Types of Long-Term Financings

CALIFORNIA
DEBT AND
INVESTMENT
ADVISORY
COMMISSION

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Key Questions to Address in Any Long-Term Debt Financing

IS IT LEGAL?

WHAT IS THE SOURCE OF REPYAMENT FOR THE DEBT?

IS IT MARKETABLE?

The Legal Framework

- Legal issues
  - State law is a huge driver, and the key to understanding financing types
  - California Constitutional Debt Limitation – Article XVI, Section 18 of the California Constitution –
    - Prohibits cities, counties and school districts from entering into indebtedness or liability exceeding in any year the income and revenue provided in such year
    - “Indebtedness” requires:
      - 2/3 vote, generally, or 55% vote for schools
      - Levy of additional property tax to pay debt service
- Everything that is not a general obligation bond is a product of case law establishing exceptions to the debt limit
  - State indebtedness requires majority vote approval and no special tax
  - Special districts exempted from constitutional restrictions because historically they did not levy ad valorem taxes

The Legal Framework

- Exceptions to debt limits
- “Offner-Dean” Ruling helped to clarify what financings do not fall into Article XVI, Section 18
- Lease financings do not fall under debt limitations if:
  - Payment is for “beneficial use and occupancy” of leased facilities in that year
  - Payment is abated with loss of use and occupancy
  - No acceleration of future rent in the case of a payment failure
  - Rent cannot exceed “fair rental value” of leased assets
- Special fund exceptions to debt limits
  - Debt limitation does not apply to debt that is paid for out of special revenues to finance an asset which is part of a project or system generating such revenues
  - Enterprise fund revenue debt, paid out of service fees and other user charges
  - Special taxes, fees, assessments or "conduit" finance with private parties
  - In the event that special fund revenues are insufficient, there can be no obligation of local agency to pay debt service
- Note exception
  - Obligations paid out of current revenues – e.g., short-term revenue anticipation notes
- Obligations imposed by law
  - Judgment Obligation Bonds
  - Pension Obligation Bonds
  - Certain Teeter Financings

Tax-Backed Bonds

Local General Obligation (GO) Bonds

- Satisfies State Constitutional debt limit
- Must be approved by a 2/3 majority vote
  - Proposition 39 school bonds (55%)
- Secured by special levy of ad valorem (value based) taxes (unlimited)
- Procedural Issues
  - Conform to election law
  - Use of proceeds
  - Tax rate statement
- Stronger credit results in lower cost of borrowing

NEW ISSUE—FULL BOOK-ENTRY

RATINGS:
Moody's: "Aa3"
Fitch: "AA-"
Standard & Poor's: "AA-"
(See "**MISCELLANEOUS**—Ratings" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. (See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.)

$260,000,000	$28,465,000
LONG BEACH UNIFIED SCHOOL DISTRICT	LONG BEACH UNIFIED SCHOOL DISTRICT
(Los Angeles County, California)	(Los Angeles County, California)
Election of 2008 General Obligation Bonds, Series A	2009 General Obligation Refunding Bonds, Series B

Dated: Date of Delivery — Due: August 1, as shown on the inside cover page

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The Long Beach Unified School District, Los Angeles County, California, Election of 2008 General Obligation Bonds, Series A, in the aggregate principal amount of $260,000,000 (the "Series A Bonds"), were authorized at a general election of the registered voters of the Long Beach Unified School District (the "District") held on November 4, 2008, at which the requisite fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of not-to-exceed $1,200,000,000 principal amount of general obligation bonds of the District (the "2008 Authorization"). The Series A Bonds are being issued to (i) currently refund the District's outstanding 2008 Capital Project Notes, (ii) finance the repair and rehabilitation of schools and the construction, acquisition and equipping of new classrooms and school facilities within the District, and (iii) to pay the costs of issuing the Series A Bonds. The Series A Bonds are the first series of bonds issued under the 2008 Authorization.

The Long Beach Unified School District (Los Angeles County, California) 2009 General Obligation Refunding Bonds, Series B in the aggregate principal amount of $28,465,000 (the "Refunding Bonds" and, collectively with the Series A Bonds, the "Bonds"), are being issued by the District to (i) currently refund a portion of the District's outstanding General Obligation Bonds, Election 1999, Series A (the "Refunded Series A Bonds"), General Obligation Bonds, Election 1999, Series B (the "Refunded Series B Bonds") and General Obligation Bonds, Election 1999, Series C (the "Refunded Series C Bonds," and, together with the Refunded Series A Bonds and Refunded Series B Bonds, the "Refunded Bonds"), and (ii) pay the costs of issuing the Refunding Bonds.

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes. The Board of Supervisors of Los Angeles County is empowered and obligated to annually levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Purchasers of the Bonds will not receive certificates representing their interest in the Bonds. See "THE BONDS—Book-Entry Only System" herein.

The Bonds will be issued as current interest bonds. Interest on the Bonds accrues from the date of delivery, and is payable semiannually on February 1 and August 1 of each year, commencing August 1, 2009. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by the designated Paying Agent, Bond Registrar and Transfer Agent (in such capacity, the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS—Book-Entry Only System" herein. U.S. Bank National Association, Los Angeles, California, has been appointed as agent of the Treasurer and Tax Collector of Los Angeles County to act as Paying agent for the Bonds.

The Series A Bonds are subject to optional and mandatory redemption as further described herein. The Refunding Bonds are subject to optional redemption as further described herein. See "THE BONDS—Redemption" herein.

Maturity Schedule
(see inside front cover)

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel to the District. Certain matters will be passed on for the Underwriter by Nossaman LLP, Irvine, California. It is anticipated that the Bonds in definitive form will be available for delivery through the facilities of Cede & Co., as nominee of The Depository Trust Company, in New York, New York, on or about May 7, 2009.

PiperJaffray.

Dated: April 7, 2009

Proposition 46 and 39 Authorization Summary

Proposition 46 Bonds

- Majority of Governing Board must call the bond election
- 2/3 Voter Approval
- Less options for use of proceeds
- No Citizens Oversight Committee required
- Not limited to a particular tax rate

Proposition 39 Bonds

- Limited to school and community college districts
- 2/3 of Governing Board must call the bond election
- 55% voter approval
- More flexible for use of proceeds, however a project list required
- Citizens Oversight Committee required to perform annual audits of bond proceed expenditures
- Tax rate limitations apply for issuance (not security):
  - Limitations
    - Unified school district: $60/$100,000 of AV
    - Community college district $60/$100,000 of AV
    - High school district: $30/$100,000 of AV
    - Elementary school district: $30/$100,000 of AV

Local General Obligation Bonds – Market Considerations

Security	▪ Unlimited ad valorem property tax
Credit Factors	▪ Regional economic and demographic factors ▪ Profile and composition of tax base ▪ Governance and management ▪ Debt structuring
Other Factors	▪ Annual operating and budgetary performance ▪ Financial leverage ▪ Contingent obligations such as pension liabilities and post-employment benefits
Risk Factors	▪ Downturn in real estate values ▪ Tax delinquencies ▪ Natural disasters (wildfires, earthquakes)

Limited Tax Obligation Bonds

Sales Tax Bonds

- Levy or local sales tax approved by voters
- Passive tax with no rate covenant
- Typically used for:
    - Transportation & transit
    - Local capital projects
    - Deficit financing

Special Tax Bonds

- Special purpose districts established by local governments
- Public hearing & voter election required
- Bonds are secured by lien on property
- Debt is paid with annual assessments or special taxes on district property
- Two primary types
    - Assessment District
    - Community Facility District (“CFD”)/or Mello Roos

Redevelopment Bonds

- Secured by tax increment revenues
- Creates project area in “blighted” area
- Tax increment revenue generated from incremental value from base year assessed values
    - Approximately 1% of incremental value, net of pass-through payments
    - 20% of tax-increment revenues set aside for housing

Sales Tax Revenue Bonds

- Levy of local sales tax approved by voters
- Typically used for:
  - Transportation and transit projects
    - SANDAG “Transnet”
    - OCTA “Measure M”
    - LAMTA “Proposition A and C”
  - Local capital projects
  - Deficit financing
- Passive tax with no rate covenant
- Coverage can range from 1.10 – 2.00 times

NEW ISSUE - BOOK ENTRY ONLY
(Bank Qualified)

Standard & Poor’s: AA
(See “RATING” herein)

In the opinion of Quint & Thimmig LLP, San Francisco, California, Bond Counsel, subject to compliance by the District with certain covenants, under present law, interest on the 2005 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. The 2005 Bonds are “qualified tax-exempt obligations” under section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the 2005 Bonds is exempt from California personal income taxes. See “TAX MATTERS” herein for a more complete discussion.

$5,050,000
JOHN C. FREMONT HEALTHCARE DISTRICT
(Mariposa County, California)
SALES TAX REFUNDING REVENUE BONDS, SERIES 2005

Dated: Date of Delivery

Due: June 1, as shown below

The Series 2005 Bonds described herein (the “2005 Bonds”) will be issuable in the form of fully registered bonds, without coupons, in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the 2005 Bonds. Purchases will be made in book-entry form through DTC participants only in the principal amount of $5,000 or any integral multiple thereof. Except as described herein, purchasers will not receive physical certificates representing the 2005 Bonds purchased but will receive a credit balance on the books of the nominees of such beneficial owners. As long as DTC or its nominee is the registered owner of the 2005 Bonds, payment of principal of and premium (if any) and interest on the 2005 Bonds will be made directly by U.S. Bank National Association, San Francisco, California, as trustee, to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to beneficial owners is the responsibility of the DTC participants. See “BOOK-ENTRY SYSTEM.” Interest on the 2005 Bonds is payable on each June 1 and December 1, commencing June 1, 2006.

The 2005 Bonds are subject to optional redemption and redemption from mandatory sinking account payments prior to maturity as described under “THE 2005 BONDS - Redemption” herein.

The 2005 Bonds will constitute a limited obligation of John C. Fremont Healthcare District (the “District”), will be secured under the provisions of the Indenture (as described herein) and will be equally and ratably payable from Sales Tax Revenues (as that term is defined in the Indenture) and certain funds held under the Indenture.

NEITHER THE FAITH AND CREDIT NOR THE TAX REVENUES RECEIVED BY THE DISTRICT OTHER THAN THE SALES TAX REVENUES ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE 2005 BONDS. THE 2005 BONDS ARE NOT A DEBT OF THE STATE OF CALIFORNIA OR MARIPOSA COUNTY, AND NEITHER THE STATE OF CALIFORNIA NOR MARIPOSA COUNTY IS LIABLE FOR THE PAYMENT THEREOF.

The purchase of the 2005 Bonds involves various investment risks described throughout this Official Statement, including those described under “BONDHOLDERS’ RISKS” herein.

The scheduled payment of principal of and interest on the 2005 Bonds when due will be insured in accordance with the terms of a financial guaranty insurance policy to be issued simultaneously with the delivery of the 2005 Bonds by Radian Asset Assurance Inc. (the “Insurer”).

RADIAN

MATURITY SCHEDULE

Maturity (June 1)	Principal Amount	Interest Rate	Price	Maturity (June 1)	Principal Amount	Interest Rate	Price
2006	$ 25,000	3.00%	100%	2015	$320,000	4.25%	100%
2007	100,000	3.15	100	2016	330,000	4.30	100
2008	140,000	3.25	100	2017	345,000	4.35	100
2009	150,000	3.35	100	2018	360,000	4.40	100
2010	265,000	3.55	100	2019	375,000	4.45	100
2011	270,000	3.70	100	2020	395,000	4.50	100
2012	285,000	3.85	100	2021	410,000	4.55	100
2013	295,000	4.00	100	2022	425,000	4.60	100
2014	305,000	4.15	100	2023	255,000	4.65	100

The 2005 Bonds are offered when, as and if issued by the District and received by the Underwriters, subject to prior sale and to the approval of Quint & Thimmig LLP, San Francisco, California, Bond Counsel. Certain matters will be approved for the District by Jennings, Strouss & Salmon, P.L.C., Phoenix, Arizona, as District counsel and as disclosure counsel. G.L. Hicks Financial, Provo, Utah, has acted as financial advisor to the District. It is expected that the 2005 Bonds in definitive form will be available for delivery through the facilities of DTC on or about December 1, 2005.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

PIPER JAFFRAY & CO.

EDWARD JONES **RBC DAIN RAUSCHER**

The date of this Official Statement is November 7, 2005, and information contained herein speaks only as of that date.

Sales Tax Revenue Bonds – Market Considerations

Security

- Sales Tax

Credit Factors

- Size and depth of economic base
- Stability, diversity and magnitude of the sales tax revenue stream
- Breadth of tax base
- Level of debt service coverage
- Debt structure

Risk Factors

- Cyclical factors such as tourism
- Economic recession
- Ability to issue parity debt

Assessment District and Community Facilities District Bonds

- Special purpose districts established by local government
  - Establish district boundaries, eligible projects, cost estimates and allocation of annual assessments or special taxes among property owners
- Two primary types:
  - Assessment District (1915 Act)
    - Requires 50%+ approval and proportional allocation of “special benefit”
  - Community Facilities District or “CFD” (Mello Roos)
    - Requires 2/3rds approval and simply “reasonable” allocation
- Public hearing and voter election required
  - Landowner vote for undeveloped land
  - Vote by district electorate in CFD with >12 registered voters
- Bonds are secured by lien on property
  - Repaid with annual assessments or special taxes on district property
  - Property is subject to foreclosure if taxes aren’t paid
  - Sometimes referred to as “land secured” bonds

Assessment District and Community Facility District – Market Considerations

Security	▪ Tax usually levied on a per dwelling unit or per acre basis (tax can not be levied on ad valorem basis)
Credit Factors	▪ Development status ▪ Economic diversity of district ▪ Tax-to-property value relationships ▪ Overlapping districts
Risk Factors	▪ Probability of development not occurring ▪ Concentration of taxpayer base ▪ Ability to issue additional parity debt ▪ Developer’s track record

Redevelopment Agency – Tax Allocation Bonds

- Redevelopment agencies are creatures of State law
- Project area: created in "blighted" area
- Base year: assessed value for ad valorem property tax when the project area is formed
- Incremental value: increases in assessed value above base year thereafter
- Tax increment revenues:
  - Flow to redevelopment agency
  - Approximately 1% of incremental value, net of pass through payments
  - 20% set-aside for housing
- Tax Allocation Bonds are secured by tax increment revenues
  - Typical coverage requirement is 1.25 to 2.00 times annual debt service

NEW ISSUE
BANK QUALIFIED
BOOK ENTRY ONLY

RATINGS: S&P: "A-"

See "RATINGS" herein

In the opinion of Fulbright & Jaworski L.L.P., Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and, assuming compliance with the tax covenants referred to herein, interest on the Bonds (as defined herein) is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 (the "Code") from the gross income of the owners thereof for federal income tax purposes and is not an item of preference under section 57(a) of the Code for purposes of the federal alternative minimum tax. It is also the opinion of Bond Counsel that under existing law interest on the Bonds is exempt from personal income taxes of the State of California. See "TAX MATTERS" herein.

$13,120,000
REDEVELOPMENT AGENCY OF THE CITY OF MERCED
Merced Gateways Redevelopment Project
2009 Tax Allocation Bonds, Series A

Dated: Date of Delivery **Due:** September 1, as shown on inside cover

The captioned Bonds will be issued by the Redevelopment Agency of the City of Merced (the "Agency") under an Indenture of Trust, dated as of December 1, 2001 (the "2001 Bonds Indenture"), by and between the Agency and U.S. Bank Trust National Association, as predecessor trustee, as supplemented and amended by the First Supplement to Indenture of Trust, dated as of May 1, 2009 (the "First Supplement"), by and between the Agency and U.S. Bank National Association, as trustee for the Bonds (the "Trustee") (the 2001 Bonds Indenture, as so supplemented and amended, is referred to herein as the "Indenture"). The Bonds are payable from and secured by certain tax increment revenues generally defined as the taxes eligible for allocation to the Agency pursuant to the Law in connection with the Agency's Merced Gateways Redevelopment Project (the "Gateways Project Area") as provided for in the Redevelopment Plan (as such terms are defined herein) and certain funds and accounts held under the Indenture.

Proceeds of the Bonds will be used to (i) fund certain redevelopment activities of benefit to the Gateways Project Area, (ii) finance redevelopment housing activities of the Agency (iii) fund an additional deposit to the debt service reserve fund for the Bonds and the 2001 Bonds (herein defined) and (iv) pay costs incurred in connection with the issuance, sale, and delivery of the Bonds.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchasers of the Bonds may be made in book-entry form only, in denominations of $5,000 maturity amount each or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. Principal of and interest on the Bonds will be paid directly to DTC by the Trustee. Interest on the Bonds is payable on September 1, 2009 and semiannually thereafter on each March 1 and September 1. Upon its receipt of payments of principal and interest, DTC is in turn obligated to remit such principal and interest to DTC participants for subsequent disbursement to the beneficial owners of the Bonds, as described herein.

The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity. See "THE BONDS – Redemption".

The Bonds are payable from and secured by the Tax Revenues (herein defined) on parity with the 2001 Bonds as described herein.

This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Fulbright & Jaworski L.L.P., Los Angeles, California, Bond Counsel. Certain matters will be passed on for the Agency by Gregory G. Diaz, City Attorney of the City of Merced and Agency General Counsel, and by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel. It is anticipated that the Bonds will be available for delivery in book-entry form through the facilities of DTC on or about May 28, 2009.

PiperJaffray.

Dated: May 19, 2009

Redevelopment Agency – Tax Allocation Bond Market Considerations

Security	▪ Taxes generated from the increase in property value after a redevelopment project begins ▪ No additional tax burden is created for taxpayers
Credit Factors	▪ Municipality demographics ▪ Number of project area acres ▪ Development status of project area ▪ Type of development ▪ Tax collection rates ▪ Concentration of top tax payers
Risk Factors	▪ Economic recession ▪ Assessment appeals ▪ Tax rates and private development are not controlled by redevelopment agency ▪ Legislative changes

Revenue Bonds

Enterprise Revenue Bonds

- Payable out of project or system revenue
- Municipal enterprises include:
  - Electric
  - Water
  - Sewer
  - Wastewater
  - Solid Waste
  - Airports
  - Ports
  - Bridges
- Revenue bond features
  - Typical coverage ratios range from 1.10 to 1.50
  - Rate covenants
  - Additional bonds test
  - Often revenue “bonds” are issued as Certificates of Participation (COPs)

NEW ISSUE—Book Entry Only

RATINGS: Moody’s: “A2”
Fitch: “A+”
(See “Ratings” herein)

In the opinion of Richards, Watson & Gershon, A Professional Law Corporation, Los Angeles, California, Bond Counsel, based on existing law and assuming compliance with certain covenants set forth in the documents pertaining to the Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), as described herein, interest on the Bonds is not included in gross income of the owners thereof for federal income tax purposes. In the opinion of Bond Counsel, interest on the Bonds is not treated as an item of tax preference in calculating the federal alternative minimum taxable income of individuals and corporations. In the further opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxes imposed by the State of California.

$19,000,000
MANTECA FINANCING AUTHORITY
SEWER REVENUE BONDS
SERIES 2009

Dated: Closing Date **Due: December 1, as shown on the reverse of this cover page**

Interest on the Manteca Financing Authority Sewer Revenue Bonds, Series 2009 (the “Bonds”) will be payable on June 1 and December 1 of each year (the “Interest Payment Dates”), commencing December 1, 2009. The Bonds will be delivered as fully registered bonds without coupons, in denominations of $5,000 or any integral multiple thereof. The principal or redemption price of each Bond will be payable upon the presentation and surrender of such Bond, when due or redeemed, as applicable, at the corporate trust office of U.S. Bank National Association, as trustee for the Bonds (the “Trustee”). See “THE BONDS — Description of the Bonds” herein.

The Bonds will initially be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Bonds. Individual purchases of the Bonds will be made in book-entry form only. Payments of principal of, redemption price, if applicable, and interest on the Bonds are to be made to purchasers by DTC through DTC participants. See “THE BONDS — Book-Entry Only System” herein. Purchasers will not receive physical delivery of Bonds purchased by them.

The Bonds are subject to mandatory and optional redemption, as described herein. See “THE BONDS — Redemption and Purchase of Bonds” herein.

The Bonds will be issued under a Trust Agreement, dated as of December 1, 2003, by and between the Authority and the Trustee (the “Master Trust Agreement”), as supplemented by a First Supplemental Trust Agreement (the “First Supplemental Trust Agreement”) dated as of June 1, 2009 by and between the Authority and the Trustee (and together with the Master Trust Agreement, the “Trust Agreement”). The proceeds of the Bonds will be used to assist the City in financing capital costs relating to the upgrade and expansion of the Manteca Wastewater Quality Control Facility Phase III Expansion Project and to pay for the costs of issuance, debt service reserve and reimbursement. See “THE PROJECT.”

The Bonds are special obligations of the Authority payable from and secured on a parity with the Series 2003 Bonds, as defined herein, by Revenues (as defined in the Trust Agreement), consisting primarily of Installment Payments payable by the City under the Installment Sale Agreement, dated as of December 1, 2003, by and between the Authority and the City (the “Installment Sale Agreement”), as amended by Amendment No. 1 to the Installment Sale Agreement dated as of June 1, 2009 between the Authority and the City of Manteca (“Amendment No. 1” and, together with the Installment Sale Agreement, the “Amended Installment Sale Agreement”). The Installment Payments are special limited obligations of the City payable solely from, and secured by a pledge of and first lien on the Net Revenues of the City’s Sewer System. See “SECURITY AND SOURCE OF PAYMENT FOR BONDS.”

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. Attention is hereby directed to certain Risk Factors more fully described herein.

Neither the Bonds nor the obligation of the City to make Installment Payments under the Amended Installment Sale Agreement constitutes an indebtedness, liability or obligation of the City, the Authority, the State of California or any political subdivision thereof, within the meaning of the Constitution of the State of California or otherwise. Attention is hereby directed to certain Risk Factors more fully described herein.

The Bonds are offered, when, as and if issued, subject to the approval of Richards, Watson & Gershon, A Professional Corporation, Los Angeles, California, Bond Counsel. Certain legal matters will be passed on for the Authority by its Disclosure Counsel, Stradling Yocca Carlson & Rauth, A Professional Corporation, Newport Beach, California. It is anticipated that the Bonds will be available for delivery in New York, New York through the book-entry system of DTC on or about June 2, 2009.

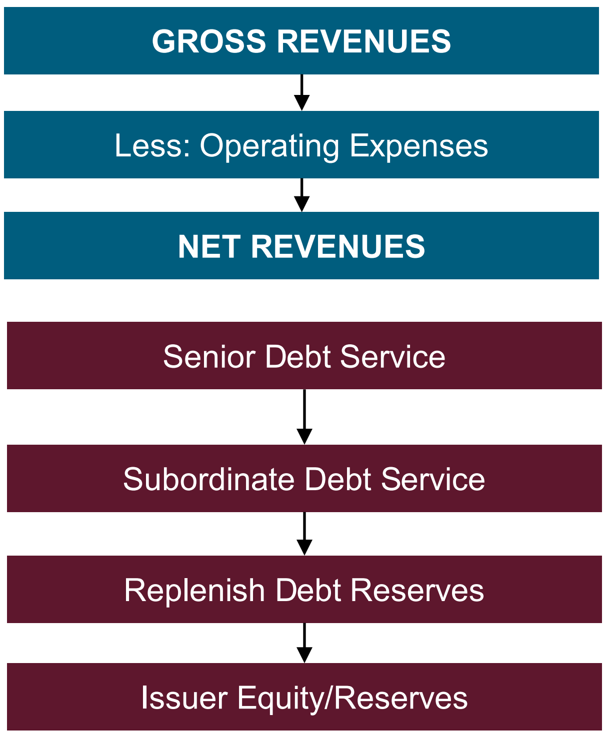
PiperJaffray.

Dated: May 27, 2009.

Enterprise Revenue Bonds (continued)

- Revenue bond market requires debt service coverage
  - Cash cushion from “net revenues”
  - “Gross revenues” minus operating and maintenance cash expenses (depreciation excluded)

Flow of Funds or “Waterfall”



Sample Coverage Ratio Calculation

Revenues:	$100
Operating Expenses:	(55)
Net Revenues:	45
Debt Service:	30
Debt Service Coverage:	= $45/30 = 1.50 x Coverage

Enterprise Revenue Bond – Market Considerations

Security	▪ Revenues generated from services provided
Credit Factors	▪ Essentiality of service generating revenue ▪ Diversity of economic base ▪ Stability of employment patterns ▪ Rate setting practices and ability to implement rate changes
Risk Factors	▪ Operating capacity ▪ Useful life of infrastructure ▪ Need for additional capital spending ▪ Patterns of irregular rate increases

Lease Financing

- Types of lease debt
  - Lease revenue bonds
  - Certificates of Participation (“certificates” or “COPs”)
- Not a debt under State law purposes
- A municipal obligation under federal tax law
- Often used as supplement or bridge financing for General Obligation Bonds
- Payable from general fund revenues
- Exempt from debt limitations
- No voter approval required
- “Dean-Offner” Rules
  - Abatement
  - Fair market rental value
  - Lease purchase okay

NEW ISSUE—FULL BOOK-ENTRY **RATINGS: (See “RATINGS” herein)**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel to the District, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, the portion of each Base Rental Payment designated as and constituting interest paid by the District under the Lease Agreement and received by the Owners of the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Special Counsel, interest evidenced by the Certificates is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, nor is it included in adjusted current earnings when calculating corporate alternative minimum taxable income. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest evidenced by, the Certificates. See “TAX MATTERS” herein.

$56,000,000
MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
CERTIFICATES OF PARTICIPATION
(2009 SCHOOL FACILITY BRIDGE FUNDING PROGRAM)
Initial Interest Rate Mode: Extended Rate Mode

Dated: Date of Delivery **Due: May 1, 2041**

This cover page contains information for reference only. Investors must read the entire Official Statement to obtain information essential in making an informed investment decision. Capitalized terms used in this cover page shall have the meanings given such terms herein.

The Certificates evidence direct, fractional undivided interests of the Owners thereof in the Base Rental Payments (which include principal components and interest components) to be made by the Murrieta Valley Unified School District (the “District”) for the use of certain real property and improvements thereon (the “Property”) pursuant to a Lease Agreement, dated as of April 1, 2009 (the “Lease Agreement”), by and between the District, as lessee, and the Murrieta School District Educational Facilities Corporation (the “Corporation”), as lessor. The proceeds of the Certificates, together with other available funds, will be used to (i) finance a portion of the costs of the construction of a new middle school and a new high school, (ii) fund a reserve fund for the Certificates, (iii) pay capitalized interest evidenced by the Certificates, and (iv) pay the costs incurred in connection with the execution and delivery of the Certificates. The District has covenanted under the Lease Agreement to make all Base Rental Payments and Additional Rental Payments (collectively, the “Rental Payments”) provided for therein, to include all such Rental Payments as a separate line item in its annual budgets, and to make the necessary annual appropriations for all such Rental Payments. The District’s obligation to make Base Rental Payments is subject to abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the District’s right to use and occupy any portion of the Property. See “RISK FACTORS—Abatement.”

The Certificates will initially evidence interest in the Extended Rate Mode under the Trust Agreement, dated as of April 1, 2009 (the “Trust Agreement”), by and among U.S. Bank National Association, as trustee (the “Trustee”), the District and the Corporation, and will remain in the Extended Rate Mode until the day prior to May 3, 2010 (the “Automatic Change in Mode Date”); thereafter, the Certificates will evidence interest in the Weekly Rate Mode unless and until the Mode for all or a portion of the Certificates is converted to a different Mode pursuant to the Trust Agreement. During the initial Adjustment Period while the Certificates are in the Extended Rate Mode (which commences on the date of original delivery of the Certificates and ends on May 2, 2010), the Certificates will evidence interest at the fixed rate per annum set forth in the table on the inside cover hereof, payable on November 1, 2009 and May 3, 2010, calculated on the basis of a 360-day year consisting of twelve 30-day months. After conversion to the Weekly Rate Mode on the Automatic Change in Mode Date, interest will be payable on the first Business Day of each calendar month, commencing June 1, 2010, calculated on the basis of a 365/366-day year for the actual number of days elapsed. While in an Adjustable Rate Mode, the Certificates are available in denominations of $100,000 and any integral multiple of $1,000 in excess thereof. Each Adjusted Interest Rate will be determined by Piper Jaffray & Co. (the “Remarketing Agent”) or its successor as Remarketing Agent. The Certificates are subject to mandatory tender for purchase and remarketing on the Automatic Change in Mode Date and upon any other Change in Mode. See “THE CERTIFICATES” herein and Appendix A—“Summary of Principal Legal Documents” attached hereto.

The Certificates are subject to optional and mandatory tender and purchase upon the occurrence of certain events. The Certificates are not subject to optional tender while in the Extended Rate Mode. See “THE CERTIFICATES—Tender and Purchase of Adjustable Rate Certificates” herein. The Certificates are subject to optional and mandatory sinking fund prepayment. See “THE CERTIFICATES—Prepayment.”

The Certificates will be initially delivered only in book-entry form, registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository of the Certificates. Interest and principal evidenced by the Certificates are payable by the Trustee to DTC, which remits such payments to its Participants for subsequent distribution to the beneficial owners of the Certificates. See “THE CERTIFICATES—Book-Entry Only System” and “—General.”

The obligation of the District to make the Base Rental Payments does not constitute a debt of the District or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the District or the State of California is obligated to levy or pledge any form of taxation or for which the District or the State of California has levied or pledged any form of taxation.

See “RISK FACTORS” for a discussion of factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Certificates.

The payment of principal and interest evidenced by the Certificates in a Weekly Rate Mode or an Extended Rate Mode and the payment of the purchase price of each Certificate subject to mandatory or optional tender for purchase is supported by amounts available under an irrevocable direct pay letter of credit (as more fully defined in the Trust Agreement, the “Letter of Credit”) to be issued by

(the “Bank”). The Letter of Credit will authorize the Trustee, subject to strict compliance with the terms of the Letter of Credit, to draw on the Letter of Credit up to an amount sufficient to pay (i) the principal evidenced by the Certificates when due, (ii) the purchase price of Certificates that are purchased pursuant to tenders and that are not remarketed, and (iii) up to 183 days’ accrued interest evidenced by the Certificates, all as more fully described in this Official Statement. The Letter of Credit expires on April 30, 2012, unless it is extended or it expires on the earlier occurrence of certain events described in this Official Statement. The Bank is not obligated to extend the Letter of Credit. See “LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT — The Initial Letter of Credit” herein. On the fifth Business Day prior to the stated termination date of the Letter of Credit, the Certificates will be subject to mandatory tender for purchase.

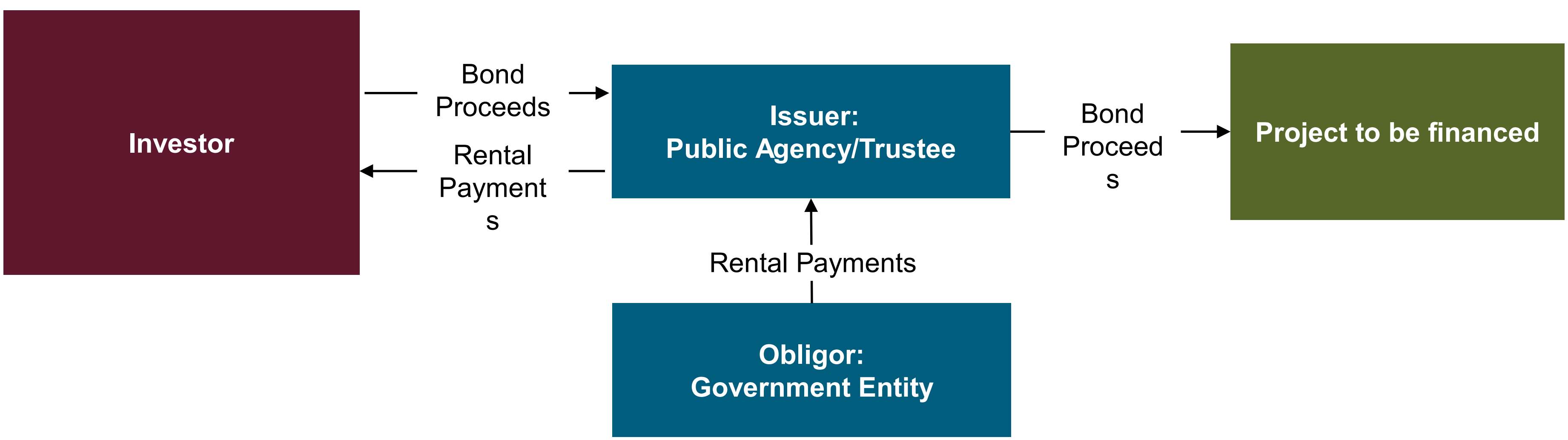
The Certificates will be offered when, as and if executed and delivered and received by the Underwriter, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Special Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District; for the District and the Corporation by Joel T. Boehm, Attorney at Law, Carlsbad, California, as counsel to the District and the Corporation; for the Bank by Sidley Austin LLP, Los Angeles, California, and for the Underwriter by Nossaman LLP, Irvine, California. It is anticipated that the Certificates in definitive form will be available for delivery to DTC in New York, New York on or about April 30, 2009.

Dated: April 16, 2009

Lease Financing (continued)

- The Lessor
  - Non-profit corporations
  - Joint-powers authorities (JPA)
- Structuring as a Lease
  - Fair rental value test
  - "Essentiality" of assets
  - Insurance coverage
  - Overcoming abatement risk
- Real property & equipment are commonly financed using lease financing, including:
  - Administrative buildings
  - Parking facilities
  - Vehicles
  - Remodeling & renovating

Typical Structure of Lease Financings



Lease Financing – Market Considerations

Security	▪ General fund rental payments secured from leased asset
Credit Factors	▪ Willingness of government to appropriate funds for the leased asset ▪ Essentiality and necessity of leased asset ▪ Government obligor’s general creditworthiness
Risk Factors	▪ Useful life of leased asset ▪ Abatement risk if leased property is not available for use ▪ Deterioration of leased property

Comparison of Types of Financing

Different Types of Financing may have different approval requirements, use of funds, and credit considerations

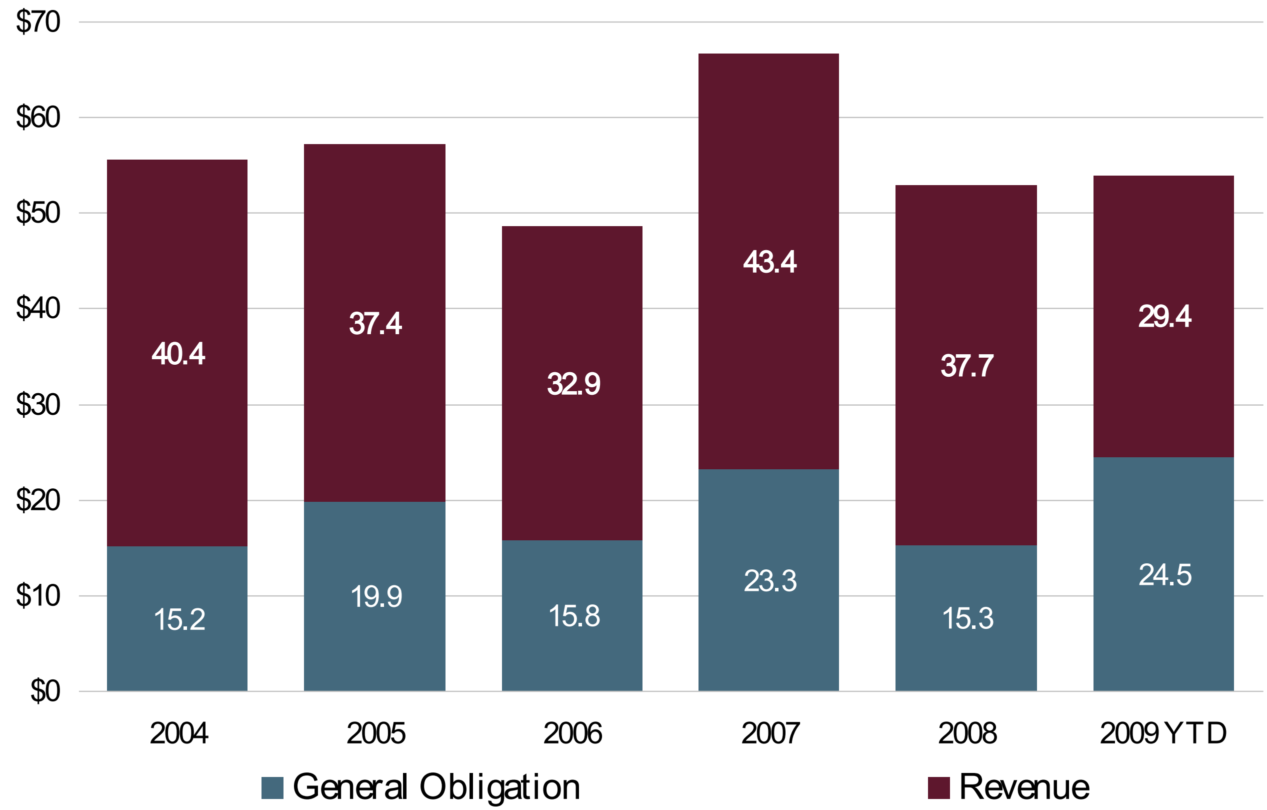
Types of Financing

< Higher Grade — **Lower Grade >**

	General Obligation	Enterprise Revenue	Lease Revenue (COP)	Redevelopment Agency (Tax Increment)	Special Tax/Assessment
Revenue Pledge	▪ "Full faith and credit" of issuer ▪ Secured by property taxes	▪ Net revenue of system, with rate covenant (water or sewer services, tolls, tuition, parking, fees, rent etc.)	▪ Lease payments for use of an asset (leased back from third party) from annual general fund appropriations	▪ Captures roughly 1% of increased assessed value in a defined redevelopment project area	▪ Special tax or assessment on property tax bill ▪ Backed by land value through foreclosure
Vote Requirements	▪ 2/3rds vote threshold ▪ Schools may be 55%	▪ No public vote usually required. Approved by Agency Board	▪ No public vote required. Approved by Agency Board	▪ Board approval ▪ Public process to establish project area	▪ Property owners must consent or vote on tax formula

Types of Financings: General Obligation vs. Revenue Bonds

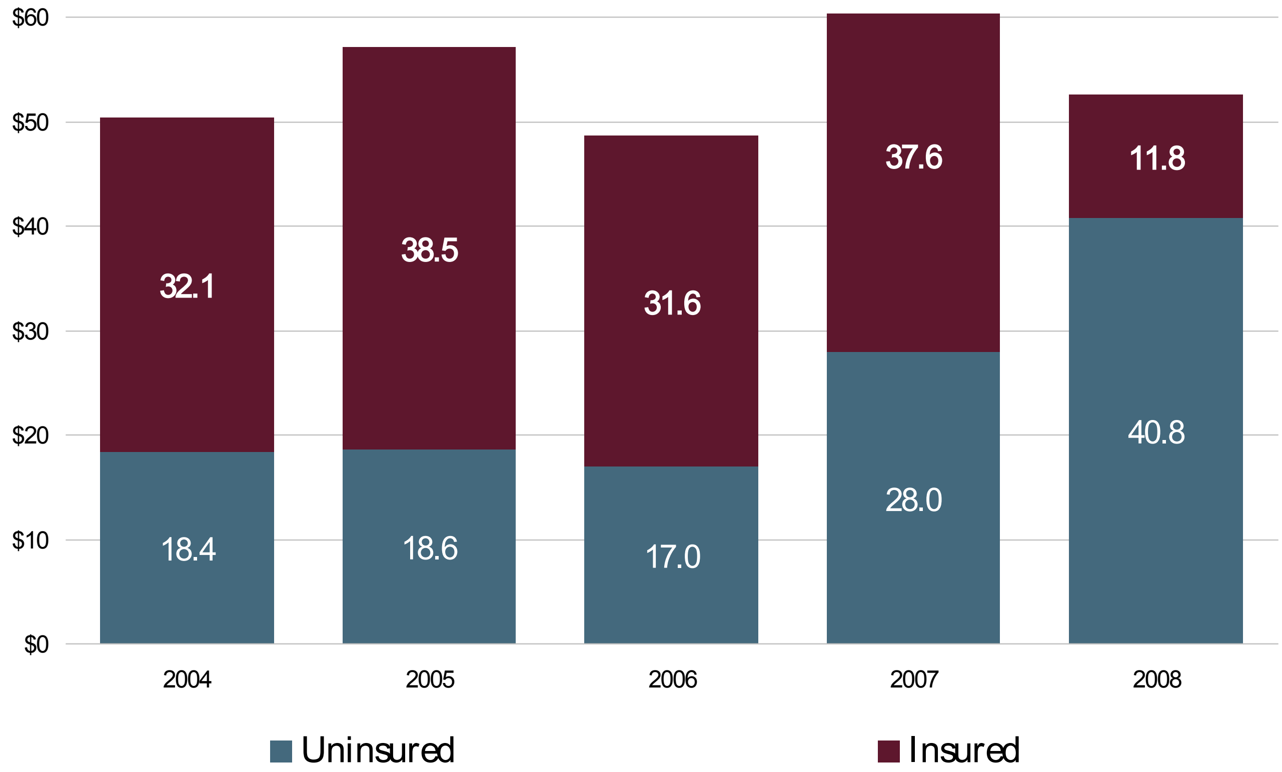
California General Obligation vs. Revenue Bond Issuance (in $ billions)
January 1, 2004 – August 10, 2009



Source: Bond Buyer. 2009 figures reflect YTD volume as of 8/10/2009.

California Long-Term Insured and Uninsured Issuance

California Insured vs. Uninsured (in $ billions)
January 1, 2004 – December 31, 2008



Source: Bond Buyer.

California Bond Issuance 2006-2008 (in $000s)

Type of Issuer	2006	2007	2008
State Government	$4,584,000	$12,202,400	$8,179,100
State Agencies	8,917,900	15,540,900	13,492,200
Counties	694,000	1,255,500	1,737,800
Cities & Towns	2,450,200	3,918,900	4,058,700
Districts	14,255,600	15,567,700	10,570,800
Local Authorities	16,255,300	16,468,200	13,772,200
Colleges & Universities	1,365,500	1,531,300	972,100
Direct Issuers	56,000	67,300	111,200
Tribal Governments	96,100	45,000	155,800

Source: Bond Buyer.

Interest Rate Structuring Considerations

Fixed Rate vs. Variable Rate

Fixed Rate Debt

- Issuer pays a series of fixed rates of interest for the life of the bonds until they mature
- Rate is fixed on the day of pricing
- Issuer achieves budgetary certainty and committed funding as to interest and principal
- Costs associated with the bonds are paid up front: underwriter’s fee, printing, legal, credit enhancement (if any)

Variable Rate Debt

- Issuers with ratings below AA generally need to secure credit enhancement
- Issuer pays a rate of interest that is reset periodically at predetermined intervals
- Coupon is reset by a remarketing agent based upon an index such as SIFMA (tax-exempt) or LIBOR (taxable)
- Bondholder may have the right to “put back” the bond to the remarketing agent
- Issuer may have to secure a liquidity facility prior to initial sale in order to ensure bondholders will have liquidity if this happens
- Interest is usually paid on a monthly basis

Credit Enhancement Typically Required for VRDOs

Issuer pays ongoing support costs over the life of the bonds (remarketing and liquidity), in addition to up-front costs (placement fee, legal, insurance, etc.)

Variable Rate Bond Considerations

- Yield curve/market risk
- From issuer's perspective: a long-term loan with adjusting interest rates
- From investor's perspective: a short-term investment that rolls
- Remarketing agent

Letter of Credit (LOC)

- A form of supplement or, in some cases, direct security for a municipal bond under which a commercial bank or private corporation guarantees payment on the bond under certain specified conditions
- A LOC is needed for issues rated below Aa/AA

Liquidity

- Provides access to cash in cases of failed remarketing
- Issued by local or national bank for 1, 2, 3 or 5 year terms

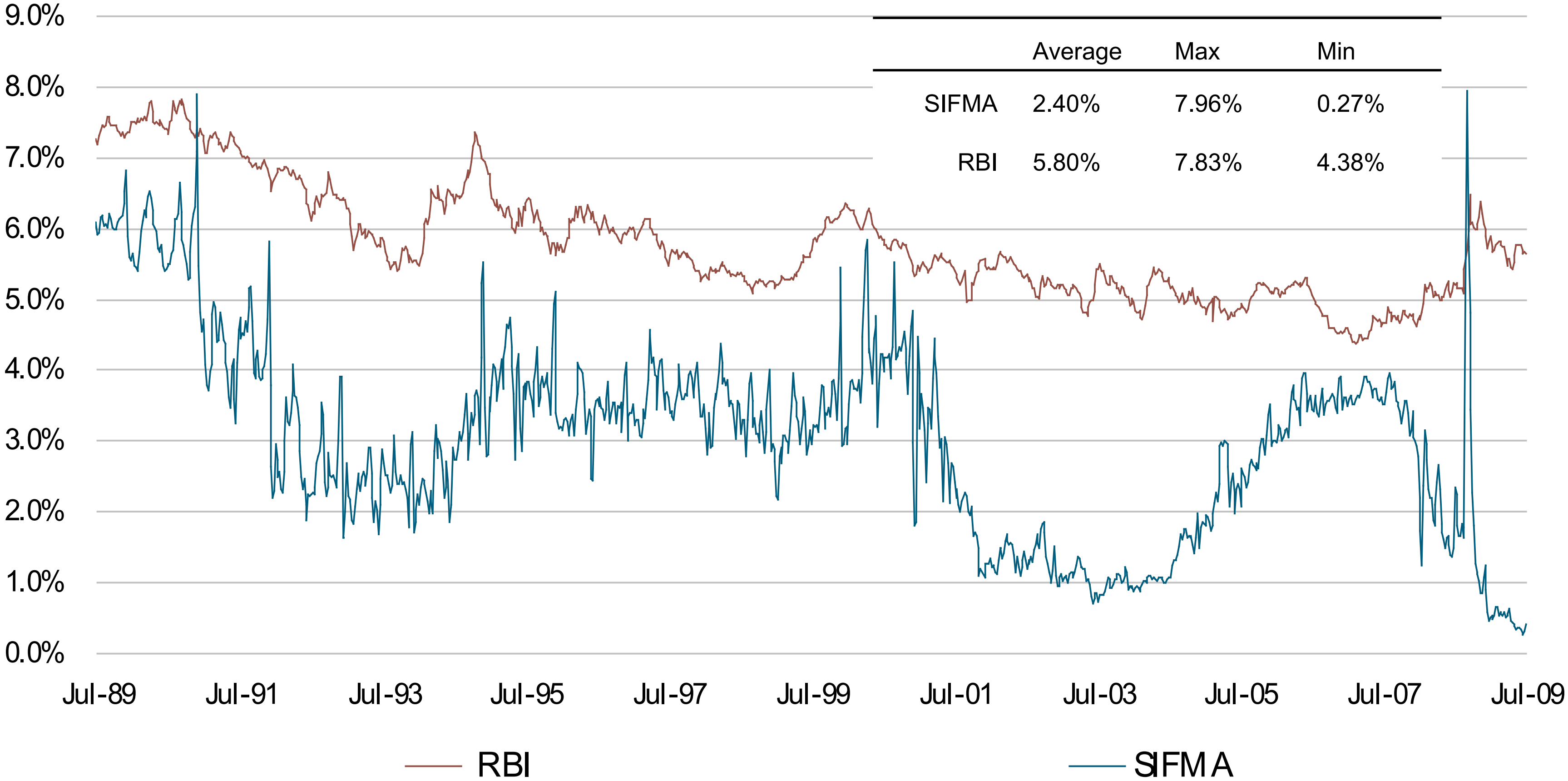
Fixed Rate vs. Variable Rate

	Advantages	Disadvantages
Fixed Rate Bonds	▪ Issuers can lock-in low cost long-term funding in a relatively low yield environment ▪ Committed funding; known cost of capital until maturity with no investor put features	▪ Higher cost of capital in a positive yield curve environment ▪ Usually non-callable for ten years ▪ Limited to one advance refunding
Variable Rate Bonds	▪ Historically, on average, significantly lower cost of capital ▪ More optimal asset/liability matching ▪ Accommodates pooled financings, multi-mode features, and flexibility to expand/contract program ▪ Callable at any time, and able to convert (or current refund) to fixed rate	▪ Uncertain total expense ▪ Investor put feature ▪ Credit enhancement/liquidity cost and access is uncertain going forward

Comparison of Historical Fixed vs. Variable Rates

SIFMA vs. RBI

July 1989-July 2009



	Average	Max	Min
SIFMA	2.40%	7.96%	0.27%
RBI	5.80%	7.83%	4.38%

Reflects market conditions as of August 1, 2009.

Types of Documents

Authority

- Statute
- Resolution

Authorizing Documents

- General resolution
- Series resolution
- Trust agreement/indenture

Financing Documents

- Loan agreement
- Lease agreement
- Installment sale agreement
- Trust agreement

Offering/ Sale Agreements

- Official statement
- Bond purchase contract
- Letters of representation
- Agreed upon procedures letter
- Consent letter

Credit Facility Documents

Continuing Disclosure Agreement

Opinions

Disclaimer

The opinions expressed here are those of the presenter and not necessarily those of Piper Jaffray & Co. or its affiliates. The information provided, while not guaranteed as to its accuracy or completeness, has been obtained from sources believed to be reliable. Opinions expressed herein are current opinions only as of the date indicated. Any historical price(s) or value(s) are also only as of the date indicated. We are under no obligation to update opinions or other information. The information contained herein has been prepared solely for informational purposes and is not an offer to buy or sell or a solicitation of an offer to buy or sell any security. Piper Jaffray & Co. does not provide accounting, tax or legal advice and these matters should be discussed with your advisors and or counsel. Because of individual customer circumstances, it should not be construed as a recommendation that you enter into or maintain a particular transaction or position nor a representation that any transaction is suitable or appropriate for you.