

**RESOLUTION NO. 2017-60**

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LAKE, STATE OF CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF BONDS ON BEHALF OF THE KONOCTI UNIFIED SCHOOL DISTRICT, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$11,000,000, BY A NEGOTIATED SALE PURSUANT TO A BOND PURCHASE AGREEMENT, PRESCRIBING THE TERMS OF SALE OF THE BONDS, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF SAID BOND PURCHASE AGREEMENT, AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS**

**WHEREAS**, an election was duly called and regularly held in the Konocti Unified School District, County of Lake, California (the "District"), on November 8, 2016, at which the following proposition (as abbreviated pursuant to Section 13247 of the California Elections Code) was submitted to the electors of the District:

*"To improve the quality of local school facilities; repair or replace leaky roofs; construct new science labs; provide updated career technical classrooms for job training; renovate deteriorating plumbing and sewer systems; make health, safety and handicapped accessibility improvements; and upgrade, modernize, construct and renovate classrooms, restrooms, and schools facilities, shall Konocti Unified School District issue \$29,600,000 of bonds, at legal rates, with an independent citizens' oversight committee, NO money used for administrator salaries and all funds controlled locally?"*

**WHEREAS**, passage of said proposition required a 55% affirmative vote of the votes cast therein, and at least 55% of the votes cast on said proposition were in favor of issuing said bonds; and

**WHEREAS**, none of the authorized bonds have heretofore been issued and sold; and

**WHEREAS**, at this time, pursuant to California Government Code Section 53506 *et seq.*, including Section 53508.7 thereof, and California Education Code Section 15140, the Board of Trustees of the District (the "Board of Trustees") has requested the Board of Supervisors (the "Board of Supervisors") of the County of Lake (the "County") to issue, in the name of and on behalf of the District, a portion of the bonds, designated the "Konocti Unified School District (Lake County, California) General Obligation Bonds, Election of 2016, Series 2017" (the "Series 2017 Bonds"), with such additional or other series or subseries designations as may be approved as herein provided, in an aggregate principal amount not exceeding \$11,000,000, and to authorize the sale of the bonds by a negotiated sale to D.A. Davidson & Co., as underwriter (the "Underwriter") pursuant to a Bond Purchase Agreement (such Bond Purchase Agreement, in the form submitted to and on file with the Clerk of this Board of Supervisors, with such changes,

insertions and omissions as are made pursuant to this County Resolution, being referred to herein as the "Bond Purchase Agreement"), all according to the terms and in the manner set forth in a resolution duly adopted by the Board of Trustees of the District on April 12, 2017 (the "District Resolution"), a certified copy of which has been filed with the Clerk of this Board of Supervisors; and

**WHEREAS**, in the District Resolution, the Board of Trustees of the District found and informed this Board of Supervisors that all acts, conditions and things required by the Constitution and laws of the State of California (the "State") to exist, to have happened and to have been performed precedent to and in connection with the consummation of the actions authorized by the District Resolution do exist, have happened and have been performed in regular and due time, form and manner as required by law, and that the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms provided in the District Resolution; and

**WHEREAS**, this Board of Supervisors accepts the representations of the Board of Trustees in the District Resolution that it is desirable for the Board of Supervisors to issue the Series 2017 Bonds on behalf of the District and to sell the Series 2017 Bonds by a negotiated sale for the purposes for which the Series 2017 Bonds have been authorized on the terms and conditions set forth in the District Resolution and the Bond Purchase Agreement; and

**WHEREAS**, applicable law mandates that the Series 2017 Bonds shall be offered for sale by the board of supervisors of the county, the county superintendent of which has jurisdiction over the District, as soon as possible following receipt of a resolution duly adopted by the Board of Trustees of the District; and

**WHEREAS**, the Series 2017 Bonds will be issued by this Board of Supervisors in the name of and on behalf of the District, payable from *ad valorem* taxes to be levied on all taxable property in the District, as herein provided;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF LAKE, AS FOLLOWS:**

**Section 1. Recitals.** All of the above recitals are true and correct.

**Section 2. Definitions.** Unless the context clearly otherwise requires, the terms defined in this Section shall, for all purposes of this County Resolution, have the meanings specified herein, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

**"Auditor-Controller"** means the Auditor-Controller of the County or any authorized deputy thereof.

**"Board of Supervisors"** means the Board of Supervisors of the County.

**"Board of Trustees"** means the Board of Trustees of the District.

**“Bond Purchase Agreement”** means the Bond Purchase Agreement relating to the sale of the Series 2017 Bonds by and among the County, the District and the Underwriter in accordance with the provisions hereof.

**“Bonds”** means all bonds, including refunding bonds, of the District heretofore or hereafter issued pursuant to voter approved measures of the District, including bonds approved by the voters of the District on November 2, 2004 and pursuant to the Bond Measure, as all such Bonds are required by State law to be paid from the interest and sinking fund.

**“Cede & Co.”** means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series 2017 Bonds.

**“Code”** means the Internal Revenue Code of 1986.

**“Continuing Disclosure Certificate”** means the Continuing Disclosure Certificate executed and delivered by the District relating to the Series 2017 Bonds.

**“County”** means the County of Lake.

**“County Resolution”** means this Resolution of the Board of Supervisors.

**“District”** means the Konocti Unified School District.

**“District Resolution”** means the Resolution of the Board of Trustees of the District adopted on April 11, 2017.

**“DTC”** means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for the Series 2017 Bonds, including any such successor thereto appointed pursuant to Section 10 hereof.

**“Interest Payment Date”** means February 1 and August 1 of each year, commencing on August 1, 2017, or such other dates as may be set forth in the Bond Purchase Agreement.

**“Investment Agreement”** shall have the meaning set forth in Section 13 hereof.

**“Official Statement”** means the Official Statement of the District relating to the Series 2017 Bonds.

**“Owner”** means with respect to any Series 2017 Bond, the person whose name appears on the Registration Books as the registered Owner thereof.

**“Paying Agent”** means U.S. Bank National Association, or any bank, trust company, national banking association or other financial institution appointed as Paying Agent to act as authenticating agent, bond registrar, transfer agent and paying agent for the Series 2017 Bonds in accordance with Section 9 hereof.

**“Record Date”** means, with respect to any Interest Payment Date for the Series 2017 Bonds, the 15th day of the calendar month immediately preceding such Interest Payment Date, whether or not such day is a business day, or such other date or dates as may be set forth in the Bond Purchase Agreement.

**“Registration Books”** means the books for the registration and transfer of the Series 2017 Bonds maintained by the Paying Agent in accordance with Section 9(d) hereof.

**“Series 2017 Bonds”** means the bonds authorized and issued pursuant to this County Resolution, at the request of the District pursuant to the District Resolution, designated the “Konocti Unified School District (Lake County, California) General Obligation Bonds, Election of 2016, Series 2017,” with such additional or other series or subseries designations as may be approved as herein provided.

**“State”** means the State of California.

**“Tax Certificate”** means the Tax Certificate with respect to the Series 2017 Bonds not issued as Taxable Bonds, executed by the District, dated the date of issuance of the Series 2017 Bonds.

**“Tax-Exempt”** means, with respect to interest on any obligations of a state or local government, that such interest is excluded from the gross income of the holders thereof for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

**“Taxable Bonds”** means those Series 2017 Bonds the interest on which is not Tax-Exempt.

**“Treasurer”** means the Treasurer-Tax Collector of the County or any authorized deputy thereof.

**“Underwriter”** means D.A. Davidson & Co., as underwriter.

**Section 3. District Resolution Incorporated.** The Board of Supervisors hereby acknowledges receipt of the District Resolution. The District Resolution, including the exhibits thereto, is incorporated herein by reference and all of the provisions thereof are made a part hereof and shall be applicable to the Series 2017 Bonds herein provided for, except as herein otherwise expressly provided. Notwithstanding the foregoing, the County (a) assumes no liability or responsibility for any of the District’s findings, determinations, representations or warranties as set forth in the District Resolution, (b) assumes all such findings, determinations, representations and warranties to be true and correct, and (c) shall be entitled to rely on such findings, determinations, representations and warranties.

**Section 4. Authorization and Designation of Bonds.** Pursuant to California Government Code Section 53506 *et seq.*, including Section 53508.7 thereof, and California Education Code Section 15140, this Board of Supervisors hereby authorizes, in the name of and on behalf of the District, the issuance and sale, by a negotiated sale, of not to exceed \$11,000,000

aggregate principal amount of Series 2017 Bonds, in one or more series or subseries, and designates said bonds as the "Konocti Unified School District (Lake County, California) General Obligation Bonds, Election of 2016, Series 2017," with appropriate additional or other series or subseries designations, on the terms and conditions set forth in, and subject to the limitations specified in, this County Resolution.

**Section 5. Form of Bonds; Execution.** (a) *Form of Series 2017 Bonds.* The Series 2017 Bonds shall be issued in fully registered form without coupons. The Series 2017 Bonds and the certificate of authentication and registration and the form of assignment to appear on each of them, shall be in substantially the form attached hereto as Exhibit A, with necessary or appropriate variations, omissions and insertions as permitted or required by this County Resolution.

(b) *Execution of Bonds.* The Series 2017 Bonds shall be signed by the manual or facsimile signatures of the Chair of the Board of Supervisors and of the Treasurer or the Treasurer's designee, and countersigned by the manual or facsimile signature of the Clerk of the Board of Supervisors. The Series 2017 Bonds shall be authenticated by a manual signature of a duly authorized signatory of the Paying Agent.

(c) *Valid Authentication.* Only such of the Series 2017 Bonds as shall bear thereon a certificate of authentication and registration as described in subsection (a) of this Section, executed by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this County Resolution, and such certificate of authentication and registration shall be conclusive evidence that the Series 2017 Bonds so authenticated have been duly authenticated and delivered hereunder and are entitled to the benefits of this County Resolution.

(d) *Identifying Number.* The Paying Agent shall assign each Series 2017 Bond authenticated and registered by it a distinctive letter, or number, or letter and number, and shall maintain a record thereof at its principal office, which record shall be available to the District and the County for inspection.

**Section 6. Terms of Bonds.** (a) *Date of Series 2017 Bonds.* The Series 2017 Bonds shall be dated the date of their delivery, or such other date or dates as shall be set forth in the Bond Purchase Agreement.

(b) *Denominations.* The Series 2017 Bonds shall be issued in denominations of \$5,000 principal amount or any integral multiple thereof.

(c) *Maturity.* The Series 2017 Bonds shall mature on the date or dates, in each of the years, in the principal amounts and in the aggregate principal amount as shall be set forth in the Bond Purchase Agreement, to be determined as provided in subsection (a) of this Section. No Series 2017 Bond shall mature later than the date which is 30 years from the date of the Series 2017 Bonds. No Series 2017 Bond shall have principal maturing on more than one principal maturity date.

(d) *Interest.* The Series 2017 Bonds shall bear interest at an interest rate or rates not to exceed 8.00% per annum, payable on the Interest Payment Dates in each year computed on the basis of a 360-day year of 12 30-day months. Each Series 2017 Bond shall bear interest from the

Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated after the close of business on a Record Date and on or prior to the succeeding Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from its dated date; provided, however, that if, at the time of authentication of any Series 2017 Bond, interest is in default on any outstanding Series 2017 Bonds, such Series 2017 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the outstanding Series 2017 Bonds.

(e) *Interest; Tax-Exempt or Taxable.* The Series 2017 Bonds may be issued such that the interest on all or a portion of the Series 2017 Bonds is Tax-Exempt or such that the interest is not Tax-Exempt. The Board of Supervisors hereby finds and determines that, pursuant to Section 5903 of the California Government Code, the interest payable on any portion of the Series 2017 Bonds issued as Taxable Bonds will be subject to federal income taxation under the Code in existence on the date of issuance of such Series 2017 Bonds.

**Section 7. Payment of Bonds.** (a) *Sources of Payment for the Bonds.* The money for the payment of principal, redemption premium, if any, and interest with respect to the Series 2017 Bonds shall be raised by taxation upon all taxable property in the District and provision shall be made for the levy and collection of such taxes in the manner provided by law and for such payment out of the Interest and Sinking Fund of the District, and the Board of Supervisors hereby covenants to annually levy *ad valorem* taxes for the payment of the Series 2017 Bonds on all property in the District subject to taxation by the District without limitation as to rate or amount (except certain personal property which is taxable at limited rates).

(b) *Principal.* The principal of the Series 2017 Bonds shall be payable in lawful money of the United States of America to the Owner thereof, upon the surrender thereof at the principal corporate trust office of the Paying Agent.

(c) *Interest; Record Date.* The interest on the Series 2017 Bonds shall be payable on each Interest Payment Date in lawful money of the United States of America to the Owner thereof as of the Record Date preceding such Interest Payment Date, such interest to be paid by check or draft mailed on such Interest Payment Date (if a business day, or on the next business day if the Interest Payment Date does not fall on a business day) to such Owner at such Owner's address as it appears on the Registration Books or at such address as the Owner may have filed with the Paying Agent for that purpose except that the payment shall be made by wire transfer of immediately available funds to any Owner of at least \$1,000,000 of outstanding Series 2017 Bonds who shall have requested in writing such method of payment of interest prior to the close of business on the Record Date immediately preceding any Interest Payment Date.

(d) *Interest and Sinking Fund.* Principal of, redemption premium, if any, and interest due on the Series 2017 Bonds shall be paid from the interest and sinking fund of the District within the County treasury (the "Interest and Sinking Fund") as provided in Section 15146 of the California Education Code.

(e) *Obligations of the District and the County.* Notwithstanding anything stated to the contrary in this Resolution, the Series 2017 Bonds are not a debt of the County, its Board, officers, officials, agents and employees. No part of any fund or account of the County is pledged or obligated to the payment of the Series 2017 Bonds. The obligation for repayment of the Series 2017 Bonds is the sole obligation of the District.

The County's sole responsibilities hereunder are to issue and sell the Series 2017 Bonds, levy and collect a tax for the repayment of the Series 2017 Bonds, and hold such taxes in the District's interest and sinking fund, as provided in Sections 15140, 15146, 15250 and 15251, respectively, of the Education Code. The County makes no assurances regarding the use of the proceeds of the Bonds, and has no responsibility and assumes no liability arising from the expenditure of such proceeds by the District.

In the Bond Purchase Agreement, the District will agree to indemnify, defend and hold harmless the County, its Board, officers, officials, agents and employees, against the payment of any and all liabilities, losses, costs and expenses (including attorneys fees and costs), damages and claims which the County, its Board, officers, officials, agents and employees, may incur in the exercise and performance of its powers and duties hereunder which are not due to the County's negligence or bad faith.

(f) *Pledge of Taxes.* Pursuant to the District Resolution, the District pledges all revenues from the property taxes collected from the levy by the Board of Supervisors of the County for the payment of Bonds of the District and amounts on deposit in the Interest and Sinking Fund of the District to the payment of the principal or redemption price of and interest on the Bonds. The District Resolution provides that this pledge shall be valid and binding from the date of the District Resolution for the benefit of the owners of the Bonds and successors thereto. The District Resolution further provides that the property taxes and amounts held in the Interest and Sinking Fund of the District shall be immediately subject to this pledge, and provides that the pledge shall constitute a lien and security interest which shall immediately attach to the property taxes and amounts held in the Interest and Sinking Fund of the District to secure the payment of the Bonds and shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The District Resolution provides that the pledge is an agreement between the District and the owners of Bonds to provide security for the Bonds in addition to any statutory lien that may exist, and that the Bonds secured by the pledge are or were issued to finance one or more of the projects specified in the applicable voter-approved measure.

(g) *Insurance.* The payment of principal and interest on all or a portion of the Series 2017 Bonds may be secured by a municipal bond insurance policy if the present value cost of such insurance is less than the present value of the estimated savings with respect to such Series 2017 Bonds as shall be described in the Bond Purchase Agreement. The Bond Purchase Agreement may provide that no municipal bond insurance policy shall be obtained.

**Redemption Provisions.** (e) *Optional Redemption.* The Series 2017 Bonds may be subject to redemption, at the option of the District, on the dates and terms as shall be designated in the

Bond Purchase Agreement. The Bond Purchase Agreement may provide that the Series 2017 Bonds shall not be subject to optional redemption.

(f) *Selection.* If less than all of the Series 2017 Bonds, if any, are subject to such redemption and are called for redemption, such Series 2017 Bonds shall be redeemed in inverse order of maturities or as otherwise directed by the District (or as otherwise set forth in the Bond Purchase Agreement), and if less than all of the Series 2017 Bonds of any given maturity are called for redemption, the portions of such bonds of a given maturity to be redeemed shall be determined by lot (or as otherwise set forth in the Bond Purchase Agreement).

(g) *Mandatory Sinking Fund Redemption.* The Series 2017 Bonds, if any, which are designated in the Bond Purchase Agreement as term bonds shall also be subject to redemption prior to their stated maturity dates, without a redemption premium, in part by lot (or as otherwise set forth in the Bond Purchase Agreement), from mandatory sinking fund payments in the amounts and in accordance with the terms to be specified in the Bond Purchase Agreement. Unless otherwise provided in the Bond Purchase Agreement, the principal amount of each mandatory sinking fund payment of any maturity shall be reduced proportionately or as otherwise directed by the District by the amount of any Series 2017 Bonds of that maturity redeemed in accordance with subsection (a) of this Section prior to the mandatory sinking fund payment date. The Bond Purchase Agreement may provide that the Series 2017 Bonds shall not be subject to mandatory sinking fund redemption.

The Auditor-Controller is hereby authorized to create such sinking funds or accounts for the term Series 2017 Bonds as shall be necessary to accomplish the purposes of this Section.

(h) *Notice of Redemption.* Notice of any redemption of the Series 2017 Bonds shall be mailed by the Paying Agent, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date (i) by first class mail to the County and the respective Owners thereof at the addresses appearing on the Registration Books, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate.

Each notice of redemption shall contain all of the following information:

- (i) the date of such notice;
- (ii) the name of the Series 2017 Bonds and the date of issue of the Series 2017 Bonds;
- (iii) the redemption date;
- (iv) the redemption price;
- (v) the series of Series 2017 Bonds and the dates of maturity or maturities of Series 2017 Bonds to be redeemed;
- (vi) if less than all of the Series 2017 Bonds of a series of any maturity are to be redeemed, the distinctive numbers of the Series 2017 Bonds of each maturity of such series to be redeemed;

(vii) in the case of Series 2017 Bonds of a series redeemed in part only, the respective portions of the principal amount of the Series 2017 Bonds of each maturity of such series to be redeemed;

(viii) the CUSIP number, if any, of each maturity of Series 2017 Bonds of a series to be redeemed;

(ix) a statement that such Series 2017 Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent;

(x) notice that further interest on such Series 2017 Bonds will not accrue after the designated redemption date; and

(xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice.

(i) *Effect of Notice.* A certificate of the Paying Agent that notice of redemption has been given to Owners as herein provided shall be conclusive as against all parties. Neither the failure to receive the notice of redemption as provided in this Section, nor any defect in such notice shall affect the sufficiency of the proceedings for the redemption of the Series 2017 Bonds or the cessation of interest on the date fixed for redemption.

When notice of redemption has been given substantially as provided for herein, and when the redemption price of the Series 2017 Bonds called for redemption is set aside for the purpose as described in subsection (g) of this Section, the Series 2017 Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Series 2017 Bonds at the place specified in the notice of redemption, such Series 2017 Bonds shall be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Series 2017 Bonds so called for redemption after such redemption date shall be entitled to payment thereof only from the Interest and Sinking Fund or the trust fund established for such purpose. All Series 2017 Bonds redeemed shall be cancelled forthwith by the Paying Agent and shall not be reissued.

(j) *Right to Rescind Notice.* The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Series 2017 Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, redemption premium, if any, and interest due on the Series 2017 Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Series 2017 Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

(k) *Funds for Redemption.* Prior to or on the redemption date of any Series 2017 Bonds there shall be available in the Interest and Sinking Fund of the District, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the redemption prices as in this County Resolution provided, the Series 2017 Bonds designated in the notice of redemption. Such monies shall be applied on or after the redemption date solely for payment of principal of, redemption premium, if any, and interest on the Series 2017 Bonds to be redeemed upon presentation and surrender of such Series 2017 Bonds, provided that all monies in the Interest and Sinking Fund of the District shall be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date shall be paid from the Interest and Sinking Fund of the District, unless otherwise provided to be paid from such monies held in trust. If, after all of the Series 2017 Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the Interest and Sinking Fund of the District or otherwise held in trust for the payment of redemption price of the Series 2017 Bonds, the monies shall be held in or returned or transferred to the Interest and Sinking Fund of the District for payment of any outstanding bonds of the District payable from such fund; provided, however, that if the monies are part of the proceeds of bonds of the District, the monies shall be transferred to the fund created for the payment of principal of and interest on such bonds. If no such bonds of the District are at such time outstanding, the monies shall be transferred to the general fund of the District as provided and permitted by law.

(l) *Defeasance of Bonds.* If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Owners of any or all of the outstanding Series 2017 Bonds all or any part of the principal of, redemption premium, if any, and interest on the Series 2017 Bonds at the times and in the manner provided herein and in the Series 2017 Bonds, or as provided in the following paragraph, or as otherwise provided by law consistent herewith, then such Owners shall cease to be entitled to the obligation of the District and the County as provided in Section 7 hereof, and such obligation and all agreements and covenants of the District and of the County to such Owners hereunder and under the Series 2017 Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal of, redemption premium, if any, and interest on the Series 2017 Bonds, but only out of monies on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment; and provided further, however, that the provisions of subsection (i) of this Section shall apply in all events.

For purposes of this section, the District may pay and discharge any or all of the Series 2017 Bonds by depositing in trust with the Paying Agent or an escrow agent, selected by the District, at or before maturity, money or non-callable direct obligations of the United States of America (including zero interest bearing State and Local Government Series) or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the Interest and Sinking Fund of the District, be fully sufficient, in the opinion of a certified public accountant, to pay and discharge the indebtedness on such Series 2017 Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

(m) *Unclaimed Monies.* Any money held in any fund created pursuant to this County Resolution, or by the Paying Agent or an escrow agent in trust, for the payment of the principal

of, redemption premium, if any, or interest on the Series 2017 Bonds and remaining unclaimed for two years after the principal of all of the Series 2017 Bonds has become due and payable (whether by maturity or upon prior redemption) shall be transferred to the Interest and Sinking Fund of the District for payment of any outstanding bonds of the District payable from the fund; or, if no such bonds of the District are at such time outstanding, the monies shall be transferred to the general fund of the District as provided and permitted by law.

**Section 8. Paying Agent.** (a) *Appointment; Payment of Fees and Expenses.* At the direction of the District, U.S. Bank National Association shall act as the initial Paying Agent for the Series 2017 Bonds. All fees and expenses of the Paying Agent shall be the sole responsibility of the District, and to the extent not paid from the proceeds of sale of the Series 2017 Bonds, or from the Interest and Sinking Fund of the District, insofar as permitted by law, including specifically by Section 15232 of the California Education Code, such fees and expenses shall be paid by the District.

(b) *Resignation, Removal and Replacement of Paying Agent.* The Paying Agent initially appointed or any successor Paying Agent may resign from service as Paying Agent and may be removed at any time by the District as provided in the Paying Agent's service agreement. Without further action by the District, if at any time the Paying Agent shall resign or be removed, the District shall appoint a successor Paying Agent, which shall be any bank, trust company, national banking association or other financial institution doing business in and having a corporate trust office in California, with at least \$100,000,000 in net assets.

(c) *Principal Corporate Trust Office.* The initial Paying Agent, and any successor Paying Agent, shall designate each place or places where it will conduct the functions of transfer, registration, exchange, payment, and surrender of the Series 2017 Bonds, and any reference herein to the "principal corporate trust office" of the Paying Agent shall mean the office so designated for a particular purpose. If no office is so designated for a particular purpose, such functions shall be conducted at the office of U.S. Bank National Association, in San Francisco, California, or the principal corporate trust office of any successor Paying Agent.

(d) *Registration Books.* The Paying Agent will keep or cause to be kept at its principal corporate trust office sufficient books for the registration and transfer of the Series 2017 Bonds, which shall at all times be open to inspection by the District and the County, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred on the Registration Books, Series 2017 Bonds as provided in Section 10 and 11 hereof. The Paying Agent shall keep accurate records of all funds administered by it and of all Series 2017 Bonds paid and discharged by it. Such records shall be provided, upon reasonable request, to the County or the District in a format mutually agreeable to the Paying Agent, the County and the District.

**Section 9. Transfer Under Book-Entry System; Discontinuation of Book-Entry System.** (a) Unless otherwise specified in the Bond Purchase Agreement, DTC is hereby appointed depository for each series of the Series 2017 Bonds and the Series 2017 Bonds shall be issued in book-entry form only, and shall be initially registered in the name of "Cede & Co.," as nominee of DTC. One bond certificate shall be issued for each maturity of each series or subseries of the Series 2017 Bonds; provided, however, that if different CUSIP numbers are

assigned to Series 2017 Bonds of a series or subseries maturing in a single year or, if Series 2017 Bonds of the same series or subseries maturing in a single year are issued with different interest rates, additional bond certificates shall be prepared for each such maturity. Registered ownership of such Series 2017 Bonds of each such maturity, or any portion thereof, may not thereafter be transferred except as provided in this Section or Section 11 hereof:

(i) To any successor of Cede & Co., as nominee of DTC, or its nominee, or to any substitute depository designated pursuant to clause (ii) of this section (a "substitute depository"); provided, however that any successor of Cede & Co., as nominee of DTC or substitute depository, shall be qualified under any applicable laws to provide the services proposed to be provided by it;

(ii) To any substitute depository not objected to by the District, upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or (2) a determination by the District (upon consultation with the County) to substitute another depository for DTC (or its successor) because DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided, that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository which is not objected to by the District can be obtained, or (2) a determination by the District (upon consultation with the County) that it is in the best interests of the District to remove DTC or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) of this Section, upon receipt of the outstanding Series 2017 Bonds by the Paying Agent, together with a written request of the District to the Paying Agent, a new Series 2017 Bond for each maturity of each series shall be executed and delivered (in the aggregate principal amount of the Series 2017 Bonds then outstanding), registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to clause (iii) of subsection (a) of this section, upon receipt of the outstanding Series 2017 Bonds by the Paying Agent together with a written request of the District to the Paying Agent, new Series 2017 Bonds shall be executed and delivered in such denominations, numbered in the manner determined by the Paying Agent, and registered in the names of such persons, as are requested in such written request of the District, subject to the limitations of Section 6 hereof and the receipt of such a written request of the District, and thereafter, the Series 2017 Bonds shall be transferred pursuant to the provisions set forth in Section 11 hereof; provided, however, that the Paying Agent shall not be required to deliver such new Series 2017 Bonds within a period of less than 60 days after the receipt of any such written request of the District.

(c) In the case of partial redemption or an advance refunding of the Series 2017 Bonds evidencing all or a portion of the principal amount then outstanding, DTC shall make an appropriate notation on the Series 2017 Bonds indicating the date and amounts of such reduction in principal.

(d) The County, the District and the Paying Agent shall be entitled to treat the person in whose name any Series 2017 Bond is registered as the owner thereof, notwithstanding any notice to the contrary received by the County, the District or the Paying Agent; and the County, the District and the Paying Agent shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the Series 2017 Bonds, and neither the County, the District or the Paying Agent shall have any responsibility or obligation, legal or otherwise, to the beneficial owners or to any other party, including DTC or its successor (or substitute depository or its successor), except for the Owner of any Series 2017 Bonds.

(e) So long as the outstanding Series 2017 Bonds are registered in the name of Cede & Co. or its registered assigns, the District, the County and the Paying Agent shall cooperate with Cede & Co., as sole registered Owner, or its registered assigns in effecting payment of the principal of, redemption premium, if any, and interest on the Series 2017 Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

**Section 10. Transfer and Exchange.** (a) *Transfer.* Following the termination or removal of DTC or successor depository pursuant to Section 10 hereof, any Series 2017 Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Series 2017 Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Paying Agent.

Whenever any Series 2017 Bond or Series 2017 Bonds shall be surrendered for transfer, the designated County officials shall execute and the Paying Agent shall authenticate and deliver, as provided in Section 5 hereof, a new Series 2017 Bond or Series 2017 Bonds, of the same maturity, Interest Payment Dates, interest payment mode and interest rate or rates (for a like aggregate principal amount). The Paying Agent may require the payment by any Owner of Series 2017 Bonds requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of any Series 2017 Bond shall be required to be made by the Paying Agent (1) during the period established by the Paying Agent for selection of the Series 2017 Bonds for redemption, and (2) after any Series 2017 Bond has been selected for redemption.

(b) *Exchange.* The Series 2017 Bonds may be exchanged for Series 2017 Bonds of other authorized denominations of the same maturity, Interest Payment Dates and interest rate or rates, by the Owner thereof, in person or by the duly authorized attorney of such Owner, upon surrender of such Series 2017 Bond to the Paying Agent for cancellation, accompanied by delivery of a duly executed request for exchange in a form approved by the Paying Agent.

Whenever any Series 2017 Bond or Series 2017 Bonds shall be surrendered for exchange, the designated County officials shall execute and the Paying Agent shall authenticate and deliver, as provided in Section 5 hereof, a new Series 2017 Bond or Series 2017 Bonds of the same maturity, Interest Payment Dates, interest payment mode and interest rate or rates (for a like aggregate principal amount). The Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No exchange of any Series 2017 Bonds shall be required to be made by the Paying Agent (1) during the period established by the Paying Agent for selection of the Series 2017 Bonds for redemption, and (2) after any Series 2017 Bond has been selected for redemption.

**Section 11. Sale of Bonds; Bond Purchase Agreement.** The form of Bond Purchase Agreement submitted to and on file with the Clerk of this Board of Supervisors providing for the sale by this Board of Supervisors and the purchase by the Underwriter of the Series 2017 Bonds at a purchase price to be set forth therein is hereby approved. The Treasurer is hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Bond Purchase Agreement in substantially said form, as is determined by the District and the Treasurer to be in the best interest of the District, with such changes, insertions and omissions as the Treasurer may require or approve, such determination, requirement or approval to be conclusively evidenced by the execution of the Bond Purchase Agreement by the Treasurer; provided, however, that (a) the true interest cost for the Series 2017 Bonds shall not be in excess of 6.00%, (b) the interest rates on the Series 2017 Bonds shall not exceed 8.00% per annum, (c) the ratio of total debt service to principal of the Series 2017 Bonds shall not exceed four to one, (d) the Underwriter's discount for the sale of Series 2017 Bonds shall not exceed 0.65% of the principal amount of such Series 2017 Bonds (exclusive of any costs of issuance the Underwriter contracts to pay), and (e) the Series 2017 Bonds shall otherwise conform to the limitations specified herein

The Bond Purchase Agreement shall recite the aggregate principal amount of the Series 2017 Bonds, the date thereof, the maturity dates, principal amounts and annual rates of interest of each maturity thereof, the initial and semiannual Interest Payment Dates thereof, and the terms of optional and mandatory sinking fund redemption thereof, if any.

**Section 12. Deposit and Investment of Proceeds.** The proceeds of sale of the Series 2017 Bonds, exclusive of any premium and accrued interest received, shall be deposited in the County treasury to the credit of the building fund of the District within the County treasury (the "Building Fund"). Any net premium and accrued interest received by the District shall be deposited upon receipt in the Interest and Sinking Fund of the District. The County makes no assurances regarding the use of the Series 2017 Bond proceeds. All funds held by the Treasurer in the Building Fund and the Interest and Sinking Fund shall be invested at the Treasurer's discretion pursuant to law and the investment policy of the County. In addition, to the extent permitted by law, at the written request of the District, all or any portion of the Building Fund of the District may be invested on behalf of the District, in investment agreements, including guaranteed investment contracts, float contracts or other investment products (collectively, "Investment Agreements"), which comply with the requirements of each rating agency then rating the Series 2017 Bonds necessary in order to maintain the then-current rating on the Series

2017 Bonds. Pursuant to Section 5922 of the California Government Code, the Board of Supervisors hereby finds and determines that the Investment Agreements will reduce the amount and duration of interest rate risk with respect to amounts invested pursuant to the Investment Agreements and are designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the Series 2017 Bonds or enhance the relationship between risk and return with respect to investments of proceeds of the Series 2017 Bonds and funds held to pay the Series 2017 Bonds.

**Section 13. Tax Covenants.** The County acknowledges and relies upon the fact that the District has represented and covenanted that it shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of the interest payable on Series 2017 Bonds not issued as Taxable Bonds under Section 103 of the Code, and that it will comply with the requirements of the Tax Certificate of the District with respect to the Series 2017 Bonds not issued as Taxable Bonds, to be entered into by the District as of the date of issuance of such Series 2017 Bonds, and further that such representation and covenant shall survive payment in full or defeasance of such Series 2017 Bonds.

**Section 14. Continuing Disclosure Certificate.** The County acknowledges and relies upon the fact that the District has represented that it shall execute a continuing disclosure certificate containing such covenants of the District as shall be necessary to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The County acknowledges and relies upon the fact that the District will covenant to comply with and carry out all of the provisions of such continuing disclosure certificate. The County shall have no responsibilities either for compliance with such continuing disclosure certificate or for the duties of any dissemination agent named therein.

**Section 15. Limited Responsibility for Official Statement.** Neither the Board of Supervisors nor any officer of the County has prepared or reviewed the official statement of the District describing the Series 2017 Bonds, and the Board of Supervisors and the various officers of the County take no responsibility for the contents or distribution thereof; provided, however, that solely with respect to a section contained or to be contained therein describing the County's treasury pool portfolio holdings, as they may relate to funds of the District, the Treasurer is hereby authorized and directed to prepare and review such information for inclusion in such official statement and in the related preliminary official statement, and to certify to the District prior to or upon the issuance of the Series 2017 Bonds that the information contained in such section does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they are made, not misleading.

**Section 16. Approval of Actions.** The Chair of the Board and County officials and staff, including, but not limited to, the Treasurer, County Auditor-Controller and the Clerk of the Board of Supervisors, or their designee(s), are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance, sale and delivery of the Series 2017 Bonds and otherwise carry out, give effect to and comply with the terms and intent

of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

**Section 17. Effective Date.** This County Resolution shall take effect from and after its adoption.

**PASSED and ADOPTED** by the Board of Supervisors of the County of Lake on May 9, 2017.



(SEAL)

  
Chairperson of the Board of Supervisors

ATTEST:  
  
Clerk to the Board of Supervisors

**RESOLUTION NO. 2017-60**

**PASSED AND ADOPTED** by the Board of Supervisors, County of Lake, this 9<sup>TH</sup> day of May, 2017, by the following vote:

**AYES:** Supervisors Simon, Steele, Scott, Brown and Smith

**NOES:** None

**ABSENT OR NOT VOTING:** None

## EXHIBIT A

### [Form of Series 2017 Bond]

Number UNITED STATES OF AMERICA Amount  
R- STATE OF CALIFORNIA \$  
COUNTY OF LAKE

KONOCTI UNIFIED SCHOOL DISTRICT  
(LAKE COUNTY, CALIFORNIA)  
GENERAL OBLIGATION BONDS, ELECTION OF 2016, SERIES 2017

Maturity Date Interest Rate Dated as of CUSIP NO.  
\_\_\_\_\_, 1, \_\_\_\_\_ % \_\_\_\_\_, 2017 \_\_\_\_\_

Registered Owner: CEDE & CO.

Principal Amount: \_\_\_\_\_ DOLLARS

On behalf of the Konocti Unified School District, County of Lake, State of California (herein called the "District"), the County of Lake (the "County") hereby acknowledges itself obligated to and promises to pay, but only from taxes collected by the County for such purpose pursuant to Section 15250 of the California Education Code, to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date set forth above or upon prior redemption hereof, the Principal Amount specified above in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this bond (unless this bond is authenticated after the close of business on the Record Date (as defined herein) next preceding any interest payment date and on or prior such interest payment date, in which event it shall bear interest from such interest payment date, or unless this bond is authenticated on or before \_\_\_\_\_ 15, 20\_\_, in which event it shall bear interest from the date hereof) at the interest rate per annum stated above, payable commencing on \_\_\_\_\_ 1, 20\_\_, and thereafter on February 1 and August 1 in each year, until payment of the Principal Amount.

The principal hereof is payable to the Registered Owner hereof upon the surrender hereof at the principal corporate trust office (as defined in the County Resolution) of the paying agent/registrar and transfer agent of the District (herein called the "Paying Agent"), initially U.S. Bank National Association. The interest hereon is payable to the person whose name appears on the bond registration books of the Paying Agent as the Registered Owner hereof as of the close of business on the 15<sup>th</sup> day of the calendar month preceding an interest payment date (the "Record Date"), whether or not such day is a business day, such interest to be paid by check mailed to such Registered Owner at the Registered Owner's address as it appears on such

registration books, or at such other address filed with the Paying Agent for that purpose. Upon written request, given no later than the Record Date immediately preceding an interest payment date, of the Registered Owner of Bonds (hereinafter defined) aggregating at least \$1,000,000 in principal amount, interest will be paid by wire transfer of immediately available funds to an account maintained in the United States as specified by the Registered Owner in such request. So long as Cede & Co. or its registered assigns shall be the Registered Owner of this bond, payment shall be made by wire transfer of immediately available funds as provided in the County Resolution hereinafter described.

This bond is one of a duly authorized issue of bonds of like tenor (except for such variations, if any, as may be required to designate varying series, numbers, denominations, interest rates, interest payment modes, maturities and redemption provisions), amounting in the aggregate to \$\_\_\_\_\_, and designated as "Konocti Unified School District (Lake County, California) General Obligation Bonds, Election of 2016, Series 2017" (the "Bonds"). The Bonds were authorized by a vote of at least 55% of the voters voting at an election duly and legally called, held and conducted in the District on November 8, 2016. The Bonds are issued and sold by the Board of Supervisors of the County pursuant to and in strict conformity with the provisions of the Constitution and laws of the State, and of a resolution (herein called the "County Resolution") adopted by the Board of Supervisors of the County on \_\_\_\_\_, 2017, and subject to the more particular terms specified in the Bond Purchase Agreement, dated as of \_\_\_\_\_, 2017 (the "Bond Purchase Agreement"), by and among the District, the County and D.A. Davidson & Co., as underwriter.

The Bonds are issuable as fully registered bonds without coupons in the denomination of \$5,000 principal amount or any integral multiple thereof, provided that no Bond shall have principal maturing on more than one principal maturity date. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the County Resolution, Bonds may be exchanged for a like aggregate principal amount of Bonds of the same series, tenor, interest payment mode, and maturity of other authorized denominations.

This bond is transferable by the Registered Owner hereof, in person or by attorney duly authorized in writing, at the principal corporate trust office of the Paying Agent, but only in the manner, subject to the limitations and upon payment of the charges provided in the County Resolution, and upon surrender and cancellation of this bond. Upon such transfer, a new Bond or Bonds of authorized denomination or denominations of the same series, tenor, interest payment mode, and same aggregate principal amount will be issued to the transferee in exchange therefor.

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

[The Bonds are subject to optional and mandatory sinking fund redemption on the terms and subject to the conditions specified in the County Resolution and the Bond Purchase Agreement. If this Bond is called for redemption and payment is duly provided therefor, interest shall cease to accrue hereon from and after the date fixed for redemption.]

In reliance upon the representations, certifications and declarations of the District, the Board of Supervisors of the County hereby certifies and declares that the total amount of indebtedness of the District, including the amount of this bond, is within the limit provided by law; that all acts, conditions and things required by law to be done or performed precedent to and in the issuance of this bond have been done and performed in strict conformity with the laws authorizing the issuance of this bond; and that this bond is in substantially the form prescribed by order of the Board of Supervisors duly made and entered on its minutes. The Bonds represent an obligation payable out of the interest and sinking fund of the District, and the money for the payment of principal of, premium, if any, and interest on this bond, shall be raised by taxation upon the taxable property of the District. The Bonds do not constitute a debt, liability or obligation of the County and no part of any fund or account of the County is pledged or obligated to the payment of the Bonds.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Paying Agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.

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

**IN WITNESS WHEREOF**, the County of Lake has caused this bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signatures of the Chair of the Board of Supervisors of the County and the Treasurer-Tax Collector of the County, and to be countersigned by the manual or facsimile signature of the Clerk of the Board of Supervisors of the County, and has caused the seal of the County to be affixed hereto, all as of the date stated above.

**COUNTY OF LAKE**

By: \_\_\_\_\_  
Chair of the Board of Supervisors

[SEAL]

By: \_\_\_\_\_  
Treasurer-Tax Collector

Countersigned:

\_\_\_\_\_  
Clerk of the Board of Supervisors

**PAYING AGENT'S CERTIFICATE OF AUTHENTICATION  
AND REGISTRATION**

This is one of the Bonds described in the within-mentioned County Resolution and authenticated and registered on \_\_\_\_\_.

U.S. Bank National Association, as Paying  
Agent/Registrar and Transfer Agent

By: \_\_\_\_\_  
Authorized Officer

## ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

\_\_\_\_\_  
I.D. Number

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

Dated: \_\_\_\_\_

Signature Guarantee: \_\_\_\_\_  
Note: Signature must be guaranteed by an eligible guarantor institution.