

LOS ALTOS SCHOOL DISTRICT

RESOLUTION NO. 16/17-17

**RESOLUTION REQUESTING THE BOARD OF SUPERVISORS OF
SANTA CLARA COUNTY TO ISSUE TAX AND REVENUE
ANTICIPATION NOTES IN THE NAME OF THE LOS ALTOS
SCHOOL DISTRICT FOR FISCAL YEAR 2017-18 IN THE
PRINCIPAL AMOUNT OF NOT TO EXCEED \$15,000,000,
AUTHORIZING THE SALE THEREOF, APPROVING THE FORM
AND AUTHORIZING EXECUTION OF A NOTE PURCHASE
AGREEMENT, AND AUTHORIZING PREPARATION OF AN
OFFICIAL STATEMENT IN CONNECTION THEREWITH**

RESOLVED, by the Board of Trustees (the "District Board") of the Los Altos School District (the "District"), as follows:

WHEREAS, school districts organized and existing under the laws of the State of California are authorized by Article 7.6 (commencing with section 53850) of Chapter 4 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Law") to borrow money by the issuance of temporary notes, the proceeds of which may be used and expended for any purpose for which the school district is authorized to spend moneys;

WHEREAS, pursuant to the Law, such notes may be issued in the name of such school district by the board of supervisors of the county, the county superintendent of which has jurisdiction over such school district, as soon as possible following receipt of a resolution of the governing board of such school district requesting such borrowing; and

WHEREAS, the District has determined that it is desirable that the District borrow funds in an amount not to exceed \$15,000,000 with respect to fiscal year 2017-18 for authorized purposes of the District;

NOW, THEREFORE, it is hereby DETERMINED and ORDERED as follows:

Section 1. Request. The Board of Supervisors (the "County Board") of Santa Clara County (the "County") is hereby requested to issue tax and revenue anticipation notes in the name of the District in the principal amount of not to exceed \$15,000,000 (the "Notes"), under and pursuant to the provisions of the Law.

Section 2. Limitation on Maximum Amount. The principal amount of Notes, when added to the interest payable thereon, shall not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, revenue and other moneys of the District for the general fund

of the District attributable to Fiscal Year 2017-18, and available for the payment of the notes and the interest thereon.

Section 3. Pledge. The Notes shall be obligations of the District and shall be secured by a pledge of and first lien and charge against the first "unrestricted moneys," as hereinafter defined, to be received by the County on behalf of the District in such months and in such amounts as shall be determined by the Superintendent (or the Superintendent's designee) prior to the date of sale of the Notes, sufficient to pay the principal of and interest on the Notes through the maturity date thereof (the "Pledged Revenues"). To the extent not so paid from the Pledged Revenues, the Notes shall be paid from any other moneys of the District lawfully available therefor. In the event that there are insufficient unrestricted moneys received by the District to permit the deposit in the Repayment Fund (as hereinafter defined) of the full amount of the Pledged Revenues to be deposited in any month on the last business day of such month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the repayment of the Notes and interest thereon. The term "unrestricted moneys" shall mean taxes, income, revenue and other moneys intended as receipts for the general fund of the District and which are generally available for the payment of current expenses and other obligations of the District. Notwithstanding the foregoing, if moneys pledged for any particular month are set aside in the Repayment Fund in advance of such month, the pledge and lien on the first unrestricted moneys to be received by the County on behalf of the District in such month shall be released, permitting the amounts to be received in such month, or in a later month if the receipt of such amounts is deferred, to be pledged for the payment of later issued notes or other obligations.

Section 4. Approval of Issuance Resolution. The resolution entitled "RESOLUTION PROVIDING FOR THE BORROWING OF FUNDS IN THE NAME OF THE LOS ALTOS SCHOOL DISTRICT FOR FISCAL YEAR 2017-18 AND THE ISSUANCE AND SALE OF 2017 TAX AND REVENUE ANTICIPATION NOTES THEREFOR" (the "Issuance Resolution"), to be adopted by the County Board, in substantially the form presented to the District Board at this meeting, together with any additions to or changes therein deemed necessary or advisable by the County Board, is hereby approved. The Notes shall be dated as of their date of delivery, shall mature (without option of prior redemption) on such date as shall be determined by the Superintendent (or the Superintendent's designee) prior to the date of sale of the Notes, and shall bear interest from their date, payable at maturity and computed on a 30-day month/360-day year basis.

Section 5. Form of Notes; Execution of Notes.

(a) The Notes shall be issued in fully registered form, without coupons, and shall be substantially in the form and substance set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures. The Notes shall be numbered from 1 consecutively upward, shall be in the denomination of \$1,000 each or any integral multiple thereof.

(b) The Notes shall be executed in the name of the District, with the manual or facsimile signature of the County Director of Finance or one or more of his duly authorized deputies and the manual or facsimile counter-signature of the Clerk of the County Board (although at least

one of such signatures shall be manual), and said officers are hereby authorized to cause the blank spaces thereof to be filled in as may be appropriate.

Section 6. Official Statement. The District Board hereby authorizes Quint & Thimmig LLP, as disclosure counsel to the District, to prepare a preliminary official statement describing the financing. The District Board authorizes and directs the Superintendent, or any designee thereof, on behalf of the District, to deem “final” pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”) the Preliminary Official Statement prior to its distribution to prospective purchasers of the Notes.

PFM Financial Advisors LLC (the “Municipal Advisor”), on behalf of the District, is authorized and directed to cause the Preliminary Official Statement to be distributed to such persons as may be interested in purchasing the Notes therein offered for sale.

The Superintendent, or any designee thereof, is authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final official statement (the “Final Official Statement”) and to execute the Final Official Statement, dated as of the date of the sale of the Notes, and a statement that the facts contained in the Final Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Notes, true and correct in all material respects and that the Final Official Statement did not, on the date of sale of the Notes, and does not, as of the date of delivery of the Notes, contain any untrue statement of a material fact with respect to the District or omit to state material facts with respect to the District required to be stated where necessary to make any statement made therein not misleading in light of the circumstances under which it was made. The Superintendent, or any designee thereof, shall take such further actions prior to the signing of the Final Official Statement as are deemed necessary or appropriate to verify the accuracy thereof. The execution of the Final Official Statement, which shall include such changes and additions thereto deemed advisable by the Superintendent, or any designee thereof, and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the Final Official Statement by the District.

The Final Official Statement, when prepared, is approved for distribution in connection with the offering and sale of the Notes.

Section 7. Sale of the Notes. The Municipal Advisor is hereby authorized and directed, on behalf of the Board of Supervisors and the District Board, to receive the bids at the time and place specified in a notice of sale, in the form on file with the Clerk of the District Board (the “Notice of Sale”), to examine said bids for compliance with the Notice of Sale and to verify the bid with the lowest true interest cost as provided in the Notice of Sale. In the event two or more bids setting forth identical true interest cost are received, the Superintendent (or the Superintendent’s designee) may award the Notes on a *pro rata* basis in such denominations as he or she shall determine. The Superintendent (or the Superintendent’s designee) may reject any and all bids and waive any irregularity or informality in any bid. The Superintendent (or the Superintendent’s designee) shall award the Notes or reject all bids not later than 24 hours after the expiration of the time prescribed for the receipt of bids unless such time of award is waived by the successful bidder.

If, at any time, it is determined by the Superintendent (or the Superintendent's designee) that the competitive sale of the Notes is not in the best interest of the District or, if at the time of the competitive sale of the Notes, no bids are received or it is determined by the Superintendent (or the Superintendent's designee) that all received bids are unsatisfactory, the District Board hereby authorizes the sale of the Notes to an underwriter selected by the Municipal Advisor on behalf of the District pursuant to a competitive process and approved by the Superintendent (or the Superintendent's designee). In such event, the District Board hereby authorizes the preparation of a note purchase agreement among such underwriter, the District and the County, with such terms and conditions as shall be approved by the Superintendent (or the Superintendent's designee). In such case, the Superintendent (or the Superintendent's designee) is hereby authorized and directed to execute a note purchase agreement for and in the name and on behalf of the District.

Section 8. Tax Covenants

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

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

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

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

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

For purposes of this Section 8, the term "Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Notes or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Notes, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

Section 9. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this resolution, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an event of default; however, any holder or beneficial owner of the Notes may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

For purposes of this Section 9, the term "Continuing Disclosure Certificate" means that certain Continuing Disclosure Certificate executed by the District and dated the date of issuance and delivery of the Notes, as originally executed and as it may be amended from time to time in accordance with the terms thereof. For purposes of this Section 9, the term "Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

Section 10. No Temporary Transfers, Covenant Regarding Additional Short-Term Borrowing. It is hereby covenanted and warranted by the District pursuant to Article XVI, Section 6 of the Constitution of the State of California that it will not request the Treasurer-Tax Collector to make temporary transfers of funds in the custody of the Director of Finance to meet any obligations of the District during the 2017-18 fiscal year until the full amount of Pledged Revenues has been deposited into the Repayment Fund. After the full amount of Pledged Revenues has been deposited into the Repayment Fund, the District covenants that it will not request the Director of Finance to make temporary transfers of funds in excess of eighty-five percent (85%) of the anticipated revenues accruing to the District during the 2017-18 fiscal year.

Section 11. Further Authorization. All actions heretofore taken by the officers and agents of the District with respect to the sale and issuance of the Notes are hereby approved, and the Superintendent, the Secretary of the District Board and any and all other officers of the District are hereby authorized and directed for and in the name and on behalf of the District, to do any and all things and take any and all actions relating to the execution and delivery of any and all certificates, requisitions, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with the Issuance Resolution and this resolution.

All costs incurred by the County Board or the District in connection with the issuance of the Notes, including but not limited to printing of any official statement, rating agency costs, bond counsel fees and expenses, underwriting discount and costs, paying agent fees and expenses, the cost of printing the Notes, and any compensation owing to any officers or employees of the County Board, the County or the District for their services rendered in connection with the issuance of the Notes, shall be payable by District.

Section 12. Indemnification. The District shall indemnify and hold harmless, to the extent permitted by law, the County and its officers and employees (the "Indemnified Parties"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Parties may become subject, because of action or inaction related to the Notes. The District shall also reimburse the Indemnified Parties for any legal or other expenses incurred in connection with investigating or defending any such claims or actions.

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

* * * * *

I hereby certify that the foregoing resolution was duly adopted at a meeting of the Board of Trustees of the Los Altos School District held on the 5th day of June, 2017, by the following vote:

AYES, and in favor of, Board Members:

NOES, Board Members:

ABSENT, Board Members:

By _____
Secretary of the District Board

EXHIBIT A

Board of Supervisors of Santa Clara County, California
in the Name of the
Los Altos School District
(Santa Clara County, California)

2017 TAX AND REVENUE ANTICIPATION NOTE

INTEREST RATE:	MATURITY DATE:	ISSUE DATE:	CUSIP:
_____ %	_____, 2018	_____, 2017	_____

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: _____ DOLLARS

The Los Altos School District, Santa Clara County, State of California (the "District"), acknowledges itself indebted, and promises to pay, to the Registered Owner stated above, or registered assigns (the "Owner"), on the Maturity Date stated above, the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money at the rate per annum stated above, payable on the Maturity Date stated above, calculated on the basis of 360-day year comprised of twelve 30-day months.

It is hereby certified, recited and declared that this Note is one of an authorized issue of notes in the aggregate principal amount of _____ dollars (\$ _____), all of like tenor, issued pursuant to the provisions of a resolution of the Board of Supervisors (the "Board") of Santa Clara County (the "County") duly passed and adopted on June 20, 2017 (the "Resolution"), and pursuant to Article 7.6 (commencing with section 53850) of Chapter 4, Part 1, Division 2, Title 5, of the California Government Code, and that all conditions, things and acts required to exist, happen and be performed precedent to and in the issuance of this Note exist, have happened and have been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California.

The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, revenue and other moneys which are received by the County on behalf of the District for Repayment Fund of the District (as defined in the Resolution) for the Fiscal Year 2017-18. As security for the payment of the principal of and interest on the Notes, the Board, in the name of the District, has pledged the first "unrestricted moneys," as hereinafter defined (a) in an amount equal to _____ percent (____%) of the principal amount of the Notes to be received by the County on behalf of the District in _____, 2018, (b) in an amount equal to

_____ percent (____%) of the principal amount of the Notes to be received by the County on behalf of the District in _____, 2018, and (c) in an amount equal to _____ percent (____%) of the principal amount of the Notes to be received by the County on behalf of the District, plus all interest due on the Notes at maturity to be received by the County on behalf of the District in _____, 2018 (such pledged amounts being hereinafter called the "Pledged Revenues"). The principal of the Notes and the interest thereon shall constitute a first lien and charge thereon and shall be paid from the Pledged Revenues. To the extent not so paid from the Pledged Revenues, the Notes shall be paid from any other moneys of the District lawfully available therefor. The term "unrestricted moneys" shall mean taxes, income, revenue and other moneys intended as receipts for the general fund of the District and which are generally available for the payment of current expenses and other obligations of the District.

The Notes are issuable as fully registered notes, without coupons, in denominations of \$1,000 each or any integral multiple thereof. Subject to the limitations and conditions as provided in the Resolution, Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations and of the same maturity.

The Notes are not subject to redemption prior to maturity.

This Note is transferable by the Owner hereof, but only under the circumstances, in the manner and subject to the limitations provided in the Resolution. Upon registration of such transfer a new Note or Notes, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange for this Note.

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

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the Board of Supervisors of Santa Clara County, California has caused this Note to be issued in the name of the District and to be executed by the manual or facsimile signature of the County Director of Finance and countersigned by the manual or facsimile signature of the Clerk of the Board, all as of the Issue Date stated above.

BOARD OF SUPERVISORS OF SANTA
CLARA COUNTY

By _____
Director of Finance

Countersigned:

Clerk of the Board

ASSIGNMENT

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

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

the within registered Note and hereby irrevocably constitute(s) and appoints(s) _____ attorney,
to transfer the same on the Note register of the Director of Finance with full power of substitution in
the premises.

Dated: _____

Signature:

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

Signature Guaranteed:

Note: Signature(s) must be guaranteed by a qualified
guarantor.