

## PAYING AGENT AGREEMENT

This Paying Agent Agreement (this "**Agreement**") is made and entered into as of \_\_\_\_\_, 2009, by and between the Piedmont Unified School District, a unified school district organized and existing under the laws of the State of California (the "**District**") and U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States, as Paying Agent (the "**Paying Agent**")

### WITNESSETH:

**WHEREAS**, an election was duly and regularly held in the District on March 7, 2006, in accordance with Section 1(b)(3) of Article XIII A of the California Constitution, for the purpose of submitting a measure to the qualified electors of the District authorizing the issuance of general obligation bonds in the aggregate principal amount of \$56,000,000, and more than 55% of the votes cast were in favor of the issuance of such bonds (the "**Authorization**"); and

**WHEREAS**, the District has previously issued \$14,999,934.40 in general obligation bonds under the Authorization, leaving \$41,000,065.60 authorized but unissued; and

**WHEREAS**, on March 4, 2000, the Board of Supervisors of the County of Alameda adopted its resolution No. R-2000-436 under Section 15140(b) of the Education Code, authorizing the Board of Education of the District to issue and sell its bonds directly under the provisions of Chapter 1.5 of Part 10, Division 1, Title 1 of the Education Code of the State of California of the State of California (the "**Bond Law**"); and

**WHEREAS**, the District has authorized the issuance of an additional series of bonds under the Bond Law and the Authorization in the aggregate principal amount of \$25,000,000 designated the "Piedmont Unified School District, General Obligation Bonds, Election of 2006, Series C" (the "**Bonds**");;

**NOW THEREFORE**, the District and the Paying Agent agree as follows:

### ARTICLE I

#### DEFINITIONS; AUTHORITY

**Section 1.01. Definitions.** The terms defined in this Section 1.01, as used and capitalized herein, shall, for all purposes of this Agreement, have the meanings ascribed to them below, unless the context clearly requires some other meaning.

"**Accreted Interest**" means, for the Capital Appreciation Bonds, the difference, as of the date of calculation, between the Denominational Amount and its Accreted Value.

"**Accreted Value**" means, for the Capital Appreciation Bonds, as of the date of calculation, the Denominational Amount of any Capital Appreciation Bonds, plus Accreted Interest thereon to such date of calculation, compounded semiannually on each February 1 and August 1 at the stated Accretion Rate to maturity of such Capital Appreciation Bond, assuming in any such semiannual period that such Accreted Value increases in equal daily amounts on

the basis of a 360-day year of twelve 30-day months.

**“Accretion Rate”** means the rate which discounts the Maturity Value of any Capital Appreciation Bond to its Denominational Amount.

**“Articles,” “Sections”** and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

**“Beneficial Owner”** means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories including, but not limited to, through the Nominee.

**“Bond Counsel”** means any attorney or firm of attorneys nationally recognized for expertise in rendering opinions as to the legality and tax exempt status of securities issued by public entities.

**“Bond Law”** has the meaning given to said term in the third recital herein.

**“Bond Service Fund”** means the Series C Bond Service Fund established pursuant to Section 4.04 hereof.

**“Bonds”** means the Piedmont Unified School District General Obligation Bonds, Election of 2006, Series C, outstanding pursuant to this Agreement, issued as Current Interest Bonds and Capital Appreciation Bonds.

**“Building Fund”** means the Series C Building Fund established pursuant to Section 4.01 hereof.

**“Business Day”** means a day which is not a Saturday or Sunday or a day on which banks in San Francisco and Alameda, California, and New York, New York, are not required or permitted to be closed.

**“Capital Appreciation Bonds”** means the portion of the Bonds designated as Capital Appreciation Bonds, as specified in Section 2.01.

**“Closing Date”** means the date upon which there is an exchange of Bonds for the proceeds representing the purchase price of the Bonds by the Original Purchaser.

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

**“Continuing Disclosure Certificate”** means that certain Continuing Disclosure Certificate dated the Closing Date and executed by the District, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

**“Contractor”** means the contractor(s) or vendor(s) from whom the District has ordered or caused to be ordered or with whom the District has contracted or caused to be contracted with respect to the construction of the Project, or any portion of the Project.

**“Costs of Issuance”** means all items of expense directly or indirectly reimbursable to the District relating to the execution and delivery of the Bonds, including but not limited to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, legal fees and charges, bond insurance premiums, fees and expenses of the Paying Agent, financial and other professional consultant fees, and costs of obtaining credit ratings.

**“Costs of Issuance Account”** means the account of that name established and held by the Paying Agent as provided in Section 4.05.

**“Compounding Date”** means, with respect to any Capital Appreciation Bond, February 1, 2010 and each August 1 and February 1 thereafter to and including the date of maturity of such Capital Appreciation Bond.

**“County Treasurer”** means the Treasurer-Tax Collector of the County.

**“Current Interest Bonds”** means the portion of the Bonds designated as Current Interest Bonds, as specified in Section 2.01.

**“Debt Service”** means the scheduled amount of interest, amortization of principal and Maturity Value payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

**“Debt Service Fund”** means the Series C Debt Service Fund established pursuant to Section 4.02 hereof.

**“Denominational Amount”** means, with respect to any Capital Appreciation Bonds, the initial purchase price (exclusive of any premium) of such Capital Appreciation Bond.

**“Depository”** means (a) initially, DTC; and (b) any other securities depository appointed to act as Depository under Section 2.13 hereof.

**“District Representative”** means the President of the Board, the Superintendent, the Assistant Superintendent of Business Services, the Clerk of the Board or any other person authorized by resolution of the Board of Education of the District to act on behalf of the District with respect to this Agreement.

**“District Resolution”** has the meaning given to said term in the recitals hereto.

**“DTC”** means The Depository Trust Company, New York, New York, and its successors and assigns.

**“Fair Market Value”** means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other

investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a ten percent (10%) beneficial interest if the return paid by the fund is without regard to the source of investment.

**"Federal Securities"** means United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

**"Fitch"** means Fitch Ratings, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

**"Interest Payment Dates"** with respect to any Bond means February 1 and August 1 in each year during the term of such Bond, commencing February 1, 2010.

**"Maturity Value"** means the Accreted Value of any Capital Appreciation Bond on its maturity date.

**"Moody's"** means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency for any reason, the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

**"Nominee"** means the nominee of the Depository as determined from time to time in accordance with Section 2.13.

**"Original Purchaser"** means the original purchaser of the Bonds.

**"Outstanding,"** when used as of any particular time with reference to Bonds, means all Bonds except:

(a) Bonds theretofore canceled by the Paying Agent or surrendered to the Paying Agent for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.03 hereof; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the District pursuant to this Agreement.

**"Owner"** or **"Bondowner"** means any person who shall be the registered owner of any Outstanding Bond.

**"Participant"** means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Bonds as a securities depository.

**“Participating Underwriter”** has the meaning assigned to such term in the Continuing Disclosure Certificate.

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

**“Principal Office”** means, with respect to the Trustee, the corporate trust office of the Paying Agent at One California Street, Suite 2100, San Francisco, California, Attention Corporate Trust Offices (except with respect to the payment of the principal or prepayment price of the Bonds, in which case Principal Office means Corporate Trust Offices of the Paying Agent, 60 Livingston Avenue, St. Paul, Minnesota, or such other location as designated by the Paying Agent.

**“Project”** means the acquisition, and completion of certain school facilities specified in the ballot measure approving the issuance of the Bonds.

**“Regulations”** means temporary and permanent regulations promulgated under the Code.

**“S&P”** means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

**“Securities Depositories”** means: The Depository Trust Company, 711 Stewart Avenue, Garden District, New York 11530, Fax (516) 277-4039 or 4190; or, in accordance with the then current guidelines promulgated by the Securities and Exchange Commission at such other addresses and/or to such other securities depositories as the District may designate in writing to the Paying Agent.

**“Supplemental Agreement”** means any agreement supplemental to or amendatory of this Agreement entered into in accordance with Article VIII hereof.

**“Written Request of the District”** means an instrument in writing signed by the District Representative.

**Section 1.02. Authority for this Agreement.** This Agreement is being entered into pursuant to the authority set forth in the Bond Law and the District Resolution, constitutes a continuing agreement with the Owners of all of the Bonds issued or to be issued hereunder and then Outstanding, to secure the full and final payment of principal of and premiums, if any, and the interest on the Bonds, all pursuant to the provisions of the Act.

## ARTICLE II

### THE BONDS

**Section 2.01. Authorization.** Bonds in the aggregate principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) are hereby authorized to be issued by the District under and subject to the terms of the Bond Law and which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The Bonds shall be designated the "Piedmont Unified School District General Obligation Bonds, Election of 2006, Series C". The Bonds shall be issued as Current Interest Bonds and as Capital Appreciation Bonds.

**Section 2.02. Terms of Bonds.**

(a) Terms of Current Interest Bonds. The Current Interest Bonds shall be issued as fully registered Bonds, without coupons, in the denomination of \$5,000 each or any integral multiple thereof, but in an amount not to exceed the aggregate principal amount of Current Interest Bonds maturing in the year of maturity of the Current Interest Bond for which the denomination is specified. Current Interest Bonds shall be lettered and numbered as the Paying Agent may prescribe. The Current Interest Bonds shall be dated as of the Closing Date.

Interest on the Current Interest Bonds shall be payable semi-annually on each Interest Payment Date. Each Current Interest Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it shall bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the 15<sup>th</sup> day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the first Record Date, in which event it shall bear interest from the Closing Date. Notwithstanding the foregoing, if interest on any Current Interest Bond is in default at the time of authentication thereof, such Current Interest Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

(b) Terms of Capital Appreciation Bonds. The Capital Appreciation Bonds shall be issued in fully registered form without coupons in Maturity Values (representing both principal and interest payable at maturity) of \$5,000 or any integral multiple thereof (except that one Capital Appreciation Bond may have a Maturity Value which is less than \$5,000), maturing on August 1 in each of the years and in the maturity amounts as shall be determined upon the sale thereof. Interest on the Capital Appreciation Bonds compounds on each Compounding Date at the respective yields to maturity to be determined upon the sale thereof, and is payable solely at maturity or upon earlier redemption thereof as hereinafter provided.

Each Capital Appreciation Bond shall be dated as of the Closing Date. The Accreted Value of the Capital Appreciation Bonds and any redemption premium thereon shall be payable solely at maturity or earlier redemption thereof to the Owners thereof upon presentation and surrender thereof at the Office of the Paying Agent. The Accreted Value of the Capital Appreciation Bonds shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the Office of the Paying Agent.

(c) Date of Bonds. The Bonds shall be dated the Closing Date.

(d) CUSIP Identification Numbers. “CUSIP” identification numbers shall be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal of the Original Purchaser to accept delivery of and pay for the Bonds. In addition, failure on the part of the District to use such CUSIP numbers in any notice to Owners of the Bonds shall not constitute an event of default or any violation of the District’s contract with such Owners and shall not impair the effectiveness of any such notice.

(e) Maturities; Interest.

The Current Interest Bonds shall accrue interest at the annual interest rates set forth below, and shall mature on August 1 in the years and amounts set forth below:

<b>Maturity Date (August 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Maturity Date (August 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
-------------------------------------	-------------------------	----------------------	-------------------------------------	-------------------------	----------------------

The Capital Appreciation Bonds shall accrete interest at the Accretion Rate set forth below, compounded on the Compounding Dates, and shall mature and become payable as to Maturity Value on August 1 of the years and in the amounts as set forth below:

<b>Maturity Date</b>	<b>Maturity Value</b>	<b>Accretion Rate</b>	<b>Maturity Date</b>	<b>Maturity Value</b>	<b>Accretion Rate</b>
----------------------	-----------------------	-----------------------	----------------------	-----------------------	-----------------------

(f) Payment. Interest on the Bonds (including the final interest payment upon maturity or redemption) is payable by check, draft or wire of the Paying Agent mailed to the Owner thereof (which shall be DTC so long as the Bonds are held in the book-entry system of DTC) at such Owner’s address as it appears on the Registration Books at the close of business on the preceding Record Date; except that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of the Bonds, which written request is on file with the Paying Agent as of any Record Date, interest on such Bonds shall be paid on the succeeding Interest Payment Date to such account as shall be specified in such written request. Principal of and premium (if any) on the Bonds is payable in lawful money of the United States of America upon presentation and surrender at the Office of the Paying Agent.

**Section 2.03. Redemption Prior to Maturity.**

(a) Optional Redemption Dates and Prices. The Capital Appreciation Bonds are not subject to optional redemption.

The Current Interest Bonds maturing on or before August 1, 2019 are not subject to redemption prior to their respective stated maturities. The Current Interest Bonds maturing on or after August 1, 2020 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2019, at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the date fixed for redemption, without premium.

(b) Mandatory Sinking Fund Redemption. The Current Interest Bonds maturing on August 1, 20\_\_ shall be designated as "Term Bonds" which are subject to mandatory sinking fund redemption on August 1 in each of the years and in the respective principal amounts as set forth below, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption.

<u>Redemption Year</u> <u>(August 1)</u>	<u>Maturity Amount</u> <u>To be Redeemed</u>
---	---

If any such term bonds are redeemed under the provisions of the preceding clause (a), the total amount of all future payments under this subsection (b) with respect to such term bonds shall be reduced by the aggregate principal amount of such term bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of \$5,000 as determined by the District (written notice of which determination shall be given by the District to the County and the Paying Agent).

(c) Selection of Bonds for Redemption. Whenever less than all of the Outstanding Bonds of any one maturity are designated for redemption, the Paying Agent shall select the Outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Current Interest Bond shall be deemed to consist of individual bonds of \$5,000 denominations each and each Capital Appreciation Bond shall be deemed to consist of individual bonds of \$5,000 Maturity Value each, which may be separately redeemed.

(d) Redemption Procedure. The Paying Agent shall cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to (i) one or more of the Information Services, and (ii) to the respective Owners of any Bonds designated for redemption, at their addresses appearing on the Registration Books; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice shall not affect the validity of the proceedings for the redemption of such Bonds. In addition, notice of redemption shall be given by telecopy or certified, registered or overnight mail to each of the Securities Depositories at least two days prior to such mailing to the Bond Owners.

Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding Bonds are to be called for redemption, shall designate the serial numbers of the Bonds to be redeemed by giving the individual number of each Bond or by stating that all Bonds between two stated numbers, both inclusive, or by stating that all of the Bonds of one or more maturities have been called for redemption, and shall require that such

Bonds be then surrendered at the Office of the Paying Agent for redemption at the said redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Upon surrender of Bonds redeemed in part only, the District shall execute and the Paying Agent shall authenticate and deliver to the Owner, at the expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds shall cease to be entitled to any benefit under this Resolution other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice. All Bonds redeemed under this Section 2.03 shall be canceled by the Paying Agent, and a certificate or other evidence of such cancellation shall be submitted by the Paying Agent to the District.

**Section 2.04. Form of Bonds.** The Bonds, the form of the Paying Agent's certificate of authentication and registration and the form of assignment to appear thereon shall be substantially in the forms, respectively, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Agreement, as are set forth in Exhibit A attached hereto.

**Section 2.05. Execution of Bonds.** The Bonds shall be executed on behalf of the District by the manual or facsimile signatures of its Superintendent or the Chief Business Officer, and attested by the manual or facsimile signature of its Clerk of the Board, who are in office on the date of execution of this Agreement or at any time thereafter, and the seal of the District shall be impressed, imprinted or reproduced by facsimile thereon. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the Original Purchaser, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the Original Purchaser. Any Bond may be signed and attested on behalf of the District by such persons as at the actual date of the execution of such Bond shall be the proper officers of the District although at the nominal date of such Bond any such person shall not have been such officer of the District.

Only such Bonds as shall bear thereon a certificate of authentication and registration in the form set forth in Exhibit A attached hereto, executed and dated by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Agreement, and such certificate of the Paying Agent shall be conclusive evidence that the Bonds so registered have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Agreement.

**Section 2.06. Transfer of Bonds.** Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Office at the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The District may charge a reasonable sum for each new Bond issued upon any transfer.

Whenever any Bond or Bonds shall be surrendered for transfer, the District shall execute and the Paying Agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount. No transfers of Bonds shall be required to be made (a) fifteen (15) days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond which has been selected for redemption.

**Section 2.07. Exchange of Bonds.** Bonds may be exchanged at the Principal Office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The District may charge a reasonable sum for each new Bond issued upon any exchange (except in the case of any exchange of temporary Bonds for definitive Bonds). No exchanges of Bonds shall be required to be made (a) fifteen (15) days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after such Bond has been selected for redemption.

**Section 2.08. Registration Books.** The Paying Agent shall keep or cause to be kept sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the District upon reasonable notice; 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 said books, Bonds as herein before provided.

**Section 2.09. Temporary Bonds.** The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the District, and may contain such reference to any of the provisions of this Agreement as may be appropriate. Every temporary Bond shall be executed by the District upon the same conditions and in substantially the same manner as the definitive Bonds. If the District issues temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Office of the Paying Agent and the Paying Agent shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Agreement as definitive Bonds executed and delivered hereunder.

**Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen.** If any Bond shall become mutilated the District, at the expense of the Owner of said Bond, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like maturity and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Paying Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Paying Agent shall be canceled by it and delivered to, or upon the order of, the District. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the District and, if such evidence be satisfactory to the District and indemnity satisfactory to it shall be given, the District, at the expense of the Owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like maturity and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The District may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the District and the Paying Agent in the premises. Any Bond issued under the provisions of this Section 2.10 in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the District whether or not the Bond 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 Agreement with all other Bonds issued pursuant to this Agreement.

**Section 2.11. Book-Entry; Limited Obligation of District.** The Bonds may be issued in the form of a separate single fully registered Bond (which may be typewritten) for each maturity. The ownership of such Bond shall be registered in the registration books kept by the Paying Agent in the name of the Nominee as nominee of the Depository.

With respect to Bonds registered in the registration books kept by the Paying Agent in the name of the Nominee, the District and the Paying Agent shall have no responsibility or obligation to such Participant or to any Person on behalf of which such a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other Person, other than as shown in the registration books kept by the Paying Agent, of any notice with respect to the Bonds, including any notice of redemption, (iii) the selection by the Depository and its Participants of the beneficial interests in the Bonds to be redeemed in the event the Bonds are redeemed in part, or (iv) the payment to any Participant or any other Person, other than a Nominee as shown in the registration books kept by the Paying Agent, of any principal of, premium, if any, or interest on the Bonds. The District and the Paying Agent may treat and consider the Person in whose name each Bond is registered in the registration books kept by the Paying Agent as the owner and absolute Owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on such Bond, for the purpose of giving notices of prepayment and other matters with respect to such Bond, for the purposes of registering transfers with respect to such Bond, and for all other purposes whatsoever.

The Paying Agent shall pay all principal, premium, if any, and interest with respect to the Bonds, only to or upon the order of the respective Owners, as shown in the registration books kept by the Paying Agent, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the registration books kept by the Paying Agent, shall receive a Bond evidencing the obligation of the District to make payments of principal, premium, if any, and interest pursuant to this Paying Agent Agreement. Upon delivery by the Depository to the Nominee, the Paying Agent and the District of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions regarding the payment of the principal of and interest on the Bonds set forth in Section 2.02(e), the word Nominee in this Agreement shall refer to such new nominee of the Depository.

**Section 2.12. Representation Letter.** In order to qualify the Bonds for the Depository's book-entry system, the District shall execute, seal, countersign and deliver to such Depository a letter from the District representing such matters as shall be necessary to so qualify the Bonds (the "**Representation Letter**"). The execution and delivery of the Representation Letter shall not in any way limit the provisions of Section 2.12 hereof or in any other way impose upon the District or the Paying Agent any obligation whatsoever with respect to Persons having interests in the Bonds other than the Owners, as shown on the registration books kept by the Paying Agent. In the written acceptance of the Paying Agent, such Paying Agent shall agree to take all actions necessary for all representations of the District in the Representation Letter with respect to the Paying Agent to at all times be complied with. In addition to the execution and delivery of the Representation Letter, the District shall take any other actions, not inconsistent with this Agreement, to qualify the Bonds for the Depository's book-entry system.

**Section 2.13. Transfers Outside Book-Entry System.** The District may, by written request, at any time or for any reason, remove the Depository and appoint a successor or successors thereto. In the event (i) the Depository determines not to continue to act as securities depository for any series of Bonds, or (ii) the District determines that the Depository shall no longer so act, then the District will discontinue the book-entry system with the Depository. If the District fails to identify another qualified securities depository to replace the Depository then the Bonds shall no longer be restricted to being registered in the registration books kept by the Paying Agent in the name of the Nominee, but shall be registered in whatever name or names Owners of such Bonds transferring or exchanging such Bonds shall designate, in accordance with the provisions of Section 2.06.

**Section 2.14. Payments and Notices to the Nominee.** Notwithstanding any other provision of this Agreement to the contrary, so long as any Bond is registered in the name of the Nominee, all payments of principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed in writing by the Depository.

### ARTICLE III

#### ISSUANCE OF BONDS; APPLICATION OF BOND PROCEEDS; SECURITY FOR THE BONDS

**Section 3.01. Issuance and Delivery of Bonds.** At any time after the execution of this Agreement the District may issue and deliver Bonds in the aggregate principal and Denominational Amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_).

The Bonds, substantially in the form attached hereto as Exhibit A, shall be printed, signed and sealed, and delivered to the Original Purchaser through the Depository on receipt of the purchase price therefor. The Paying Agent is hereby authorized to deliver the Bonds to the Original Purchaser, upon receipt of a Written Request of the District.

**Section 3.02. Application of Proceeds of Sale of Bonds.**

(a) The amount of \$\_\_\_\_\_, representing premium received by the District on the sale of the Bonds, shall be paid to the County Treasurer and deposited in the Debt Service Fund created and established in Section 4.02.

(b) The amount of \$\_\_\_\_\_, representing the aggregate principal amount of the Bonds, shall be paid to the County Treasurer to the credit of the fund created and established in Section 4.01.

(c) The amount of \$\_\_\_\_\_, representing a portion of the premium designated to pay Costs of Issuance shall be deposited with the Paying Agent and deposited in the Costs of Issuance Account established pursuant to Section 4.05.

**Section 3.03. Validity of Bonds.** The validity of the authorization and issuance of the Bonds shall not be dependent upon the completion of the Project or upon the performance by any person of his or her obligation with respect to such Project.

**Section 3.04. Security for the Bonds.** The Bonds are general obligations of the District, and the Board of Supervisors of the County has the power and is obligated to levy ad valorem taxes upon all property within the District subject to taxation without limitation of rate or amount, for the payment of the Bonds and the interest thereon, in accordance with and subject to Sections 15250 and Section 15252 of the California Education Code.

The principal of and interest and redemption premium (if any) on the Bonds shall not constitute a debt of the County, the State of California, or any of its political subdivisions other than the District, or any of the officers, agents or employees thereof, and neither the County, the State of California, any of its political subdivisions nor any of the officers, agents or employees thereof shall be liable thereon.

## ARTICLE IV

### FUNDS AND ACCOUNTS

**Section 4.01. Building Fund.** There is hereby established with the District as a separate fund, to be maintained distinct from all other funds of the District, the "Piedmont Unified School District Building Fund" (the "Building Fund"), to the credit of which a deposit shall be made as required by clause (b) of Section 3.02. Money in the Building Fund shall be held by the District and disbursed solely for the purposes for which the Bonds are being issued. The interest earned on the monies deposited to said Building Fund shall be deposited in said Building Fund and used for the purposes for which the Bonds have been authorized. Any excess proceeds of the Bonds not needed for the authorized purposes set forth herein for which the Bonds are being issued shall be transferred to the Debt Service Fund and applied to the payment of principal and interest on the Bonds, at the written direction of the District. If, after payment in full of the Bonds there remain excess proceeds, any such excess amounts shall be transferred to the general fund of the District, pursuant to Section 15234 of the Act. At such time that no amounts remain on deposit in the Building Fund, the County Treasurer may close the Building Fund.

**Section 4.02. Debt Service Fund.** The District hereby directs the County Treasurer to establish, hold and maintain a fund to be known as the "Piedmont USD 2009 General Obligation Series C Bond Debt Service Fund", which shall be maintained by the County Treasurer as a separate account, distinct from all other funds of the County and the District. All taxes levied by the County Board of Supervisors, for the payment of the principal of and interest and premium (if any) on the Bonds in accordance with Section 3.04, shall be deposited in the Debt Service Fund by the County Treasurer promptly upon apportionment of said levy. The Debt Service Fund is hereby irrevocably pledged by the District for the payment of the principal of and interest on the Bonds when and as the same become due. The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, shall be transferred by the County Treasurer to the Paying Agent upon the Written Request of the District filed with the County Treasurer, as required to pay the principal of and interest on the Bonds.

If, after payment in full of all of the Bonds, any amounts remain on deposit in the Debt Service Fund, such amounts shall be transferred by the County Treasurer to the general fund of the District, upon the Written Request of the District filed with the County Treasurer, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

**Section 4.03. Investment of Proceeds.** All funds held by the County Treasurer hereunder shall be invested in the County Treasurer's investment pool, or in the County Treasurer's discretion, in investments permitted by law and the investment policy of the County, except that in the sole discretion of the District, the District may invest all or any portion of the building fund of the District in the Local Agency Investment Fund in the treasury of the State of California.

**Section 4.04. Disbursements From Debt Service Fund.** The moneys in the Debt Service Fund, to the extent necessary to pay the principal of, interest on, and Accreted Value of the Bonds, as the same become due and payable, shall be transferred by the County Treasurer to the Paying Agent which, in turn, shall pay such moneys to DTC to pay the principal of and interest on the Bonds. DTC will thereupon make payments of principal and interest on the Bonds to the DTC Participants who will thereupon make payments of principal and interest to the beneficial owners of the Bonds. Any moneys remaining in the Debt Service Fund after the Bonds and the interest thereon have been paid, or provision for such payment has been made, shall be transferred to the General Fund of the District, pursuant to Section 15234 of the Education Code.

**Section 4.05. Costs of Issuance Account.** There is hereby established as a separate account the Costs of Issuance Account, to be held by the Paying Agent. There shall be deposited into the Costs of Issuance Account the amount specified in Section 3.02(b). The moneys in the Cost of Issuance Account shall be used solely for the purpose of the payment of Costs of Issuance upon receipt by the Paying Agent of invoices approved by the District, on or after the Closing Date. Any funds remaining in the Cost of Issuance Account on November 1, 2009, shall be transferred by the Paying Agent to the District, for deposit to the Debt Service Fund.

## ARTICLE V

### OTHER COVENANTS OF THE DISTRICT

**Section 5.01. Punctual Payment.** The District will punctually pay, or cause to be paid, the principal of and interest on the Bonds, in strict conformity with the terms of the Bonds and of this Agreement, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Agreement and of the Bonds. Nothing herein contained shall prevent the District from making advances of its own moneys, howsoever derived, to any of the uses or purposes permitted by law.

**Section 5.02. Extension of Time for Payment.** In order to prevent any accumulation of claims for interest after maturity, the District will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and will not, directly or indirectly, approve any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the District, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Agreement, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have so extended or funded.

**Section 5.03. Payment of Claims.** The District will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid,

might become a lien or charge upon the project financed with the proceeds of the Bonds which might impair the security of the Bonds. Nothing herein contained shall require the District to make any such payment so long as the District in good faith shall contest the validity of said claims.

**Section 5.04. Books and Accounts.** The District will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the District in which complete and correct entries shall be made of all transactions relating to the project financed with proceeds of the Bonds. Such books of record and accounts shall at all times during business hours be subject to inspection by the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

**Section 5.05. Protection of Security and Rights of Bondowners.** The District will preserve and protect the security of the Bonds and the rights of the Bondowners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the District, the Bonds shall be incontestable by the District.

**Section 5.06. Continuing Disclosure.** The District hereby covenants and agrees that it will comply with and carry out all of the terms of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Agreement, failure of the District to comply with the Continuing Disclosure Agreement shall not be an Event of Default under Section 7.01 hereof; provided, however, any Participating Underwriter, any Owner or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section 5.06 and the Continuing Disclosure Certificate.

**Section 5.07. Further Assurances.** The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Agreement, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Agreement.

**Section 5.08. No Arbitrage.** The District shall not take, or permit or suffer to be taken by the Paying Agent or otherwise, any action with respect to the proceeds of the Bonds 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 Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of section 148 of the Code.

**Section 5.09. 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 the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

**Section 5.10. Private Activity Bond Limitation.** The District shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

**Section 5.11. Maintenance of Tax-Exemption.** The District shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the

Owners of the Bonds 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 Bonds.

**Section 5.12. 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 Bonds.

**Section 5.13. Information Report.** The Chief Business Officer is hereby directed to assure the filing of an information report for the Bonds in compliance with Section 149(e) of the Code.

## ARTICLE VI

### THE PAYING AGENT

**Section 6.01. Appointment of Paying Agent.** U.S. Bank National Association, at its Principal Office in San Francisco, California, or in such other location as approved by the District, is hereby appointed Paying Agent for the Bonds. The Paying Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Agreement, and, even during the continuance of an Event of Default, no implied covenants or obligations shall be read into this Agreement against the Paying Agent. The Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Agreement by executing and delivering to the District this Agreement.

The District may remove the Paying Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company doing business in the State of California, having (or, if such bank or trust company is a member of a bank holding company, its parent holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 6.01 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Paying Agent may at any time resign by giving written notice to the District and the Bondowners of such resignation. Upon receiving notice of such resignation, the District shall promptly appoint a successor Paying Agent by an instrument in writing. Any resignation or removal of the Paying Agent and appointment of a successor Paying Agent shall become effective upon acceptance of appointment by the successor Paying Agent.

**Section 6.02. Paying Agent May Hold Bonds.** The Paying Agent may become the owner of any of the Bonds in its own or any other capacity with the same rights it would have if it were not Paying Agent.

**Section 6.03. Liability of Agents.** The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the District, and the Paying Agent assumes no responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Agreement or of the

Bonds, nor shall incur any responsibility in respect thereof, other than as set forth in this Agreement. The Paying Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default.

In the absence of bad faith, the Paying Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Paying Agent and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Paying Agent, the Paying Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement.

The Paying Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Paying Agent was negligent in ascertaining the pertinent facts.

No provision of this Agreement shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Paying Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Paying Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

**Section 6.04. Notice to Agents.** The Paying Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Paying Agent may consult with counsel, who may be of counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its duties under this Agreement the Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Paying Agent, be deemed to be conclusively proved and established by a certificate of the District, and such certificate shall be full warrant to the Paying Agent for any action taken or suffered under the provisions of this Agreement upon the faith thereof, but in its discretion the Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

**Section 6.05. Compensation, Indemnification.** The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Agreement, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Agreement. A District Representative is hereby authorized to execute an agreement or agreements with the Paying Agent in connection with such fees and expenses. The District further agrees to indemnify and save the Paying Agent harmless against

any liabilities, costs, claims and expenses of any kind which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or bad faith.

**Section 6.06. Funds and Accounts.** The Paying Agent may establish such funds and accounts as it reasonably deems necessary or appropriate to perform its obligations under this Agreement.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

**Section 7.01. Events of Default.** If one or more of the following events (“**Events of Default**”) shall happen, that is to say:

(a) if default shall be made by the District in the due and punctual payment of the principal of or redemption premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed or by declaration or otherwise;

(b) if default shall be made by the District in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) if default shall be made by the District in the observance of any of the covenants, agreements or conditions on its part in this Agreement or in the Bonds contained, and such default shall have continued for a period of thirty (30) days after written notice thereof to the District Representative; or

(d) if the District shall file a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, seeking reorganization of the District under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property;

then, and in each and every event of default and upon written request of the Owners of not less than sixty percent (60%) in aggregate principal amount of the Bonds at the time Outstanding, the principal of all of the Bonds then Outstanding, and the interest accrued thereon, shall be declared to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Agreement or in the Bonds contained to the contrary notwithstanding.

Such declaration may be rescinded by the Owners of not less than sixty percent (60%) in aggregate principal amount of the Bonds at the time Outstanding provided the District cures such default or defaults, including the deposit with the Paying Agent of a sum sufficient to pay all principal on the respective Bonds matured prior to such declaration and all matured installments of interest (if any) on the Bonds, with interest at the rate of twelve percent (12%) per annum on such overdue installments of principal and, to the extent such payment of interest is lawful at that time, on such overdue installments of interest, so that the District is currently in

compliance with all payment, deposit and transfer provisions of this Agreement, and a sum sufficient to pay any expenses incurred by the Paying Agent in connection with such default.

**Section 7.02. Application of Funds.** All of the sums in the funds and accounts provided for in Sections 4.02 and 4.03 hereof, upon the date of the Event of Default as provided in Section 7.01 hereof, and all sums thereafter received by the Paying Agent hereunder, shall be applied by the Paying Agent in the following order upon presentation of the Bonds, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the costs and expenses of the Paying Agent hereunder and of the costs and expenses of Bondowners in declaring such event of default, including reasonable compensation to her or their agents, attorneys and counsel;

Second, in case the principal of the Bonds shall not have become due and payable, to the payment of the interest in default in the order of the seniority of the installments of such interest, with interest on the overdue installments at the rate of twelve percent (12%) per annum (to the extent that such interest on overdue installments shall have been collected), such payments to be made ratably to the persons entitled thereto without discrimination or preference;

Third, in case the principal of the Bonds shall have become and shall be then due and payable, all such sums shall be applied to the payment of the whole amount then owing and unpaid upon the Bonds for principal and interest, with interest on the overdue principal and installments of interest at the rate of twelve percent (12%) per annum (to the extent that such interest on overdue installments of interest shall have been collected), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such principal and interest without preference or priority of principal over interest, or interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

**Section 7.03. Other Remedies of Bondowners.** Any Bondowner shall have the right, for the equal benefit and protection of all Bondowners similarly situated:

(a) by mandamus, suit, action or proceeding, to compel the District and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Agreement and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the District and the fulfillment of all duties imposed upon it;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bondowners' rights; or

(c) upon the happening of any event of default (as defined in Section 7.01 hereon, by suit, action or proceeding in any court of competent jurisdiction, to require the District and its members and employees to account as if it and they were the Paying Agents of an express trust.

**Section 7.04. Non-Waiver.** Nothing in this Article VII or in any other provision of this Agreement, or in the Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, or affect or impair the right of

action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Bondowner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner of any of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Bondowners by this Article VI may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners of the Bonds.

If a suit, action or proceeding to enforce any right or exercise any remedy be abandoned or determined adversely to the Bondowners, the District and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

**Section 7.05. Remedies Not Exclusive.** No remedy herein conferred upon the Owners of Bonds shall be exclusive of any other remedy and that each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereafter conferred on the Bondowners.

## ARTICLE VIII

### SUPPLEMENTAL AGREEMENTS

**Section 8.01. Amendments Permitted.** This Agreement and the rights and obligations of the District and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 8.04. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the District to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the District of any pledge or lien upon the *ad valorem* taxes of the taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or this Agreement), or reduce the percentage of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Paying Agent without its written consent.

This Agreement and the rights and obligations of the District and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

- (a) to add to the covenants and agreements of the District in this Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the District;

(b) to make modifications not adversely affecting any outstanding series of Bonds of the District in any material respect;

(c) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Agreement, or in regard to questions arising under this Agreement, as the District and the Paying Agent may deem necessary or desirable and not inconsistent with this Agreement, and which shall not adversely affect the rights of the Owners of the Bonds; and

(d) to make such additions, deletions or modifications as may be necessary or desirable to assure compliance with Section 148 of the Code relating to required rebate of Excess Investment Earnings to the United States or otherwise as may be necessary to assure exclusion from gross income for federal income tax purposes of interest on the Bonds or to conform with the Regulations.

**Section 8.02. Owners' Meetings.** The District may at any time call a meeting of the Owners. In such event the District is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

**Section 8.03. Procedure for Amendment with Written Consent of Owners.** The District and the Paying Agent may at any time adopt a Supplemental Agreement amending the provisions of the Bonds or of this Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by Section 8.01, to take effect when and as provided in this Section. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, shall be mailed by first class mail, by the Paying Agent to each Owner of Bonds Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in this Section provided.

Such Supplemental Agreement shall not become effective unless there shall be filed with the Paying Agent the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in Section 8.04) and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 9.04. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Paying Agent prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Agreement, the District shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Agreement, stating in substance that the Supplemental Agreement has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Agreement or consents thereto). Proof of the mailing of such notice shall be filed with the Paying Agent. A record, consisting of the papers required by this Section 8.03 to be filed with the Paying Agent, shall be

proof of the matters therein stated until the contrary is proved. The Supplemental Agreement shall become effective upon the filing with the Paying Agent of the proof of mailing of such notice, and the Supplemental Agreement shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the District and the Owners of all Bonds at the expiration of sixty (60) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such sixty-day period.

**Section 8.04. Disqualified Bonds.** Bonds owned or held for the account of the District, excepting any pension or retirement fund, shall not be deemed Outstanding for the purpose of any vote, consent or other action or any calculation of Outstanding Bonds provided for in this Article VIII, and shall not be entitled to vote upon, consent to, or take any other action provided for in this Article VIII.

**Section 8.05. Effect of Supplemental Agreement.** From and after the time any Supplemental Agreement becomes effective pursuant to this Article VIII, this Agreement shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations under this Agreement of the District and all owners of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Agreement shall be deemed to be part of the terms and conditions of this Agreement for any and all purposes.

**Section 8.06. Endorsement or Replacement of Bonds Issued After Amendments.** The District may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article VIII shall bear a notation, by endorsement or otherwise, in form approved by the District, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Principal Office of the Paying Agent or at such other office as the District may select and designate for that purpose, a suitable notation shall be made on such Bond. The District may determine that new Bonds, so modified as in the opinion of the District is necessary to conform to such Owners' action, shall be prepared, executed and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the Principal Office of the Paying Agent without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

**Section 8.07. Amendatory Endorsement of Bonds.** The provisions of this Article VIII shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

## ARTICLE IX

### MISCELLANEOUS

**Section 9.01. Benefits of Agreement Limited to Parties.** Nothing in this Agreement, expressed or implied, is intended to give to any person other than the District, the Paying Agent and the Owners, any right, remedy, claim under or by reason of this Agreement. Any covenants, stipulations, promises or agreements in this Agreement contained by and on behalf of the District shall be for the sole and exclusive benefit of the Owners and the Paying Agent.

**Section 9.02. Successor is Deemed Included in All References to Predecessor.**

Whenever in this Agreement or any Supplemental Agreement either the District or the Paying Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Agreement contained by or on behalf of the District or the Paying Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

**Section 9.03. Discharge of Agreement.** (a) Discharge of Agreement. The Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable hereunder by the District:

- (i) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;
- (ii) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 9.03(c) hereof) to pay or redeem such Bonds; or
- (iii) by delivering such Bonds to the Paying Agent for cancellation by it.

If the District shall pay all Outstanding Bonds and shall also pay or cause to be paid all other sums payable hereunder by the District, then and in that case, at the election of the District (evidenced by a certificate of a District Representative filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and this Paying Agent Agreement), and notwithstanding that any Bonds shall not have been surrendered for payment, this Paying Agent Agreement and other assets made under this Paying Agent Agreement and all covenants, agreements and other obligations of the District under this Paying Agent Agreement shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Section 9.03(b). In such event, upon request of the District, the Paying Agent shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary to evidence such discharge and satisfaction, and the Paying Agent shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to this Paying Agent Agreement which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(b) Discharge of Liability on Bonds. Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.03(c) hereof) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Section 2.03 or provision satisfactory to the Paying Agent shall have been made for the giving of such notice, then all liability of the District in respect of such Bond shall cease and be completely discharged, except only that thereafter the Owner thereof shall be entitled only to payment of the principal of and interest on such Bond by the District, and the District shall remain liable for such payment, but only out of such money or securities deposited with the Paying Agent as aforesaid for such payment, provided further, however, that the provisions of Section 9.03(d) shall apply in all events.

The District may at any time surrender to the Paying Agent for cancellation by it any Bonds previously issued and delivered, which the District may have acquired in any manner

whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

(c) Deposit of Money or Securities with Paying Agent. Whenever in this Paying Agent Agreement it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and accounts established pursuant to this Paying Agent Agreement and shall be:

(i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Section 2.03 or provision satisfactory to the Paying Agent shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Section 2.03 or provision satisfactory to the Paying Agent shall have been made for the giving of such notice.

(d) Payment of Bonds After Discharge of Resolution. Notwithstanding any provisions of this Paying Agent Agreement, any moneys held by the Paying Agent in trust for the payment of the principal or redemption price of, or interest on, any Bonds and remaining unclaimed for one (1) year after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Paying Agent Agreement), if such moneys were so held at such date, or one (1) year after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon request of the District, be repaid to the District free from the trusts created by this Paying Agent Agreement, and all liability of the Paying Agent with respect to such moneys shall thereupon cease; *provided, however,* that before the repayment of such moneys to the District as aforesaid, the Paying Agent may (at the cost of the District) first mail to the Owners of all Bonds which have not been paid at the addresses shown on the Registration Books a notice in such form as may be deemed appropriate by the Paying Agent, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof.

**Section 9.04. Execution of Documents and Proof of Ownership by Owners.** Any request, declaration or other instrument which this Agreement may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the District or the Paying Agent in good faith and in accordance therewith.

**Section 9.05. Waiver of Personal Liability.** No member, officer, agent or employee of the District shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

**Section 9.06. Notices to and Demands on District and Paying Agent.** Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the Paying Agent to or on the District may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the District with the Paying Agent) to:

Piedmont Unified School District  
760 Magnolia Avenue  
Piedmont, CA 94611  
Attn: Superintendent

Any notice or demand which by any provision of this Agreement is required or permitted to be given or served by the District to or on the Paying Agent may be given or served by being deposited postage prepaid in a post office letter box addressed (until another address is filed by the Paying Agent with the District) to:

U.S. Bank National Association  
One California Street, Suite 2100  
San Francisco, CA 94111  
Attn: Corporate Trust Services

**Section 9.07. Partial Invalidity.** If any Section, paragraph, sentence, clause or phrase of this Agreement shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Agreement. The District hereby declares that it would have adopted this Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Agreement may be held illegal, invalid or unenforceable.

**Section 9.08. Unclaimed Moneys.** Anything contained herein to the contrary notwithstanding, any moneys held by the Paying Agent in trust for the payment and discharge of the principal of, and the interest and any premium on, the Bonds which remains unclaimed for two (2) years after the date when the payments of such principal, interest and premium have become payable, if such moneys was held by the Paying Agent at such date, shall be repaid by the Paying Agent to the District as its absolute property free from any trust, and the Paying Agent shall thereupon be released and discharged with respect thereto and the Bond Owners shall look only to the District for the payment of the principal of, and interest and any premium on, such Bonds.

**Section 9.09. Applicable Law.** This Agreement shall be governed by and enforced in accordance with the laws of the State of California applicable to contracts made and performed in the State of California.

**Section 9.10. Conflict with Bond Law.** In the event of a conflict between any provision of this Agreement with any provision of the Bond Law as in effect on the Closing Date, the provision of the Bond Law shall prevail over the conflicting provision of this Agreement.

**Section 9.11. Conclusive Evidence of Regularity.** Bonds issued pursuant to this Agreement shall constitute conclusive evidence of the regularity of all proceedings under the Bond Law relative to their issuance and the levy of the *ad valorem* taxes securing the payment of the Bonds.

**Section 9.12. Payment on Business Day.** In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Agreement is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day which is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

**Section 9.13. Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original.

**IN WITNESS WHEREOF**, the District has caused this Agreement to be executed in its name and the Paying Agent has caused this Agreement to be executed in its name, all as of the date first written above.

**PIEDMONT UNIFIED SCHOOL DISTRICT**

By: \_\_\_\_\_  
Superintendent

**U.S. BANK NATIONAL ASSOCIATION,**  
as Paying Agent

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



This Bond is one of a duly authorized issue of Bonds of the District designated as "Piedmont Unified School District (Alameda County, California) General Obligation Bonds, 2006 Election, Series C" (the "Bonds"), in an aggregate principal amount of \$ \_\_\_\_\_, all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption and other provisions) and all issued under the provisions of Chapter 1.5 of Part 10 of Division 1 of the California Education Code and a Paying Agent Agreement, dated as of \_\_\_\_\_ 1, 2009, by and between the District and the Paying Agent.

The Bonds are being issued in the form of Current Interest Bonds (of which this Bond is one) in the aggregate principal amount of \$ \_\_\_\_\_ and as Capital Appreciation Bonds in the aggregate denominational amount of \$ \_\_\_\_\_, all subject to the terms and conditions of the Resolution. All capitalized terms herein and not otherwise defined have the meaning given them in the Paying Agent Agreement. Reference is hereby made to the Paying Agent Agreement (copies of which are on file at the office of the Paying Agent) and the Bond Law for a description of the terms on which the Bonds are issued and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Paying Agent and the rights and obligations of the District thereunder, to all of the provisions of which Paying Agent Agreement and the Owner of this Bond, by acceptance hereof, assents and agrees.

This Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Paying Agent Agreement) are general obligations of the District. The Board of Supervisors of the County has the power and is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District. The Bonds do not constitute an obligation of the County. No part of any fund of the County is pledged or obligated to the payment of the principal of or interest on the Bonds.

The Capital Appreciation Bonds are not subject to optional redemption. The Current Interest Bonds maturing on or before August 1, 2019 are not subject to redemption prior to their respective stated maturities. The Current Interest Bonds maturing on or after August 1, 2020 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2019, at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the date fixed for redemption, without premium.

[If applicable:] The Bonds maturing on August 1, 20\_\_ (the "Term Bonds") are also subject to mandatory sinking fund redemption on August 1 in the years, and in the amounts, as set forth in the following table, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the Term Bonds have been redeemed under the preceding paragraph, the aggregate principal amount of Term Bonds to be redeemed under this paragraph shall be reduced on a pro rata basis in integral multiples of \$5,000, as designated in written notice filed by the District with the Paying Agent.

Redemption Date  
(August 1)

Principal  
Amount

If less than all of the Bonds of any one maturity are called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot by the District in such manner as the District in its discretion may determine; *provided, however*, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or some multiple thereof and that, in selecting Bonds for redemption, the Paying Agent shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Paying Agent shall give notice of the redemption of the Bonds at the expense of the District. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, the redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Notice of redemption shall be given by mail to the respective owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books, in every case at least 30 days, but not more than 60 days, prior to the redemption date. Neither the failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

The Bonds are issuable as fully registered Bonds, without coupons, in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Resolution, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity.

This Bond is transferable by the Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Paying Agent in Alameda, California, but only in the manner and subject to the limitations provided in the Resolution, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

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

The Resolution may be amended without the consent of the Owners of the Bonds to the extent set forth in the Resolution.

Unless this Bond 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. The District has certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the laws of the State of California, and that all things necessary to consummate the lawful issuance and sale of the Bonds, the amount of this Bond, together with all other indebtedness of the District, does not exceed any limit prescribed by any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Resolution.

This Bond shall not be entitled to any benefit under the Resolution or become valid or obligatory for any purpose until the Certificate of Authentication hereon has been signed manually by the Paying Agent.

**IN WITNESS WHEREOF**, the District has caused this Bond to be executed and in their official capacities by the manual or facsimile signatures of the President of the Board of Education, and to be countersigned by the manual or facsimile signature of the Clerk of the Board of Education, all as of the date stated above.

PIEDMONT UNIFIED SCHOOL DISTRICT

By \_\_\_\_\_  
President of the Board

COUNTERSIGNED:

By \_\_\_\_\_  
Clerk of the Board of Education

**CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds described in the within-mentioned Resolution.

Authentication Date:

**U.S. BANK NATIONAL ASSOCIATION,**  
as Paying Agent

\_\_\_\_\_  
Authorized Signatory

**(FORM OF ASSIGNMENT)**

For value received, the undersigned do(es) hereby sell, assign and transfer unto

\_\_\_\_\_  
\_\_\_\_\_

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

the within Bond and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_,  
attorney, to transfer the same on the registration books of the Paying Agent, with full power of substitution  
in the premises.

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

Signature Guaranteed:

\_\_\_\_\_

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

NOTICE: The signature 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.

**FORM OF CAPITAL APPRECIATION BOND**

**UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
ALAMEDA COUNTY**

**PIEDMONT UNIFIED SCHOOL DISTRICT**  
**(Alameda County, California)**  
**GENERAL OBLIGATION BOND, 2006 ELECTION, SERIES C**

**YIELD TO  
MATURITY:**

**MATURITY DATE:**

**ISSUE DATE:**

**CUSIP:**

**REGISTERED OWNER:**

**PRINCIPAL SUM:**

**DOLLARS**

The PIEDMONT UNIFIED SCHOOL DISTRICT, a unified school district duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "District"), for value received, hereby promises to pay to the Registered Owner stated above, or registered assigns, the Maturity Value stated above on the Maturity Date stated above. The Accreted Value (as such term is defined in the within-mentioned Resolution) of this Bond as of any date shall be determined in accordance with the Table of Accreted Values set forth hereon, representing the principal sum of \$\_\_\_\_\_ per \$5,000 of Maturity Value together with interest thereon from the Dated Date stated above, compounded semiannually on February 1 and August 1 of each year, commencing August 1, 2009 (each, a "Compounding Date"), on the basis of a 360-day year comprised of twelve 30-day months, at a rate equal to the Yield to Maturity per annum set forth above. The Accreted Value hereof and any redemption premium hereon are payable upon presentation and surrender of this Bond at the corporate trust office of the paying agent for the Bonds (the "Paying Agent"), initially being U.S. Bank National Association, in San Francisco, California. The Accreted Value hereof and any redemption premium hereon are payable in lawful money of the United States of America to the person in whose name this Bond is registered (the "Registered Owner") on the Bond registration books maintained by the Paying Agent.

This Bond is one of a duly authorized issue of Bonds of the District designated as "Piedmont Unified School District (Alameda County, California) General Obligation Bonds, Election of 2006, Series C" (the "Bonds"), in an aggregate principal amount of \$\_\_\_\_\_, all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers, maturities, interest rates or redemption and other provisions) and all issued under the provisions of Chapter 1.5 of Part 10 of Division 1 of the California Education

Code as in effect on the date of adoption hereof and as amended hereafter (the "Bond Law"), and under a Paying Agent Agreement by and between the District and the Paying Agent.

The Bonds are being issued in the form of Current Interest Bonds in the aggregate principal amount of \$\_\_\_\_\_ and as Capital Appreciation Bonds (of which this Bond is one) in the aggregate denominational amount of \$\_\_\_\_\_, all subject to the terms and conditions of the Paying Agent Agreement. All capitalized terms herein and not otherwise defined have the meaning given them in the Paying Agent Agreement. Reference is hereby made to the Paying Agent Agreement (copies of which are on file at the office of the Paying Agent) and the Bond Law for a description of the terms on which the Bonds are issued and the rights thereunder of the owners of the Bonds and the rights, duties and immunities of the Paying Agent and the rights and obligations of the District thereunder, to all of the provisions of which Paying Agent Agreement the Owner of this Bond, by acceptance hereof, assents and agrees.

This Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Paying Agent Agreement) are general obligations of the District. The Board of Supervisors of the County has the power and is obligated to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District. The Bonds do not constitute an obligation of the County. No part of any fund of the County is pledged or obligated to the payment of the principal of or interest on the Bonds.

The Capital Appreciation Bonds are not subject to optional redemption. The Current Interest Bonds maturing on or before August 1, 2019 are not subject to redemption prior to their respective stated maturities. The Current Interest Bonds maturing on or after August 1, 2020 are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 2019, at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the date fixed for redemption, without premium.

[*If applicable:*] The Bonds maturing on August 1, 20\_\_ (the "Term Bonds") are also subject to mandatory sinking fund redemption on August 1 in the years, and in the amounts, as set forth in the following table, at a redemption price equal to 100% of the principal amount thereof to be redeemed (without premium), together with interest accrued thereon to the date fixed for redemption; *provided, however*, that if some but not all of the Term Bonds have been redeemed under the preceding paragraph, the aggregate principal amount of Term Bonds to be redeemed under this paragraph shall be reduced on a pro rata basis in integral multiples of \$5,000, as designated in written notice filed by the District with the Paying Agent.

Redemption Date ( <u>August 1</u> )	Principal <u>Amount</u>
--	----------------------------

The Paying Agent shall give notice of the redemption of the Bonds at the expense of the District. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made,

and (e) descriptive information regarding the Bonds including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, the redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Notice of redemption shall be given by mail to the respective owners of any Bonds designated for redemption at their addresses appearing on the Bond registration books, in every case at least 30 days, but not more than 60 days, prior to the redemption date. Neither the failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of such Bonds.

The Bonds are issuable as fully registered Bonds, without coupons, in denominations of \$5,000 and any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Resolution, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity.

This Bond is transferable by the Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Paying Agent in San Francisco, California, but only in the manner and subject to the limitations provided in the Resolution, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

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

The Resolution may be amended without the consent of the Owners of the Bonds to the extent set forth in the Resolution.

Unless this Bond 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. The District has certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the laws of the State of California, and that all things necessary to consummate the lawful issuance and sale of the Bonds, the amount of this Bond, together with all other indebtedness of the District, does not exceed any limit prescribed by any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Resolution.

This Bond shall not be entitled to any benefit under the Resolution or become valid or obligatory for any purpose until the Certificate of Authentication hereon has been signed manually by the Paying Agent.

**IN WITNESS WHEREOF**, the County of Alameda 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 of Alameda and the Treasurer and Tax Collector of the County, and to be countersigned by the manual or facsimile signature of the Executive Officer – 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.

PIEDMONT UNIFIED SCHOOL DISTRICT

By \_\_\_\_\_  
President of the Board

COUNTERSIGNED:

By \_\_\_\_\_  
Clerk of the Board of Education

**CERTIFICATE OF AUTHENTICATION**

This is one of the Bonds described in the within-mentioned Resolution.

Authentication Date:

**U.S. BANK NATIONAL ASSOCIATION**

\_\_\_\_\_  
Authorized Signatory

**(FORM OF ASSIGNMENT)**

For value received, the undersigned do(es) hereby sell, assign and transfer unto

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

the within Bond and do(es) hereby irrevocably constitute and appoint \_\_\_\_\_,  
attorney, to transfer the same on the registration books of the Paying Agent, with full power of substitution  
in the premises.

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

Signature Guaranteed:

\_\_\_\_\_

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

NOTICE: The signature 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.