendix A hereto. In all other respects the Bonds shall be as described in, and shall be issued and secured pursuant to the provisions of the Resolution of the District adopted on November __, 2008 (the "**District Resolution**") and the Resolution of the Board of Supervisors of the County adopted November __, 2008 (the "**County Resolution**") and collectively with the District Resolution, the "**Resolutions**") and Section 15264 et seq., of the California Education Code (the "**Act**"). All capitalized terms used herein without definition shall have the meanings given to them in the County Resolution.

The Current Interest Bonds and the Capital Appreciation Bonds shall be dated the date of delivery thereof. Interest on the Current Interest Bonds shall be payable on each May 1 and November 1, commencing on May 1, 2009. Interest on the Capital Appreciation Bonds will accrue from the date of delivery, will be compounded semiannually on May 1 and November 1 of each year, commencing on May 1, 2009, and will be payable only upon maturity or prior redemption thereof.

The Bonds shall be executed and delivered under and in accordance with the provisions of this Contract of Purchase and the Resolutions. The Bonds shall be in book-entry form, shall bear CUSIP numbers, shall be in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("**DTC**"). The Current Interest Bonds shall initially be in authorized denominations of \$5,000 maturity value each or any integral multiple thereof. The Capital Appreciation Bonds shall initially be in any denomination, but shall reflect denominations of \$5,000 Maturity Amount or any integral multiple thereof.

3. **Use of Documents.** The District and the County hereby authorize the Underwriter to use, in connection with the offer and sale of the Bonds, this Contract of Purchase and an Official Statement (defined below), the Resolutions and all information contained herein and therein and all of the documents, certificates or statements furnished by the District or the County to the Underwriter in connection with the transactions contemplated by this Contract of Purchase.

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

5. **Review of Official Statement.** The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated November __, 2008 (the "**Preliminary Official Statement**"). The District represents that it deems the Preliminary Official Statement to be final, except for either revisions or additions to the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the

Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the “**Rule**”).

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

6. **Closing.** At 8:30 a.m., California Time, on December __, 2008, or at such other time or on such other date as shall have been mutually agreed upon by you and us (the “**Closing**”), you will deliver to us, at the offices of DTC or at such other place as we may mutually agree upon, the bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and the closing documents hereinafter mentioned at the offices of Nixon Peabody LLP (“**Bond Counsel**”), in Los Angeles, California or another place to be mutually agreed upon by the District and the Underwriter; and we will accept such delivery and pay the purchase price thereof as provided in Section 1.

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

(a) Due Organization. The District is a public instrumentality duly organized and validly existing under the laws of the State of California, with the power to issue the Bonds pursuant to the Act;

(b) Due Authorization. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Contract of Purchase, to adopt the District Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Contract of Purchase and the District Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the District Resolution, the County Resolution and this Contract of Purchase have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Contract of Purchase constitutes a valid and legally binding obligation of the District; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Contract of Purchase;

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request;

(d) No Conflicts. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Contract of Purchase, the District Resolution and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject;

(e) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending in which service of process has been completed against the District or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or of the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of revenues or assets of the District pledged or to be pledged or available to pay the principal of and interest on the Bonds, or the pledge thereof, or the levy of any taxes contemplated by the Resolutions or in any way contesting or affecting the validity or enforceability of the Bonds, this Contract of Purchase or the Resolutions or contesting the powers of the District or the Resolutions or this Contract of Purchase; or (iii) in which a final adverse decision could (1) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Contract of Purchase or the Resolutions, (2) declare this Contract of Purchase to be invalid or unenforceable in whole or in material part, or (3) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation;

(f) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District directly, nor the County on behalf of the District at the District's request, will have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement;

(g) Arbitrage Certificate. The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon; and

(h) Certificates. Any certificates signed by any officer of the District and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter, but not by the person signing the same, as to the statements made therein.

8. **Representations, Warranties and Agreements of the County.** The County hereby represents, warrants and agrees with the Underwriter that:

(a) Due Organization. The County is a political subdivision duly organized and validly existing under the laws of the State of California, with the power to issue the Bonds pursuant to the Act;

(b) Due Authorization. (i) At or prior to the Closing, the County will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the County has full legal right, power and authority to enter into this Contract of Purchase, to adopt the County Resolution, to issue and deliver the Bonds to the Underwriter on behalf of the District and to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Contract of Purchase and the Resolutions; (iii) the execution and delivery or adoption of, and the performance by the County of the obligations contained in the Bonds, the District Resolution, the County Resolution and this Contract of Purchase have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Contract of Purchase constitutes a valid and legally binding obligation of the County; and (v) the County has duly authorized the consummation by it of all transactions contemplated by this Contract of Purchase;

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

(d) No Conflicts. To the best knowledge of the County, the issuance of the Bonds, the execution, delivery and performance of this Contract of Purchase, the County Resolution and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part of the County a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the County is a party or by which it is bound or to which it is subject;

(e) Litigation. To the best knowledge of the County, as of the time of acceptance hereof, based on the advice of County Counsel no action, suit, proceeding, hearing or investigation is pending or in which service of process has been completed against the County or threatened against the County: (i) in any way affecting the existing of the County or the District or in any way challenging the respective powers of the several offices or of the titles of the officials of the District to such offices; or (ii) seeking

to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of revenues or assets of the District pledged or to be pledged or available to pay the principal of and interest on the Bonds, or the pledge thereof, or the levy of any taxes contemplated by the Resolutions, or in any way contesting or affecting the validity or enforceability of the Bonds, this Contract of Purchase or the Resolutions or contesting the powers of the County or their authority with respect to the Bonds, the Resolutions or this Contract of Purchase; or (iii) in which a final adverse decision could (1) materially adversely affect the operations of the County or the District or the consummation of the transactions contemplated by this Contract of Purchase or the Resolutions (2) declare this Contract of Purchase to be invalid or unenforceable in whole or in material part, or (3) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation;

(f) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, the County will not have issued in the name and on behalf of the District any bonds, notes or other obligations for borrowed money except for such borrowing as may be described in or contemplated by the Official Statement;

(g) Arbitrage Certificate. The County has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the County is a bond issuer whose arbitrage certificates may not be relied upon; and

(h) Certificates. Any certificates signed by any officer of the County and delivered to the Underwriter shall be deemed a representation and warranty by the County to the Underwriter, but not by the person signing the same, as to the statements made therein.

9. **Covenants of the County and the District.** The County and the District respectively covenant and agree with the Underwriter that:

(a) Securities Laws. The County and the District will furnish such information, execute such instruments, and take such other action in cooperation with, and at the expense of, the Underwriter if and as the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, provided, however, that the County and the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

(b) Application of Proceeds. The District will apply the proceeds from the sale of the Bonds for the purposes specified in the District Resolution;

(c) Official Statement. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date this Contract of Purchase is signed, copies of the Final Official Statement, (“**Final Official Statement**”) substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District

(such Final Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being called the “**Official Statement**”) in such reasonable quantities as may be requested by the Underwriter not later than five (5) business days following the date this Contract of Purchase is signed, in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rule of the Municipal Securities Rulemaking Board. The District hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Bonds;

(d) Subsequent Events. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the District until the date which is twenty-five (25) days following the Closing;

(e) References. References herein to the Preliminary Official Statement and the final Official Statement include the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto and any supplements thereto; and

(f) Amendments to Official Statement. For a period of twenty-five (25) days after the Closing or until such time (if earlier) as the Underwriter shall no longer hold any of the Bonds for sale, the District will not adopt any amendment of or supplement to the Official Statement to which, promptly after having been furnished with a copy, the Underwriter shall reasonably object in writing or which shall be disapproved by the Underwriter; and if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of the Underwriter or the District, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance reasonably satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

10. **Conditions to Closing**. The Underwriter has entered into this Contract of Purchase in reliance upon the representations and warranties of the County and the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter’s obligations under this Contract of Purchase are and shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

(a) Representations True. The representations and warranties of the County and the District contained herein shall be true and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true and correct in all material respects on the date of

the Closing; and the County and the District shall be in compliance with each of the agreements made by it in this Contract of Purchase;

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

(c) Adverse Rulings. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Contract of Purchase (and not reversed on appeal or otherwise set aside), or to the best knowledge of the County or the District, be threatened which has any of the effects described in Section 7(e) or 8(e) hereof or contesting in any way the completeness or accuracy of the Official Statement;

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

(1) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United State Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

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

(3) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

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

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

(6) the withdrawal or downgrading of any rating of the District's outstanding indebtedness by a national rating agency; or

(7) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(e) Delivery of Documents. At or prior to the Closing, the Underwriter shall receive with respect to the Bonds (unless the context otherwise indicates) the following documents:

(1) Bond Opinion. An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing, addressed to the County and the District;

(2) Supplemental Opinion of Bond Counsel. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, and dated the date of the Closing substantially to the following effect:

(i) the statements contained in the Official Statement on the cover page and under the captions “INTRODUCTION”, “THE BONDS”, “SECURITY FOR THE BONDS”, and “TAX MATTERS” thereto, insofar as such statements purport to summarize certain provisions of the Bonds and Bond Counsel’s opinion concerning certain federal tax matters relating to the Bonds, are accurate in all material respects;

(ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended; and

(iii) based upon their participation in the preparation of the Official Statement as Bond Counsel and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement (except as noted in (i) above), as of the Closing nothing has come to the attention of such counsel causing them to believe that the Official Statement, as of its date and as of the Closing, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (excluding therefrom information concerning the Insurer and the Policy (defined below), information concerning DTC or its book-entry system; or any other financial, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, maps, assumptions or expressions of opinion, valuations, appraisals, or absorption, real estate or environmental matters included or referred to in the Official Statement, as to all of which no opinion need be expressed).

(3) Reliance Letter. A reliance letter from Bond Counsel to the effect that the Underwriter and the Insurer can rely upon the approving opinion described in (e)(1) above;

(4) District Certificate. A certificate signed by an appropriate official of the District to the effect that (i) such official is authorized to execute this Contract of Purchase, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the District Resolution and this Contract of Purchase to be complied with by the District prior to or concurrently with the Closing and such documents are in full force and effect, (iv) such official has reviewed the Official Statement (excluding any information related to DTC and the book-entry system and information under the captions “BOND INSURANCE” and “UNDERWRITING”) and on such basis certifies that the Official Statement does not contain any untrue statement of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, and (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Contract of Purchase substantially conform to the descriptions thereof contained in the County Resolution;

(5) County Certificate. A certificate signed by an appropriate official of the County to the effect that (i) such official is authorized to execute this Contract of Purchase, (ii) the representations, agreements and warranties of the County herein are true and correct in all material respects as of the date of Closing, (iii) the County has complied with all the terms of the County Resolution and this Contract of Purchase to be complied with by the County prior to or concurrently with the Closing and such documents are in full force and effect, and (iv) the Bonds being delivered on the date of the Closing to the Underwriter under this Contract of Purchase substantially conform to the descriptions thereof contained in the County Resolution;

(6) Arbitrage. A nonarbitrage certificate of the District in form satisfactory to Bond Counsel;

(7) District Resolution. A certificate, together with a fully executed copy of the District Resolution, of the Vice President/Clerk of the Board of Education of the District to the effect that (i) such copies are true and correct copies of the District Resolution, and (ii) the District Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing;

(8) County Resolution. Certified fully executed copy of the County Resolution;

(9) County Counsel Opinion. An opinion of Counsel to the County in the form attached hereto as Appendix B;

(10) Official Statement. A certificate signed by an appropriate official of the District to the effect that the District deemed the Preliminary Official Statement to be final as of its date, except for either revisions or additions to the offering price(s), interest rate(s), yield(s) to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to the Rule;

(11) Paying Agent Certificate. A certificate of the Paying Agent, signed by a duly authorized officer of the Paying Agent, in form and substance satisfactory to the Underwriter.

(12) Insurance Policy. A copy of the municipal bond insurance policy (the "**Policy**") issued by the Insurer, insuring payment of the principal of and interest on the Bonds, and any other documents executed in connection therewith;

(13) Insurer Certificate. A certificate of the Insurer, dated the Closing Date, signed by an authorized officer of said insurer, that (i) the information contained under the caption "BOND INSURANCE" in the Official Statement does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in

light of the circumstances under which they were made, not misleading and (ii) the specimen of the bond insurance policy contained in APPENDIX E to the Official Statement is a true and correct specimen of the policy being issued by said insurer of the Bonds;

(14) Insurer Opinion. An opinion, dated the day of Closing, and addressed to the County, the District and the Underwriter, of counsel to the Insurer, in form and substance acceptable to the Underwriter;

(15) Ratings: Evidence reasonably satisfactory to the Underwriter that _____ has assigned both a rating of “___” to the Bonds, based upon the issuance of the Policy by the Insurer, and an underlying rating of “___” to the Bonds, which ratings are in full force and effect on the Closing Date; and

(16) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence compliance (i) by the County and the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the County and the District herein contained, (iii) the truth and accuracy, as of the time of Closing, of the Official Statement, and (iv) the due performance or satisfaction by the County and the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriter prior to the close of business, California Time, on the day of Closing, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Section 12 hereof.

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

11. **Conditions to Obligations of the County and the District.** The performance by the County and the District of their obligations is conditioned upon (a) the performance by the Underwriter of its obligations hereunder; and (b) receipt by the District and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the County and the District.

12. **Expense.** Subject to the provisions of Section 1 hereof, the Paying Agent, on behalf of the Underwriter, shall pay any expenses incident to the issuance of the Bonds (except as otherwise agreed to by the District), including but not limited to the following: (a) the fees and disbursements of the District's financial advisors; (b) the fees and disbursements of Bond Counsel; (c) the cost of the preparation, printing and delivery of the Bonds; (d) the fees, if any, for Bond ratings, including all necessary travel expenses; (e) the cost of the printing and distribution of the Official Statement; (f) the initial fees of the Paying Agent; and (g) all other fees and expenses incident to the issuance and sale of the Bonds, including bond insurance premium. All expenses not so paid by the Paying Agent, on behalf of the Underwriter, from \$_____ representing a portion of the original issue premium on the Bonds, shall be paid by the District.

13. **Notices.** Any notice or other communication to be given under this Contract of Purchase (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the County, to the Treasurer -Tax Collector of Kern County, 1115 Truxtun Avenue, Bakersfield, California 93301, if to the District, to the Superintendent, Sierra Sands Unified School District, 113 Felspar, Ridgecrest, California 93555, or if to the Underwriter, to Piper Jaffray & Co., 1235 Hermosa Avenue, Suite 300, Hermosa Beach, California 90254.

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

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

[Remainder of Page Intentionally Left Blank]

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

Very truly yours,

PIPER JAFFRAY & CO.

By: _____
Authorized Signatory

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

COUNTY OF KERN

APPROVED AS TO FORM:

COUNTY COUNSEL

By: _____
Treasurer - Tax Collector

By: _____
County Counsel

SIERRA SANDS UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

CURRENT INTEREST BONDS

\$ _____

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

[* Yield to par call on November 1, _____.]

CAPITAL APPRECIATION BONDS

\$ _____

<u>Maturity</u> November 1, 20__	<u>Original</u> <u>Principal</u> <u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>Maturity</u> <u>Value</u>
	\$	%	%	\$

REDEMPTION PROVISIONS

Optional Redemption for Current Interest Bonds. The Current Interest Bonds maturing on or before November 1, 20__ are not subject to redemption prior to their maturity dates. The Current Interest Bonds maturing on or after November 1, 20__ are subject to redemption at the option of the District, as a whole or in part in the manner directed by the District and by lot within each maturity, from any source of available funds, on or after November 1, 20__ or on any Interest Payment Date thereafter at par, plus accrued interest represented thereby to the redemption date.

[The Capital Appreciation Bonds shall not be subject to optional redemption.]

Selection of Bonds for Redemption. Whenever provision is made in the County Resolution or in the Contract of Purchase for the redemption of the Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given at least 60 days prior to the Payment Date designated for such redemption, shall select Bonds for redemption in the manner directed by the District. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Current Interest Bond to be redeemed in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof and the portion of any Capital Appreciation Bond to be redeemed in part shall be in the Maturity Amount of \$5,000 or any integral multiple thereof. The Accreted Value of such Capital Appreciation Bond shall be determined by reference to a schedule to be provided to the Paying Agent.

Notice of Redemption. When redemption is authorized or required pursuant to the Resolution or the Contract of Purchase, the Paying Agent, upon written instruction from the District given at least 60 days prior to the Interest Payment Date, designated for such redemption, shall give notice (a "Redemption Notice") of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the Principal Amount or Accreted Value, as appropriate, of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date in the case of Current Interest Bonds, and that from and after such date interest with respect thereto shall cease to accrue or accrete and be payable.

APPENDIX B

FORM OF OPINION OF COUNTY COUNSEL

**SIERRA SANDS UNIFIED SCHOOL DISTRICT
(COUNTY OF KERN, CALIFORNIA)
GENERAL OBLIGATION BONDS (ELECTION OF 2006), SERIES 2008**

Ladies and Gentlemen:

As counsel to the Board of Supervisors (the “Board”) of the County of Kern, California (the “County”), I have reviewed the Official Statement for the above-described bonds (the “Bonds”), the Resolution of the Board adopted on _____, 2008 with respect to the Bonds (the “Resolution”) and the Contract of Purchase (the “Contract of Purchase”), dated _____, 2008, by and among the County, Sierra Sands Unified School District and Piper Jaffray & Co.

Having reviewed these documents, it is my opinion that:

1. The County is a political subdivision duly organized and existing pursuant to the Constitution and the laws of the State of California.
2. The Resolution was duly adopted at meetings of the governing body of the County which were called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and constitutes the valid and binding obligation of the County, enforceable in accordance with its terms.
3. To my knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened against or affecting the County, which would adversely impact the County’s ability to complete the transactions described in and contemplated by the Official Statement, to restrain or enjoin the levy or collection of tax revenues pledged for the Bonds or in any way contesting or affecting the validity of the Resolution or Bonds or the transactions described in and contemplated by the Official Statement wherein an unfavorable decision, ruling or finding would adversely affect the validity and enforceability of the Resolution, the Contract of Purchase or the Bonds or in which a final adverse decision could materially adversely affect the operations of the County.

4. To my knowledge, the obligations of the County under the Bonds and the execution and delivery of the Contract of Purchase and compliance with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument to which the County is a party or by which it is bound or any existing law, regulation, court order or consent decree to which the County is subject.

Very truly yours,

County Counsel

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is entered into as of _____, 2008, by Sierra Sands Unified School District (the “**District**”) for the benefit of the Owners and Beneficial Owners of the Bonds (as hereinafter defined) in connection with the issuance of \$_____ aggregate principal amount of Sierra Sands Unified School District (County of Kern, California) General Obligation Bonds (Election of 2006), Series 2008 (the “**Bonds**”).

WITNESSETH:

WHEREAS, pursuant to a resolution of the Board of Education of the District, the County of Kern (the “**County**”) held an election at which the qualified voters of the District approved the issuance of the Bonds;

WHEREAS, the Board of Education of the District has adopted a resolution on _____, 2008 (the “**District Resolution**”) requesting the County to issue and sell the Bonds;

WHEREAS, the County Board of Supervisors adopted a Resolution on _____, 2008 (the “**County Resolution**” and, together with the District Resolution, the “**Resolution**”) providing for the issuance of the Bonds; and

WHEREAS, the underwriter with respect to the Bonds is required to comply with the provisions of Rule 15c2-12 adopted by the Securities and Exchange Commission (the “**SEC**”) under the Securities Exchange Act of 1934, as amended (the “**1934 Act**”);

NOW THEREFORE, the District covenants and agrees for the benefit of the Owners and Beneficial Owners of the Bonds as follows:

SECTION 1. Definitions. The following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Bond Register” shall have the meaning provided in the Resolution.

“Business Day” shall mean a day which is not a Saturday, a Sunday or legal holiday on which banking institutions in the State of California are closed.

“Disclosure Representative” shall mean the Superintendent of the District or his or her designee, or such other officer or employee as the District shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean the Superintendent of the District, or any successor Dissemination Agent designated in writing by the District.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories are available on the Internet at www.sec.gov/info/municipal/nrmsir.htm.

“Owner” or “Bond Owner,” whenever used herein with respect to a Bond, shall mean the Person in whose name the ownership of such Bond is registered on the Bond Register.

“Paying Agent” shall have the meaning provided in the Resolution.

“Person” shall mean an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12 adopted by the SEC under the 1934 Act, as the same may be amended from time to time.

“State Repository” shall mean any public or private repository or entity designated by the State of California as a state repository for purposes of the Rule, and recognized as such by the SEC. As of the date of this Disclosure Certificate, there is no State Repository.

SECTION 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Owners and the Beneficial Owners, and in order to assist the Underwriters in complying with Rule 15c2-12.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of each fiscal year of the District, commencing with the fiscal year of the District ending June 30, 2008, provide to each Repository copies of an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(f).

(b) Not later than 15 Business Days prior to the date specified in subsection (a) for providing the Annual Report to Repositories, the District shall provide the Annual Report to the Dissemination Agent. If by 15 Business Days prior to such date, the Dissemination Agent has

not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Dissemination Agent shall send a notice to each National Repository or the Municipal Securities Rulemaking Board, and to each State Repository, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

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

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain the CUSIP numbers of the Bonds and contain or incorporate by reference the following:

(a) Audited Financial Statements of the District prepared in accordance with generally accepted accounting principles for the fiscal year ended (the "Financial Statements"); provided, however, that in the event that such Audited Financial Statements shall not be available, unaudited Financial Statements may be substituted therefor; provided, further, that Audited Combined and Combining Financial Statements shall be provided by the District as soon as such Financial Statements become available.

(b) To the extent not included in the Financial Statements of the District, updated information for [Tables 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13] of the Official Statement, dated _____, 2008 relating to the Bonds and the table appearing under the heading "Other Post-Employment Benefits" in such Official Statement for the previous fiscal year, and the amount of bonded debt of the District as of the last day of the most recent year.

(c) To the extent not included in the Financial Statements of the District, the delinquency rate of ad valorem taxes for property located within the District.

SECTION 5. Reporting of Significant Events.

(d) The occurrence of any of the following events with respect to the Bonds shall be a Listed Event:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the security;
- (vii) modifications to rights of security holders;
- (viii) bond calls (other than mandatory scheduled redemptions, not otherwise contingent upon the occurrence of an event, including but not limited to, sinking fund payments);
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the securities; or
- (xi) rating changes.

(e) The Dissemination Agent shall, promptly upon obtaining actual knowledge at his or her address listed in Section 12 hereof of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the District promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(f) Whenever the District obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(g) If the District has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(h) If in response to a request under subsection (b), the District determines that the Listed Event would not be material under applicable federal securities laws, the District shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(i) If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with each National Repository or the Municipal Securities Rulemaking Board, and to each State Repository. Such notice shall include the CUSIP numbers of the Bonds. Notwithstanding the foregoing, notice of the occurrence of a Listed Event described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice, if any, of the underlying

event is given to Owners of affected Bonds pursuant to the Resolution and notice of any other Listed Event is required only following the actual occurrence of the Listed Event.

(j) The Dissemination Agent may conclusively rely on an opinion of counsel that the District's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

SECTION 6. Use of Central Post Office. The District and the Dissemination Agent may satisfy their obligations hereunder to file any notice, document or information with a National Repository or State Repository by filing the same with any agent which is responsible for accepting notice, documents or information for transmission to such National Repository or State Repository, to the extent permitted by the SEC or SEC staff (a "Central Post Office"). For this purpose, permission shall be deemed to have been granted by the SEC staff if and to the extent the Central Post Office has received an interpretive letter, which has not been revoked, from the SEC staff to the effect that using the Central Post Office to transmit information to the National Repositories and the State Repositories will be treated for purposes of the Rule as if such information were transmitted directly to the National Repositories and the State Repositories.

SECTION 7. Termination of Reporting Obligation. The District's and the Dissemination Agent's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

SECTION 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent. Upon such discharge, however, a new Dissemination Agent must be appointed within 60 days. The Dissemination Agent may resign by providing 60 days written notice to the District. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the Paying Agent shall be the Dissemination Agent. The initial Dissemination Agent shall be the Superintendent of the District.

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

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule

at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; or

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Owners of the Bonds, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f) and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

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

SECTION 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, the Dissemination Agent may (and, at the request of any Underwriter or the Owners of at least 25% of aggregate principal amount of the Bonds then Outstanding, shall), or any Owner or Beneficial Owner may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Disclosure Certificate.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, or his or her employees and agents, harmless against any loss, expense and liabilities which he or she may incur arising out of or in the exercise or performance of his or her powers and duties hereunder, including the costs and expenses (including attorneys fees) of

defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Notices. Any notices or communications to or among any of the parties to this Disclosure Certificate may be given as follows:

To the District:

Sierra Sands Unified School District
113 Felspar
Ridgecrest, CA 93555
Attn: Superintendent

To the Dissemination Agent:

Sierra Sands Unified School District
113 Felspar
Ridgecrest, CA 93555
Attn: Superintendent/Dissemination Agent

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent.

SECTION 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Underwriter, the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 15. Governing Law. THIS DISCLOSURE CERTIFICATE SHALL BE GOVERNED BY THE LAWS OF CALIFORNIA DETERMINED WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAW.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the District has caused this Disclosure Certificate to be executed and attested by its proper officer thereunto duly authorized, as of the day and year first above written.

SIERRA SANDS UNIFIED SCHOOL DISTRICT

By _____
Title: Superintendent

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of District: Sierra Sands Unified School District

Name of Bond Issue: Sierra Sands Unified School District (County of Kern, California) General Obligation Bonds (Election of 2006), Series 2008

Date of Execution and Delivery: _____, 2008

NOTICE IS HEREBY GIVEN that SIERRA SANDS UNIFIED SCHOOL DISTRICT, CALIFORNIA (the “**District**”) has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated as of _____, 2008, entered into by the District for the benefit of the Owners of the Bonds. [The District anticipates that the Annual Report will be filed by _____.]

Dated: _____

SIERRA SANDS UNIFIED SCHOOL DISTRICT,
as Dissemination Agent

By _____
SUPERINTENDENT

cc: Sierra Sands Unified School District