RESOLUTION NO. ______

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SANTA CLARA, CALIFORNIA, PROVIDING FOR THE BORROWING OF FUNDS IN THE NAME OF THE MILPITAS UNIFIED SCHOOL DISTRICT IN AN AMOUNT NOT TO EXCEED $10,000,000 FOR FISCAL YEAR 2012-2013 AND THE ISSUANCE AND SALE OF 2012 TAX AND REVENUE ANTICIPATION NOTES THEREFOR

WHEREAS, pursuant to 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"), school districts organized and existing under the laws of the State of California are authorized 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 districts 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 Board of Trustees of the Milpitas Unified School District (the "District") has heretofore adopted its resolution on May 8, 2012 (the "District Resolution"), finding and determining that it is desirable that the District borrow funds in an amount not to exceed $10,000,000 with respect to the fiscal year 2012-2013 for authorized purposes of the District, and requesting that the Board of Supervisors (the "Board") of Santa Clara County (the "County") for that purpose authorize the issuance of and offer for sale tax and revenue anticipation notes in the name of the District in the principal amount of not to exceed $10,000,000, under and pursuant to the provisions of the Law;

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Santa Clara, State of California, as follows:

Section 1. Recitals True and Correct. All of the recitals herein set forth are true and correct and the Board so finds and determines.

Section 2. Approval of Request of District. The Board hereby approves the request of the District for the Board to issue notes in its name.

Section 3. Authorization and Terms of Notes. Solely for the payment of current expenses, capital expenditures and other obligations payable from the general fund of District during or allocable to Fiscal Year 2012-2013, and not pursuant to any common plan of financing, the Board hereby determines to and shall borrow the aggregate principal sum of not to exceed ten million dollars ($10,000,000) in the name of the District. Such borrowing shall be by the issuance of temporary notes under the Law, designated "Milpitas Unified School District (Santa Clara County, California) 2012 Tax and Revenue Anticipation Notes" (the "Notes"). 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 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. Both the principal of and interest on the Notes shall be payable in lawful money of the United States of America, as described below.

Section 4. Form of Notes; Book Entry Only System. 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 to the District Resolution 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.

"CUSIP" identification numbers shall be imprinted on the Notes, but such numbers shall not constitute a part of the contract evidenced by the Notes and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Notes. In addition, failure on the part of the Board to use such CUSIP numbers in any notice to registered owners of the Notes shall not constitute an event of default or any violation of the Board’s contract with such registered owners and shall not impair the effectiveness of any such notice.

Except as provided below, the owner of all of the Notes shall be The Depository Trust Company, New York, New York ("DTC"), and the Notes shall be registered in the name of Cede & Co., as nominee for DTC. The Notes shall be initially executed and delivered in the form of a single fully registered Note in the full aggregate principal amount of the Notes. The Board may treat DTC (or its nominee) as the sole and exclusive owner of the Notes registered in its name for all purposes of this Resolution, and the Board shall not be affected by any notice to the contrary. The Board shall not have any responsibility or obligation to any participant of DTC (a "Participant"), any person claiming a beneficial ownership interest in the Notes under or through DTC or a Participant, or any other person which is not shown on the register of the Board as being an owner, with respect to the accuracy of any records maintained by DTC or any Participant or the payment by DTC or any Participant by DTC or any Participant of any amount in respect of the principal or interest with respect to the Notes. The County Director of Finance (the "Director of Finance"), as paying agent, shall pay all principal and interest with respect to the Notes only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Board’s obligations with respect to the principal and interest with respect to the Notes to the extent of the sum or sums so paid. Except under the conditions noted below, no person other than DTC shall receive a Note. Upon delivery by DTC to the Board of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the term "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

If the Board determines that it is in the best interest of the beneficial owners that they be able to obtain Notes and delivers a written certificate to DTC to that effect, DTC shall notify the Participants of the availability through DTC of Notes. In such event, the Board shall issue, transfer and exchange Notes as requested by DTC and any other owners in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Notes at any time by giving notice to the Board and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the Board shall be obligated to deliver Notes as described in this Resolution. Whenever DTC requests the Board to do so, the Board will cooperate with DTC in taking appropriate action after reasonable notice to (a) make available one or more separate Notes evidencing the Notes to any DTC Participant having Notes credited to its DTC account or (b) arrange for another securities depository to maintain custody of Certificates evidencing the Notes.

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

Section 5. Proceeds Fund. There is hereby created a special fund to be held on behalf of the District by the County Director of Finance separate and distinct from all other County and
District funds and accounts designated the “Milpitas Unified School District (Santa Clara County, California) 2012 Tax and Revenue Anticipation Notes Proceeds Fund” (the “Proceeds Fund”) and applied as directed in this Resolution.

Section 6. Deposit and Investment of Proceeds Fund. The proceeds received from the sale of the Notes shall be deposited in the Proceeds Fund. All moneys held on behalf of the District in the Proceeds Fund, if not invested, shall be held in time or demand deposits as public funds and shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law.

Moneys held in the Proceeds Fund shall be invested by the County in any one or more investments generally permitted to school districts under the laws of the State of California, consistent with the investment policy of the County and this Resolution (the “Proceeds Fund Permitted Investments”). The Proceeds Fund Permitted Investments shall specifically include: (a) the County Pooled Investment Fund maintained by the Director of Finance and (b) at the request of the District, (i) the Local Agency Investment Fund maintained by the Treasurer of the State of California; (ii) other investments permitted under section 53601 of the California Government Code; and (iii) investment agreements with financial institutions with senior unsecured credit ratings in one of the two highest rating categories (without regard to any refinement or gradation of such rating category by a plus or minus or a numeral) from one or more nationally recognized statistical rating organization then rating the Notes. In regard to any investments requested by the District specified in clauses (b)(i), (b)(ii) or (b)(iii) above, the County may decline the request of the District upon any reasonable basis, including, specifically, any concerns of the County regarding the legality, structure or appropriateness of the investment vehicle generally or the process proposed for the bidding or the execution of the investment. Consent by the County to a request by the District to use any investments requested by the District specified in clauses (b)(i), (b)(ii) or (b)(iii) above shall in no way imply any endorsement by the County of such investment and the County assumes no liability for the results of such investment or of the provider thereof.

Interest earning derived from the investment of amounts on deposit in the Proceeds Fund shall be retained therein and used for the purposes of such fund.

Section 7. Use of Proceeds. The moneys deposited in the Proceeds Fund shall be withdrawn, used and expended by the District for any purpose for which it is authorized to expend funds from the general fund of the District, including, but not limited to, current expenses, capital expenditures and the discharge of any obligation or indebtedness of the District.

Section 8. Security. 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 District for the general fund of the District for the Fiscal Year 2012-2013. As security for the payment of the principal of and interest on the Notes, the Board, in the name of the District, hereby pledges 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 at maturity (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. 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.

Section 9. Repayment Fund. There is hereby created a special fund to be held on behalf of the District by the Director of Finance separate and distinct from all other County and District funds and accounts designated the "Milpitas Unified School District (Santa Clara County, California) 2012 Tax and Revenue Anticipation Notes Repayment Fund" (the "Repayment Fund") and applied as directed in this Resolution. Any money placed in the Repayment Fund shall be for the benefit of the registered owners of the Notes, and until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes and the interest thereon through the maturity thereof, the moneys in the Repayment Fund shall be applied solely for the purposes for which the Repayment Fund is created.

During the pledge months to be determined by the Superintendent (or the Superintendent's designee) prior to the date of sale of the Notes, all Pledged Revenues shall be deposited into the Repayment Fund. On a date one year or earlier from the date of issuance as shall be determined by the Superintendent (or the Superintendent's designee) prior to the date of sale of the Notes (if the maturity of the Notes is determined to be more than one year from the date of issuance) and on the maturity date of the Notes, the Director of Finance shall transfer to DTC the moneys in the Repayment Fund necessary to pay the principal of and/or interest on the Notes then due and, to the extent said moneys are insufficient therefor, an amount of moneys from the District's general fund which will enable payment of the full principal of and interest on the Notes at maturity. DTC will thereupon make payments of principal and interest on the Notes to the DTC Participants who will thereupon make payments to the beneficial owners of the Notes. Any moneys remaining in the Repayment Fund after the Notes and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the District's general fund.

Section 10. Deposit and Investment of Repayment Fund. All moneys held on behalf of the District in the Repayment Fund, if not invested, shall be held in time or demand deposits as public funds and shall be secured at all times by bonds or other obligations which are authorized by law as security for public deposits, of a market value at least equal to the amount required by law.

Moneys held in the Repayment Fund shall be invested by the County in any one or more investments generally permitted to school districts under the laws of the State of California, consistent with the investment policy of the County and this Resolution (the "Repayment Fund Permitted Investments"). The Repayment Fund Permitted Investments shall specifically include: (a) the County Pooled Investment Fund maintained by the Director of Finance and (b) at the request of the District, (i) the Local Agency Investment Fund maintained by the Treasurer of the State of California; (ii) other investments permitted under section 53601 of the California Government Code; and (iii) investment agreements with financial institutions with senior unsecured credit ratings in one of the two highest rating categories (without regard to any refinement or gradation of such rating category by a plus or minus or a numeral) from one or more nationally recognized statistical rating organization then rating the Notes. In regard to any investments requested by the District specified in clauses (b)(i), (b)(ii) or (b)(iii) above, the County may decline the request of the District upon any reasonable basis, including, specifically, any concerns of the County regarding the legality, structure or appropriateness of the investment vehicle generally or the process proposed for the bidding or the execution of the investment. Consent by the County to a request by the District to use any investments requested by the District specified in clauses (b)(i), (b)(ii) or (b)(iii) above shall in no way imply any
endorsement by the County of such investment and the County assumes no liability for the results of such investment or of the provider thereof.

Amounts on deposit in the Repayment Fund in excess of the amounts required to pay the principal of and interest on the Notes when due, shall be transferred to the general fund of the District.

Section 11. Execution of Notes. The Notes shall be executed in the manner set forth in the District Resolution.

Section 12. Transfer of Notes. Any Note may, in accordance with its terms, but only if the District determines to no longer maintain the book entry only status of the Notes, DTC determines to discontinue providing such services and no successor securities depository is named or DTC requests the Director of Finance to deliver Note certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of Section 14 hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation at the office of the Director of Finance, accompanied by delivery of a written instrument of transfer in a form approved by the Director of Finance, duly executed.

Whenever any Note or Notes shall be surrendered for transfer, the Director of Finance shall execute and deliver a new Note or Notes, for like aggregate principal amount.

Section 13. Exchange of Notes. Notes may be exchanged at the office of the Director of Finance for a like aggregate principal amount of Notes of authorized denominations and of the same maturity.

Section 14. Note Register. The Director of Finance shall keep or cause to be kept sufficient books for the registration and transfer of the Notes if the book entry only system is no longer in effect and, in such case, the Director of Finance shall register or transfer or cause to be registered or transferred, on said books, Notes as herein before provided. While the book entry only system is in effect, such books need not be kept as the Notes will be represented by one Note registered in the name of Cede & Co., as nominee for DTC.

Section 15. Temporary Notes. The Notes may be initially issued in temporary form exchangeable for definitive Notes when ready for delivery. The temporary Notes may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the Director of Finance, and may contain such reference to any of the provisions of this Resolution as may be appropriate. Every temporary Note shall be executed by the Director of Finance upon the same conditions and in substantially the same manner as the definitive Notes. If the Director of Finance issues temporary Notes he will execute and furnish definitive Notes without delay, and thereupon the temporary Notes may be surrendered for cancellation, in exchange therefor at the office of the Director of Finance and the Director of Finance shall deliver in exchange for such temporary Notes an equal aggregate principal amount of definitive Notes of authorized denominations. Until so exchanged, the temporary Notes shall be entitled to the same benefits pursuant to this Resolution as definitive Notes executed and delivered hereunder. Any costs borne by the County for the exchange of the Notes will be reimbursed by the District.

Section 16. Notes Mutilated, Lost, Destroyed or Stolen. If any Note shall become mutilated the Director of Finance, at the expense of the registered owner of said Note, shall execute and deliver a new Note of like maturity and principal amount in exchange and substitution for the Note so mutilated, but only upon surrender to the Director of Finance of the Note so mutilated. Every mutilated Note so surrendered to the Director of Finance shall be
canceled by it and delivered to, or upon the order of, the Director of Finance. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Director of Finance and, if such evidence be satisfactory to the Director of Finance and indemnity satisfactory to it shall be given, the Director of Finance, at the expense of the registered owner, shall execute and deliver a new Note of like maturity and principal amount in lieu of and in substitution for the Note so lost, destroyed or stolen. The Director of Finance may require payment of a sum not exceeding the actual cost of preparing each new Note issued under this Section 16 and of the expenses which may be incurred by the Director of Finance in the premises. Any Note issued under the provisions of this Section 16 in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Board whether or not the Note so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Resolution with all other Notes issued pursuant to this Resolution. This Section 16 will not be in effect so long as DTC book entry is utilized.

Section 17. Covenants and Warranties. Based on the representations and covenants of the District, it is hereby covenanted and warranted by the Board that all representations and recitals contained in this Resolution as to the County are true and correct, and that the Board has reviewed all proceedings heretofore taken relative to the authorization of the Notes and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Notes have existed, happened and been performed in due time, form and manner as required by law, and the Board is duly authorized to issue the Notes in the name of the District and incur indebtedness in the manner and upon the terms provided in this Resolution. The Board and its appropriate officials have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them, for the prompt collection and enforcement of the taxes, revenue, cash receipts and other moneys pledged hereunder in accordance with law and for carrying out the provisions of this Resolution.

Section 18. Official Statement; Sale of Notes. The preparation of a preliminary official statement describing the Notes by Quint & Thimmig LLP, as disclosure counsel to the District (the “Preliminary Official Statement”), in connection with the offering and sale of the Notes is hereby approved. The actions of KNN Public Finance, a division of Zions First National Bank (the “Financial Advisor”), on behalf of the District and the Board, in distributing the Preliminary Official Statement to such municipal bond brokers-dealers, to such banking institutions and to such other persons as may be interested in purchasing the Notes therein offered for sale, are hereby approved.

The negotiated sale of the Notes is hereby approved by the Board. A note purchase agreement, by and among the County, the District and an underwriter (selected by the Financial Advisor on behalf of the District pursuant to a competitive process) (the “Underwriter”) for the purchase by the Underwriter of the Notes (the “Note Purchase Agreement”), substantially in the form on file with the Clerk of the Board, is hereby approved and the County Director of Finance, or a designee thereof, is hereby authorized to execute and deliver the Note Purchase Agreement, with such changes therein, deletions therefrom and modifications thereto as the County Director of Finance, or a designee thereof, may approve, such approval to be conclusively evidenced by his execution and delivery thereof. The County Director of Finance, or a designee thereof, is further authorized to enter into and execute the Note Purchase Agreement with the Underwriter.

If it is determined by the Financial Advisor that a competitive sale of the Notes would be advantageous to the District, the Board hereby authorizes the preparation of a notice of intention (to be published in accordance with California law) and the preparation of a notice of sale to be distributed in connection with such competitive sale of the Notes.
If a competitive sale is deemed appropriate, consent is hereby given for Zions First National Bank, the parent company of the Financial Advisor, to submit a bid for purchase of the Notes and to acquire or participate in the purchase of the Notes.

Section 19. Preparation of the Notes; Execution of Closing Documents. Quint & Thimmig LLP, as bond counsel to the District, is directed to cause suitable Notes to be prepared showing on their face that the same bear interest at the rate aforesaid, and to cause the blank spaces therein to be filled in to comply with the provisions of this Resolution in accordance with the identified purchaser of the Notes, and to procure their execution by the proper officers, and to cause the Notes to be delivered when so executed to DTC on behalf of the identified purchaser therefor upon the receipt of the purchase price by the County Director of Finance on behalf of the District.

The Director of Finance or any other officer of the County are further authorized and directed to make, execute and deliver to the purchaser or purchasers of the Notes (a) a certificate in the form customarily required by purchasers of bonds of public corporations generally, certifying to the genuineness and due execution of the Notes, and (b) a receipt in similar form evidencing the payment of the purchase price of the Notes which receipt shall be conclusive evidence that said purchase price of the Notes has been paid and has been received on behalf of the District. Any purchaser or subsequent taker or holder of the Notes is hereby authorized to rely upon and shall be justified in relying upon any such certificate or receipt with respect to the Notes. Such officers and any other officers of the District or of the County are hereby authorized to execute any and all other documents required to consummate the sale and delivery of the Notes.

Section 20. Limited Liability. Notwithstanding anything to the contrary contained herein, in the Notes or in any other document mentioned herein, neither the County, the Board, or any officers, officials or employees of the County shall have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby and the Notes shall be payable solely from the moneys of the District available therefor as set forth in Section 8 hereof.
Section 21. Effective date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the Board of Supervisors of the County of Santa Clara, State of California, on the 22nd day of May, 2012, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

George Shirakawa, President
Board of Supervisors

ATTEST:

Lynn Regardan, Interim Clerk of the Board of Supervisors

APPROVED AS TO FORM AND LEGALITY:

Orry P. Korb, Assistant County Counsel