

HIGH-SPEED PASSENGER TRAIN FINANCE COMMITTEE

RESOLUTION XI (2013)

(Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century; Proposition 1A)

Resolution Authorizing the Issuance of State
of California High-Speed Passenger Train
Refunding Bonds to Refund Certain
Outstanding Bonds, Bonds Issued Under
Resolution VII and Any Bonds Issued
Hereunder.

WHEREAS, the Legislature of the State of California adopted the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (Statutes of 2008, Chapter 267; Proposition 1A) (the “Act”), including the State General Obligation Bond Law (Section 16720 et seq. of the California Government Code) as incorporated therein; and

WHEREAS, the People of the State of California, at an election held on November 4, 2008, approved the Act; and

WHEREAS, to carry out the purposes of the Act, the High-Speed Passenger Train Finance Committee (the “Committee”) previously adopted its Resolution III authorizing the issuance of State of California High-Speed Passenger Train Bonds or Commercial Paper Notes in the Principal Amount Not to Exceed \$480,800,000 (“Resolution III”) and Resolution VII authorizing the issuance of State of California High-Speed Passenger Train Bonds or Commercial Paper Notes in the Principal Amount Not to Exceed \$130,000,000 (“Resolution VII”); and

WHEREAS, as of the date of adoption of this Resolution, the State has issued its \$100,990,000 State of California High-Speed Passenger Train Bonds, Series D, currently outstanding in the principal amount of \$99,000,000 (the “Resolution III Bonds”) pursuant to Resolution III for the purposes identified in Section 2704.095 of the California Streets and Highways Code; and

WHEREAS, there remain \$38,775,000 in principal amount of bonds or commercial paper notes under Resolution VII, and the Committee now desires to authorize the issuance of bonds to refund any bonds issued from time to time under Resolution VII for the purposes identified in Section 2704.095 of the California Streets and Highways Code (the “Resolution VII Bonds”); and

WHEREAS, the Committee has determined that it is necessary and desirable to authorize the issuance of bonds pursuant to the provisions of Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4, Title 2 of the California Government Code (the “Refunding Law”) from time to time to refund the Resolution III Bonds, the Resolution VII Bonds, and any bonds that may be issued from time to time under this Resolution (collectively, the “Refundable Bonds”); and

WHEREAS, the Committee now desires to provide for the issuance and sale of bonds for the purpose of refunding from time to time the Refundable Bonds at or prior to their respective stated maturity dates pursuant to the Refunding Law; and

NOW, THEREFORE, BE IT RESOLVED by the Committee, as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION

Section 1.01 Definitions. Unless the context otherwise requires, the following terms and any terms defined in the recitals above, for all purposes of this Resolution and of any Supplemental Resolution, have the meanings specified in this Section or in such recitals, as applicable.

“Act” means the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century (Statutes of 2008, Chapter 267; Proposition 1A) including the State General Obligation Bond Law (Section 16720 et seq. of the California Government Code) as incorporated therein.

“Available Funds” means amounts which are legally available for payment of the principal of and interest on Bonds consisting of (a) proceeds of general obligation bonds or commercial paper notes issued under the Act and authorized by the Committee to refund such Bonds and (b) any money in the General Fund of the State, subject only to the prior application of such money to the support of the public school system and public institutions of higher education.

“Beneficial Owner” means, with respect to any book-entry Bond, the beneficial owner of such Bond as determined in accordance with the applicable rules of the Securities Depository.

“Bond” means any Bond issued pursuant to this Resolution. “Series of Bonds” means any Bonds of a particular Series issued pursuant to this Resolution.

“Bondholder” or “Holder” means any person who is the registered owner of any Bond.

“Business Day” means, with respect to any Series of Bonds, any day other than a Saturday, a Sunday, a State holiday, or any other date specifically designated not to be a Business Day pursuant to a Supplemental Resolution or Supplemental Certificate for such Series of Bonds.

“Certificate of the State” means a written instrument signed on behalf of the State by the Treasurer.

“Code” means the Internal Revenue Code of 1986, as amended.

“Continuing Disclosure Certificate” means a continuing disclosure certificate executed and delivered concurrently with the issuance of any Bonds pursuant to Section 3.04.

“Controller” means the Controller of the State.

“DTC” means The Depository Trust Company and its successors and assigns.

“Governor” means the Governor of the State.

“Nominee” means Cede & Co., as nominee of DTC, or any successor nominee.

“Outstanding” means, with respect to Bonds, all Bonds that have been issued from the date of issue until paid in full, whether at the stated maturity date or upon the date of earlier redemption.

“Permitted Investments” means:

- (a) With respect to the Bonds,
 - (i) bonds or interest-bearing notes or obligations of the United States, or those for which the faith and credit of the United States are pledged for the payment of principal and interest, including receipts, certificates or any other evidences of an ownership interest in the investments identified in this clause (i) or in specified portions thereof;
 - (ii) bonds or interest-bearing notes or obligations that are guaranteed as to principal and interest by a federal agency of the United States;
 - (iii) pre-refunded municipal bonds which are rated no lower than the investments identified in clause (i) by each rating agency rating such bonds;
 - (iv) bonds, consolidated bonds, collateral trust debentures, consolidated debentures or other obligations issued by federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended; debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended; bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act; bonds, debentures and other obligations of the Federal National Mortgage Association established under the National Housing Act as amended and bonds of any federal home loan bank established under that act; obligations of the Federal Home Loan Mortgage Corporation; bonds, notes and other obligations issued by the Tennessee Valley Authority under the Tennessee Valley Authority Act as amended; and bonds, notes and other obligations guaranteed by the Commodity Credit Corporation

for the export of California agricultural products under the Commodity Credit Corporation Charter Act as amended, provided, however that the Permitted Investments specified in this paragraph (iv) shall be rated by at least two of any three rating agencies rating such obligations not lower than the higher of (1) the rating on the Bonds to be refunded at the time of the original issuance thereof and (2) the rating on the Bonds to be refunded at the time of refunding;

- (v) deposit in the State Surplus Money Investment Fund; or
- (vi) any other investment designated in a Supplemental Certificate as a permitted investment with respect to the Bonds authorized by such Supplemental Certificate, provided however that the Permitted Investments specified in this paragraph (vi) shall be rated by at least two of any three rating agencies rating such obligations not lower than the higher of (1) the rating on the Bonds to be refunded at the time of the original issuance thereof and (2) the rating on the Bonds to be refunded at the time of refunding.

- (b) With respect to any Refunded Bonds, any investment designated in the resolution under which such Refunded Bonds were issued.

“Record Date” means the close of business on the 15th day of the month immediately preceding an interest payment date, whether or not the date is a Business Day.

“Refundable Bonds” means the Resolution III Bonds, the Resolution VII Bonds, and any bonds that may be issued from time to time under this Resolution.

“Refunded Bonds” means those Refundable Bonds, as determined by the Treasurer pursuant to Section 2.02(b), that are refunded by Bonds.

“Resolution” means this Resolution, as it may from time to time be supplemented by a Supplemental Certificate, or supplemented, modified or amended by any Supplemental Resolution.

“Resolution III” means Resolution III adopted by the Committee on April 15, 2009, which authorized the issuance of up to \$480,800,000 of obligations consisting of commercial paper notes or bonds or both.

“Resolution III Bonds” means the State of California High-Speed Passenger Train Bonds, Series D issued pursuant to Resolution III for the purposes identified in Section 2704.095 of the California Streets and Highways Code.

“Resolution VII” means Resolution VII adopted by the Committee on September 21, 2011, which authorized the issuance of up to \$130,000,000 of obligations consisting of either commercial paper notes or bonds or both.

“Resolution VII Bonds” means any bonds issued from time to time under Resolution VII for the purposes identified in Section 2704.095 of the California Streets and Highways Code.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Securities Depository” means DTC.

“Series” means all of the Bonds designated as being of the same series.

“State” means the State of California.

“Supplemental Certificate” means a supplemental certificate of the Treasurer setting forth the terms, conditions and provisions relating to any Series of Bonds, as it may from time to time be supplemented, modified or amended as authorized by Section 5.01.

“Supplemental Resolution” means any resolution then in full force and effect which has been duly adopted by the Committee, amendatory of or supplemental to this Resolution, but only if and to the extent that such supplemental resolution is specifically authorized by Section 5.01.

“Taxable Bonds” means Bonds the interest on which is not excluded from gross income for federal income tax purposes under Section 103 of the Code.

“Tax-Advantaged Bonds” means Bonds that entitle the State or a Bondholder to claim tax credits or other tax benefits (including subsidy payments) for federal income tax purposes under the Code. Tax-Advantaged Bonds may, depending upon the requirements of the Code, also qualify as Tax-Exempt Bonds or Taxable Bonds.

“Tax-Exempt Bonds” means Bonds the interest on which is excludable, in whole or in part, from gross income for federal income tax purposes under Section 103 of the Code (including Bonds treated as qualified bonds within the meaning of Section 141(e) of the Code, or subsequent similar provisions of the Code).

“Treasurer” means the Treasurer of the State or any Deputy Treasurer of the State or any other person designated by the Treasurer to act hereunder on behalf of the Treasurer.

“Underwriters” means, if applicable, the underwriters designated from time to time by the Treasurer pursuant to Section 5703 of the California Government Code in connection with the issuance of any Bonds.

ARTICLE II

AUTHORIZATION AND ISSUANCE OF BONDS

Section 2.01 General.

(a) The Committee has examined the request and supporting statements provided to the Committee, and has determined that it is necessary and desirable to authorize the

issuance and sale of Bonds pursuant to California Government Code Section 16780 et seq. to refund Refundable Bonds when such issuance and sale will provide a saving in debt service cost to the State, as measured by the present value of that saving, and complies with subsection (c). The Committee further determines that all conditions, things and acts required by law to exist, happen and be performed precedent to and in connection with the issuance of the Bonds will exist, will have happened and will have been performed in due time, form and manner as required by law, and that this Committee will be empowered to issue Bonds in the principal amount sufficient to provide funds for the purposes allowed in California Government Code Section 16782(a) and subject to the limitation in California Government Code Section 16782(b) that the principal amount of any issue of Bonds shall not exceed the original aggregate principal amount of the related series of Refunded Bonds.

(b) The Bonds authorized to be issued by this Resolution may be issued in combination with general obligation bonds authorized by prior or subsequent resolutions of this Committee pursuant to the Act, may be issued in one or more Series from time to time with letter designations determined by the Treasurer and may be issued in combination with other similar general obligation bonds of the State under other bond acts. Each succeeding Series of Bonds issued under the Act shall be lettered in sequence except as convenience of lettering may otherwise require.

(c) The Bonds authorized to be issued by Section 2.01(a) of this Resolution shall comply with criteria described in the document titled "State Treasurer's Office Policies Regarding Issuance of Refunding Bonds" attached hereto as Appendix C, or as such policies may be modified and submitted to the Committee in the future.

Section 2.02 Authorization of Bonds.

The Treasurer is authorized and directed to provide for the preparation of the requisite number of Bonds in substantial conformity with the following specifications:

(a) Name of Bonds: State of California High-Speed Passenger Train Bonds, Series ____.

(b) Aggregate Par Value: The amount the Treasurer may deem appropriate for the purpose of refunding all or part of the Refundable Bonds as determined by the Treasurer, subject to the limitation of California Government Code Section 16782.

(c) Denomination: The Bonds shall be issued only in fully registered form, without coupons, in denominations of \$5,000 or any multiple of \$5,000 (not exceeding the amount maturing at any one time), shall be numbered in consecutive numerical order within each Series.

(d) Date of any Series of Bonds: Any date between March 29, 2013, and the termination of the authority to issue Bonds under this Resolution that may be deemed appropriate by the Treasurer.

(e) Annual Rate of Interest and Interest Payment Dates: The annual rate of interest on the Bonds shall not exceed the greater of (i) eleven percent (11%) per annum or

(ii) the maximum rate allowed by law at the time of sale of the Bonds. The rate or rates of interest shall be determined at the time of the sale of the Bonds on the basis of the lowest true interest cost to the State or as negotiated by the Treasurer. The rate or rates of interest need not be uniform for all of the Bonds. Interest shall be payable on dates to be selected by the Treasurer and the first interest payment date may be any date within one year after the date of the Bonds.

(f) Provisions for Redemption and Other Terms of the Bonds: The Bonds may be subject to redemption prior to their fixed maturity dates as determined by the Treasurer. The Treasurer shall set forth in a Supplemental Certificate relating to such Bonds, any redemption provisions relating to the Bonds; the manner of the call or the notice thereof, the price or prices at which the Bonds shall be subject to redemption and any other terms and conditions deemed necessary for the Bonds.

(g) Dates of Maturity and Amounts Maturing: The dates of maturity and the amount of the Bonds maturing at each date of maturity shall be determined by the Treasurer in accordance with California Streets and Highways Code Sections 2704.11(b) and 2704.13, and California Government Code Section 16783.

(h) Form and Language: The form and language of the Bonds shall be substantially as set forth in Appendix A, with such changes as the Treasurer may approve.

(i) Additional Terms. The Treasurer shall evidence the Treasurer's determination of certain terms of each Series of Bonds, as authorized by this Section 2.02, in a Supplemental Certificate which shall be deemed to be a part of this Resolution. The Supplemental Certificate may set forth such matters as the dated date, interest rates, maturity schedule, principal and interest payment dates, sinking fund payment schedule, and redemption provisions for the Bonds, and any other terms, conditions and provisions not otherwise set forth herein deemed necessary for the Bonds.

Section 2.03 Sale of Bonds.

(a) Whenever the Treasurer determines that such sale will result in a saving in debt service costs to the State, as measured by the present value of that saving, and complies with the criteria set forth in Section 2.01(c), the Treasurer is authorized to cause all or any part of the Bonds to be sold for cash, either (i) at competitive sale to the highest bidder (at the lowest true interest cost), or (ii) by negotiated sale if the Treasurer determines that it is in the best interest of the State to do so, in such amounts and at such times as the Treasurer deems advisable, and to cause notice of any competitive sale or sales to be published as provided by law. With respect to Bonds sold by the Treasurer by negotiated sale, the Treasurer shall make a finding on the public record as to why a competitive sale was not used. The Treasurer may sell the Bonds at a price below the par value thereof, but the discount on the Bonds shall not exceed three percent (3%) of the par value.

(b) The Treasurer may combine, for purposes of sale, the Bonds with any other series of general obligation bonds of the State heretofore or hereafter authorized by any body of the State.

(c) If the Bonds are to be sold at competitive bid, the Notice of Sale of the Bonds shall be in substantially the form of Appendix B, with such changes therein as the Treasurer may approve.

Section 2.04 Execution of Bonds. Each of the Bonds shall be executed in the name and on behalf of the State, with the manual or facsimile signatures of the Governor, the Controller and the Treasurer and each of the Bonds shall bear an impress or a facsimile of the State seal. Each Bond shall be manually countersigned by the Treasurer, as registrar.

Section 2.05 Registration and Transfer of Bonds. The Treasurer is appointed to act as registrar of the Bonds. The Treasurer shall maintain sufficient books for the registration and transfer of the Bonds.

Only Bonds that bear a certificate of registration in the form set forth in Appendix A, executed by the registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution. The certificate of the registrar shall be conclusive evidence that the Bonds have been authenticated and delivered and are entitled to the benefits of this Resolution.

Any Bond may, in accordance with its terms, be transferred upon the books kept by the registrar by the person in whose name it is registered, in person or by an authorized attorney, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the registrar, duly executed.

Whenever any Bond or Bonds shall be surrendered for transfer, the State shall execute and the registrar shall register and deliver a new fully registered Bond or Bonds, of the same Series and maturity and for a like aggregate principal amount. The State may charge a sum not exceeding \$5.00 for each new Bond delivered upon any transfer, and the registrar shall require the payment by the Bondholder requesting transfer of any tax or other governmental charge required to be paid with respect to transfer.

No transfers of Bonds shall be required to be made during the period between a Record Date and the interest payment date.

The Treasurer may resign as registrar and appoint a successor registrar that meets all applicable requirements of State law. The Treasurer may remove any successor registrar and appoint a successor registrar that meets all applicable requirements of State law.

Section 2.06 Ownership of Bonds. The Treasurer, as registrar and paying agent, and any successor registrar and paying agent may treat any Bondholder as the absolute owner of such Bond for the purpose of receiving payment thereof and for all other purposes, and neither the Treasurer nor such successor shall be affected by any notice or knowledge to the contrary.

Section 2.07 Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Treasurer, at the expense of the Bondholder of said Bond, shall execute and deliver a new Bond of like tenor and number in exchange and substitution for the Bond so mutilated, but only upon surrender to the Treasurer of the Bond so mutilated. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Treasurer and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be

given, the Treasurer, at the expense of the Bondholder, shall execute and deliver a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. Such new Bond shall not be a new obligation or issuance under this Resolution or the Act, but constitutes new evidence of the existing obligation represented by the Bond so mutilated, lost, destroyed or stolen. The State shall not be required to pay both the original Bond and any duplicate Bond, but both the original and the duplicate Bond shall be treated as one and the same.

Section 2.08 Legal Opinion as to Validity of Bonds. The Committee determines that it will increase the salability or the price of the Bonds to obtain a legal opinion of nationally recognized bond counsel, in addition to that of the Attorney General, as to the validity of the Bonds. The Treasurer is authorized to obtain such a legal opinion on the condition that at the time that each Series of Bonds is issued, the Treasurer certifies that the basis for the Committee's determination continues to be valid.

Section 2.09 Refunding of Bonds. Pursuant to the Act and the Refunding Law, refunding bonds may be issued to refund Bonds at or prior to their stated maturity. Pursuant to Section 16784 of the Refunding Law, the proceeds of such refunding bonds shall be deposited into the Refunding Escrow Fund of the State Treasury and invested in Permitted Investments or held uninvested, which Refunding Escrow Fund is irrevocably dedicated to pay the principal of, premium, if any, and interest on the refunded Bonds as it comes due, and for the other purposes set forth in Section 16782, including payment of costs of issuance of the refunding bonds.

In any refunding for which proceeds of refunding bonds (and other funds, if any) are deposited into the Refunding Escrow Fund in the State Treasury for payment of Bonds greater than 90 days prior to date of retirement of such Bonds, unless the moneys on deposit are held in the State Surplus Money Investment Fund or as uninvested cash or both and are sufficient to pay when due all of the principal, premium, if any, and interest on such refunded Bonds until maturity or the date fixed for redemption without accounting for investment earnings thereon, the Treasurer shall obtain a report from a firm of independent public accountants verifying the sufficiency of such deposit.

ARTICLE III

COVENANTS OF THE STATE

Section 3.01 Punctual Payment; Security. The State will punctually pay or cause to be paid the principal of (whether at maturity or by prior redemption), premium, if any, and interest on the Bonds (but only from Available Funds), in conformity with the terms of the Bonds and this Resolution. The full faith and credit of the State are pledged to the payment of the principal of (whether at maturity or by prior redemption) and interest on the Bonds as such principal and interest come due.

Section 3.02 Opinion of Counsel. The legal opinion of the Attorney General and nationally recognized bond counsel as to the validity of the Bonds and, if applicable, the legal opinion of nationally recognized bond counsel as to federal income tax and State of California personal income tax matters relating thereto will be furnished to any Bondholder without cost.

Section 3.03 Tax Covenants. Based on the Treasurer's determination as to the best interests of the State, the Bonds may be issued as Tax-Exempt Bonds, Taxable Bonds or Tax-Advantaged Bonds. The following covenants are made only with respect to Tax-Exempt Bonds and Tax-Advantaged Bonds:

(a) The State shall at all times do and perform all acts and things permitted by law and this Resolution which are necessary or desirable to assure that interest paid on the Tax-Exempt Bonds (or any of them) will be excluded from gross income for federal income tax purposes to the extent permitted under the Code, and to assure that Tax-Advantaged Bonds will continue to qualify for eligibility for the tax credits or other tax benefits provided for federal income tax purposes. The State shall take no action that would result in such interest on Tax-Exempt Bonds not being excluded from gross income for federal income tax purposes or that would result in the loss of tax-credits or other tax benefits for Tax-Advantaged Bonds. Without limiting the generality of the foregoing, the State agrees to comply with the provisions of any tax certificate (the "Tax Certificate") entered into at the time the Bonds are issued. This covenant shall survive payment in full or refunding of the Bonds.

(b) Notwithstanding any provisions of this Section, if the State shall receive an opinion of nationally recognized bond counsel that any specific action required under this Section or under the Tax Certificate is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds or to maintain the eligibility for tax credits or other tax benefits with respect to the Tax-Advantaged Bonds, the State may conclusively rely on such opinion in complying with the requirements of this Section, and the covenants hereunder shall be deemed to be modified to that extent.

Section 3.04 Continuing Disclosure.

(a) Concurrently with the issuance of any Bonds hereunder, the Treasurer is hereby authorized and directed, on behalf of the State, to execute and deliver a Continuing Disclosure Certificate complying with the requirements of the Rule and to take all other actions necessary to comply with the Rule.

(b) The State hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the Treasurer to comply with the requirements of the Rule applicable to the Bonds or the Continuing Disclosure Certificate shall not be considered an event of default hereunder.

(c) All other agencies of the State, including those represented on this Committee, are directed to provide information within their knowledge to the Treasurer for inclusion in any annual reports prepared by the Treasurer pursuant to any Continuing Disclosure Certificate, in such manner that the Continuing Disclosure Certificate will be accurate and complete.

ARTICLE IV

EVENT OF DEFAULT AND REMEDIES OF BONDHOLDERS

Section 4.01 Event of Default. It shall be an event of default hereunder if the State shall fail to pay or cause to be paid, when due, principal of or interest or premium on any Bond, or shall have declared a moratorium on such payment, or repudiated any Bond.

Section 4.02 Suits at Law or in Equity and Mandamus. In case one or more events of default shall occur, then and in every such case the Holder of any Bond at the time Outstanding shall be entitled to proceed to protect and enforce such Holder's rights by such appropriate judicial proceeding as such Holder shall deem most effectual to protect and enforce any such right, whether by mandamus or other suit or proceeding at law or in equity, for the specific performance of any covenant or agreement contained in this Resolution, or in aid of the exercise of any power granted in this Resolution, or to enforce any other legal or equitable right vested in the Holders by this Resolution or the Bonds or by law. The provisions of this Resolution shall be a contract with each and every Holder, and the duties of the State and of the Committee shall be enforceable by any Holder by mandamus or other appropriate suit, action or proceeding in any California court of competent jurisdiction.

Section 4.03 Remedies Not Exclusive. No remedy herein conferred upon the Holders is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by the Holder of any one or more of the Bonds.

ARTICLE V

MISCELLANEOUS

Section 5.01 Amendment of Resolution or Bonds. The State may modify or amend this Resolution with respect to any authorized but unissued Bonds without any limit. The State may modify or amend this Resolution with respect to any Outstanding Bonds and may amend such Outstanding Bonds and the rights and obligations of the Holders of such Outstanding Bonds and the State at any time by a Supplemental Resolution, without notice to or the consent of any Holder, but only to make such provisions for the purpose of (i) curing any ambiguity, curing, correcting or supplementing any defective provision contained in this Resolution, or (ii) complying with requirements of the Code to satisfy the covenants of Section 3.03; in each case as the Committee may deem necessary or desirable and which shall not adversely affect the interests of the Holders of the affected Bonds, if any.

The Treasurer may modify or amend any Supplemental Certificate setting forth the terms of Outstanding Bonds and may amend any Outstanding Bonds without notice to or the consent of any Holder, but only to make such provisions for the purpose of (i) curing any ambiguity, curing, correcting or supplementing any defective provision contained in the Supplemental Certificate or (ii) complying with requirements of the Code to satisfy the covenants of Section 3.03; in each

case as the Treasurer may deem necessary or desirable and not inconsistent with this Resolution, and which shall not adversely affect the interests of the Holders of the affected Bonds.

Section 5.02 Escrow Fund.

(a) Pursuant to Section 16784 of the Refunding Law, there are hereby created and established separate accounts within the Refunding Escrow Fund (created pursuant to such section) to be known as the “Refunding Escrow Fund-[Month] [Year]” for each Series designated pursuant to Section 2.02 (the “Escrow Accounts”). The Treasurer shall (exclusive in each case of accrued interest) set aside the proceeds of the sale of each Series of Bonds in the respective Escrow Account for such Series. The proceeds of the Bonds and any other funds so deposited shall be held in trust for the benefit of the holders of the related Refunded Bonds and shall be used solely for the refunding of such Refunded Bonds, and (along with accrued interest) for other purposes set forth in Section 16782 of the Refunding Law, including payment of the costs of issuance of the Bonds.

(b) Moneys held in the Escrow Accounts shall be invested by the Treasurer in any Permitted Investment or held uninvested. Any earnings from such investment shall be credited to the respective Escrow Account from which such investment was made. In addition, any other funds held or received by the State which, in the opinion of nationally-recognized bond counsel, must be restricted or accounted for separately shall be invested in Permitted Investments or held uninvested. For any advance refunding of one or more series of Refunded Bonds, unless the moneys on deposit are held in the State Surplus Money Investment Fund or as uninvested cash or both in the full amount sufficient to pay the principal, premium and interest due until the date fixed for redemption or the date of maturity without accounting for investment earnings thereon, the Treasurer shall obtain an opinion or certificate from a firm of independent certified public accountants to the effect that the moneys and Permitted Investments deposited in the Escrow Accounts will be sufficient, without reinvestment, to provide for the payment of all of the principal, premium and interest on the related Refunded Bonds until their maturity or redemption dates.

It is the intent of the Committee that, pursuant to Section 5922(d) of the California Government Code, this Section 5.02(b) shall provide a complete and additional authorization for the investment of Bond proceeds and other moneys referred to in this Section 5.02.

Section 5.03 Book-Entry.

(a) If the Treasurer determines that it will be to the advantage of the State, any Series of Bonds shall be initially issued and registered in the name of the Nominee, as nominee of the Securities Depository (referred to hereafter as “DTC”) and shall be evidenced by registered Bonds in printed or typewritten form. Registered ownership of such Series of Bonds, or any portion thereof, may not thereafter be transferred except as follows:

(i) to any nominee of DTC, or of any substitute depository designated pursuant to clause (ii) of this subsection (“Substitute Depository”); provided that any successor of DTC or of the Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) to any Substitute Depository designated by the Treasurer, upon (1) the resignation of DTC or a Substitute Depository as depository, or (2) a determination by the Treasurer that DTC (or a Substitute Depository) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under applicable laws to provide the service proposed to be provided by it; or

(iii) to any other new registered owners as provided in subsection (b) below.

In the case of any transfer pursuant to clauses (i) or (ii), upon receipt of the registered Bonds by the Treasurer, new registered Bonds shall be executed and delivered by the Treasurer, registered in the name of such nominee or such Substitute Depository, as the case may be.

(b) Upon the resignation of DTC or a Substitute Depository from its function as depository without the designation of any Substitute Depository, or upon a determination by the Treasurer to discontinue the use of a depository with respect to the Bonds, and upon the receipt by the Treasurer of the registered Bonds, the Treasurer shall, as soon as practicable, execute and deliver new Bonds in registered form in such denominations and registered in the name of the Beneficial Owners of the obligations in accordance with the records of the former depository.

(c) The Treasurer shall be entitled to treat the person in whose name any registered Bond is registered as the owner thereof for all purposes of this Resolution and for purposes of payment of principal of, premium, if any, and interest on such Bond, notwithstanding any notice to the contrary received by the Treasurer; and the Treasurer shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the registered Bonds. The Treasurer shall not have any responsibility or obligation to any such Beneficial Owners or to any other party, including DTC, any Substitute Depository or its successor, except to the registered owner of any registered Bond, and the Treasurer may rely conclusively on the Treasurer's records as to the identity of the registered owners of the registered Bonds.

(d) Notwithstanding any other provision of this Resolution and so long as all Outstanding Bonds of any Series are registered in the name of DTC or its registered assigns, the Treasurer shall cooperate with DTC in effecting payment of the principal of, premium, if any, and interest on the registered Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made available on the date they are due all in accordance with the Treasurer's Letter of Representations to DTC.

Section 5.04 Official Statement; Purchase Contract. The Treasurer is authorized to cause the preparation of an official statement or similar offering document for any Bonds (an "Official Statement") in a form as approved by the Treasurer. All other agencies of the State, including those represented on this Committee, are directed to provide information within their knowledge to the Treasurer for inclusion in the Official Statement in such manner that the Official Statement will be accurate and complete. If a negotiated sale of Bonds occurs as permitted by this Resolution, the Underwriters are authorized to distribute the Official Statement (including in preliminary form if so desired by the Underwriters) in the form approved by the

Treasurer for purposes of marketing any Bonds. In such case the Treasurer is further authorized to enter into one or more note or bond purchase contracts or dealer agreements relating to the sale of any Bonds.

Section 5.05 Payment Not on a Business Day. If any payment is due on any Bonds on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and no interest will accrue as a result.

Section 5.06 Additional Actions. The Treasurer is hereby authorized and directed, to do any and all things and to execute and deliver any and all documents which the Treasurer may deem necessary or advisable to consummate the issuance, sale and delivery of the Bonds, including but not limited to tax certificates, tax forms, closing certificates, escrow certificates or escrow agreements, and forward purchase contracts or similar agreement relating to investment of funds in the Refunding Escrow Fund and otherwise to effectuate the purposes of this Resolution.

Section 5.07 Effective Date of Resolution. This Resolution shall take effect immediately upon adoption, and Bonds may be issued hereunder until such time as this Committee revokes the authority to issue Bonds under this Resolution. However, all other provisions in this Resolution relating to the Bonds shall continue in full force and effect until such time as no Bonds are Outstanding.

HIGH-SPEED PASSENGER TRAIN FINANCE COMMITTEE

RESOLUTION XI (2013)

(Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century; Proposition 1A)

SECRETARY’S CERTIFICATE

I, Geoff Palmertree, Secretary of the High-Speed Passenger Train Finance Committee (the “Committee”), hereby certify as follows:

The foregoing is a full, true and correct copy of the Committee’s Resolution XI (the “Resolution”), duly adopted at a meeting of the Committee duly and legally held on March 29, 2013, of which meeting all of the members of the Committee had due notice and at which a majority thereof was present.

At said meeting the Resolution was adopted, and the vote was as follows:

MEMBER	VOTE
Treasurer of the State of California	
By: _____	_____
Controller of the State of California	
By: _____	_____
Director of Finance of the State of California	
By: _____	_____
Secretary of the Business, Transportation and Housing Agency of the State of California	
By: _____	_____

Chairperson of the High-Speed Rail Authority

By: _____

Dated: March 29, 2013

By: _____
Secretary of the High-Speed Passenger
Train Finance Committee or Authorized
Designee

APPENDIX A

FORM OF BOND

No. R-_____

\$_____

United States of America
State of California
General Obligation Refunding Bond
Series _____

Interest Rate:
Maturity Date:
Issue Dated:
CUSIP:

Registered Owner:

Principal Amount: _____ DOLLARS, allocated to several bond series as identified in Appendix A hereto.

THE STATE OF CALIFORNIA, for value received, promises to pay to the registered owner or registered assigns, on the specified maturity date, the principal amount stated above (subject to the right of redemption hereinafter mentioned). The State of California also promises to pay to the registered owner or registered assigns interest on the unpaid principal amount from the interest payment date preceding the date of registration of this bond (unless this bond is registered as of an interest payment date or issue date, in which event it shall bear interest from that date, or unless this bond is registered prior to _____, in which event it shall bear interest from _____) at the interest rate per annum stated above, payable [semiannually on _____ and _____ in each year] until this bond is paid in full. Interest shall cease to accrue on this bond after the date of maturity unless this bond is presented for payment and remains unpaid after presentation. Principal of and premium, if any, on this bond is payable, on the surrender of this bond, in lawful money of the United States of America at the office of the Treasurer of the State of California (the "Treasurer"), in Sacramento, California, or at such other location as the Treasurer shall specify, or at the office of any successor registrar and paying agent, or at the option of the registered owner, at the office of any authorized agent of the Treasurer. Interest on this bond is payable in like lawful money by check or draft mailed to the person whose name appears on the bond registration books of the Treasurer (or his or her successor as registrar) as the owner as of the Record Date, at the owner's address as it appears on the registration books or at such address as the owner may have filed with the Treasurer for that purpose. "Record Date" has the meaning set forth in the Resolution (defined below).

This bond is part of an authorized issue of bonds of the State of California in the aggregate principal amount of _____ Dollars (\$_____), consisting of the separate bond authorizations and series as identified in Appendix A attached

hereto and made a part hereof, all of like tenor and effect (except for variations, if any, as may be required to designate varying dates, numbers, maturities, interest rates or redemption features). This bond is issued pursuant to California Government Code Section 16720 *et seq.* and the bond acts listed in Appendix A approved by the people of the State of California at elections held from time to time, and in conformity with resolutions of the respective finance committee for each bond act as identified in the Certificate Regarding Resolutions, executed by the Treasurer, with respect to this bond and dated the date hereof (together, the “Resolutions”).

Reference is hereby made to each Resolution, to all of the provisions of which any Bondholder by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the pledge and covenants securing the Bonds, the conditions upon which the provisions of the Bonds may be amended or supplemented with or without the consent of the Bondholders; the rights and remedies of the Bondholder with respect hereto and thereto, including the limitations therein contained upon the right of a Bondholder to institute any suit, action or proceeding in equity or at law with respect hereto and thereto, and limitations on the ability of a Bondholder to exercise approval or consent rights or take other action; the rights and duties and obligations of the State and the Treasurer hereunder and thereunder; and for the other terms and provisions thereof.

Other General Provisions. The State may modify or amend the Resolutions with respect to any Bonds and may amend the Bonds and the rights and obligations of the Holders of the Bonds and the State at any time by a Supplemental Resolution, without notice to or the consent of any Holder, but only to make such provisions for the purpose of (i) curing any ambiguity, curing, correcting or supplementing any defective provision contained in the Resolution, or (ii) complying with requirements of the Code to satisfy the tax covenants of the Resolution; in each case as the Committee may deem necessary or desirable and which shall not adversely affect the interests of the Holders of the Bonds.

The Treasurer may modify or amend any Supplemental Certificate setting forth the terms of the Bonds and may amend any Bonds without notice to or the consent of any Holder, but only to make such provisions for the purpose of (i) curing any ambiguity, curing, correcting or supplementing any defective provision contained in the Supplemental Certificate or (ii) complying with requirements of the Code to satisfy the tax covenants of the Resolution; in each case as the Treasurer may deem necessary or desirable and not inconsistent with the Resolution, and which shall not adversely affect the interests of the Holders of the affected Bonds.

[insert redemption provisions, if applicable]

The Bonds are issuable only as registered bonds in denominations of \$5,000 or any multiple of \$5,000. If any payment on this bond is due on a day other than a Business Day, payment will be made on the next Business Day, and no interest will accrue as a result. This bond is transferable by the registered owner, in person or by the registered owner’s attorney authorized in writing, at the principal office of the Treasurer, Sacramento, California, but only in a manner and subject to the limitations provided in the Resolutions, and on surrender and cancellation of this bond. On transfer, a new registered bond or bonds of authorized

denomination or denominations for the same aggregate principal amount will be issued to the transferee.

The Treasurer and any authorized agent of the Treasurer shall be entitled to treat the person in whose name any bond is registered as the owner thereof for all purposes, including payment of principal of, premium, if any, and interest on such bond, notwithstanding any notice to the contrary received by the Treasurer; and the Treasurer shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the Bonds. The Treasurer shall not have any responsibility or obligation to any such Beneficial Owners or to any other party, including DTC, and the Treasurer may rely conclusively on the Treasurer's records as to the identity of the owners of the Bonds.

It is certified that all conditions, things 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 and have been performed in due time, form and manner as required by law, and that this bond is a valid and binding general obligation of the State of California. The full faith and credit of the State of California are pledged for the punctual payment of the principal of and the interest on this bond as they become due.

This bond shall not be entitled to any benefit under the Resolutions, or become valid or obligatory for any purpose, until the Certificate of Registration is executed and dated by the Registrar.

IN WITNESS WHEREOF, the Treasurer of the State of California has caused the Treasurer's facsimile signature and the facsimile signatures of the Governor and the Controller to be affixed to this bond, and has caused an impress or facsimile of the Great Seal of the State of California to be placed on this bond, all at the City of Sacramento, State of California, this ____ day of _____.

Treasurer of the State
of California

Governor of the State
of California

Controller of the State
of California

(SEAL)

CERTIFICATE OF REGISTRATION

This is one of the Bonds described in the within-mentioned Resolutions which has been registered on

_____.

TREASURER OF THE STATE OF
CALIFORNIA, as Registrar

By: _____
Deputy Treasurer

[FORM]

APPENDIX A

To State of California General Obligation Refunding Bond

Dated _____

Cusip: _____

Maturing _____

<u>Bond Number</u>	<u>Resolution Number</u>	<u>Name of Bond Act and Finance Committee</u>	<u>Series</u>	<u>Principal Amount</u>
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APPENDIX B

FORM OF NOTICE OF SALE

\$ _____
STATE OF CALIFORNIA
GENERAL OBLIGATION BONDS

[Pursuant to Section 2.03(c), any Notice of Sale of the Bonds shall be in substantially the following form, with such changes as the Treasurer may approve.]

Bids will be received by the Honorable Bill Lockyer, Treasurer of the State of California (“State Treasurer”), for the purchase of \$ _____ principal amount of State of California General Obligation Bonds dated and scheduled to be delivered _____, ____ (“Bonds”). After the sale, the State Treasurer may elect to adjust the principal amounts and amortization schedule for the Bonds as described under “ADJUSTMENT OF PRINCIPAL AMOUNTS AND AMORTIZATION SCHEDULE AFTER RECEIPT OF BIDS.” Bidding procedures and sale terms are as follows.

The State Treasurer reserves the right, prior to the date of the sale, to modify the Notice of Sale (this Notice of Sale, together with any modifications as amendments is referred to herein as the “Notice of Sale”), including changing the maturity schedule, the redemption provisions or the aggregate principal amount of Bonds offered for sale. Any such modifications will be announced via [wire service] not later than _____, by _____ a.m., California time (provided that any delay in making such amendment shall not affect the validity of the sale of the Bonds). Any such modification will also be posted on the State Treasurer’s Internet site at <http://www.treasurer.ca.gov>. Bidders are required to bid upon the Bonds as so modified. The State Treasurer reserves the right to postpone or cancel the sale at any time.

ISSUE: The Bonds are described in the State of California’s Preliminary Official Statement dated _____, ____ (“Preliminary Official Statement”).

TIME: Bids must be delivered by [9:00 A.M.], California time, on _____, _____, ____.

PLACE: Bids must be delivered to the office of the State Treasurer in Sacramento, California at 915 Capitol Mall.

- Bidders may hand deliver bids to Room _____.
- Instead of hand delivery, bidders may electronically deliver bids as described under “ELECTRONIC BIDS” below.*

* This and other references to electronic bids may be deleted if this form of bidding is not used.

Each bidder (and not the State Treasurer) is responsible for the timely delivery of its bid, whether delivered by hand or electronically. The official time will be determined by the State Treasurer and not by any bidder or Bid Service (defined below).

INTEREST: Bidders must specify the rate or rates of interest which the Bonds will bear, subject to the following limitations. Interest will accrue from the date of delivery. Interest may not exceed eleven percent (11%) per annum, payable on _____ 1 and _____ 1 in each year, commencing _____ 1, _____. Bidders may specify any number of separate rates and the same rate or rates may be repeated as often as desired, but:

[Individual limitations below may be deleted or modified or other limitations added as determined appropriate prior to sale]

- each interest rate specified in any bid must be a multiple of [one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%)],
- no Bond shall bear more than one rate of interest,
- each Bond shall bear interest from its date to its stated maturity date at the interest rate specified in the bid,
- all Bonds of the same maturity shall bear the same rate of interest,
- the interest rate on any Bond maturing on or after _____ 1 after _____, ____ must be equal to or higher than the interest rate designated for the preceding Bond maturity, and
- all mandatory sinking fund payments shall bear the same rate of interest as the term Bonds to which they relate.

PRINCIPAL: Subject to any adjustments as provided in “ADJUSTMENT OF PRINCIPAL AMOUNTS AND AMORTIZATION SCHEDULE AFTER THE RECEIPT OF BIDS” herein, the Bonds will mature or be subject to mandatory sinking fund redemption on _____ and on _____ in any of the years from ____ to ____ inclusive, in the amounts set forth in the Bid Form attached hereto. Each bid must specify whether the principal amount of Bonds to be paid on each applicable date will be a payment at maturity of serial Bonds or a mandatory sinking fund payment on term Bonds. The mandatory sinking fund payments for each term Bond must be on consecutive principal payment dates immediately preceding the maturity date of that term Bond, provided that no term Bond maturing after the first optional redemption date of the Bonds may have a sinking fund payment on or prior to the first optional redemption date.

REDEMPTION: [Redemption provisions may be modified as determined appropriate prior to sale] The Bonds maturing on or before _____ 1, ____ are not subject to optional redemption prior to their respective stated maturities. The Bonds maturing on and after _____ 1, ____ are subject to optional redemption prior to their stated maturity dates, in

whole or in part, in such order of maturity as may be designated by the State Treasurer and by lot within any maturity, on any date on or after _____ 1, ____ at a redemption price equal to 100 percent of the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption:

In the event the successful bidder specifies in its bid that any Bonds are to be term Bonds with mandatory sinking fund payments, those Bonds will be subject to redemption prior to maturity, in part, by lot, at 100 percent of the principal amount to be redeemed plus accrued interest to the sinking fund payment date fixed for redemption, without premium, from mandatory sinking fund payments.

SECURITY: The Bonds are general obligations of the State to which the full faith and credit of the State are pledged. The principal of and interest on all State general obligation bonds, including the Bonds, are payable from any moneys in the General Fund of the State, subject only to the prior application of such moneys to the support of the public school system and public institutions of higher education. See the Preliminary Official Statement – “AUTHORIZATION OF AND SECURITY FOR THE BONDS.”

[Subject to modification as appropriate prior to sale] **TAX EXEMPTION:** Bond Counsel to the State will render its opinion that, 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, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel will each further render their opinion that such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel will observe that such interest is included in adjusted current earnings when calculating federal corporate alternative minimum taxable income. See the Preliminary Official Statement – “TAX MATTERS” and APPENDIX D — “PROPOSED FORMS OF LEGAL OPINIONS.”

LEGAL OPINIONS AND NO LITIGATION CERTIFICATE: The opinions of Bond Counsel and the Attorney General referred to in the Preliminary Official Statement under “LEGAL MATTERS” will be furnished to the successful bidder on the Closing Date. The successful bidder will also receive a customary certificate of the Attorney General that to her knowledge other than as disclosed in the Official Statement there is not now pending (with service of process on the State having been completed) or threatened any litigation (i) seeking to restrain or enjoin the sale, issuance, execution, or delivery of the Bonds, (ii) challenging the validity of the Bonds or any proceeding of the State taken with respect to the foregoing, or (iii) challenging the entitlement to their respective offices of any of the officers who caused the Bonds to be executed and delivered on behalf of the State. For purposes of the above certifications, the term “to her knowledge” does not include the performance of a docket search of federal or state court filings. The term “to her knowledge” does include discussions with senior legal staff and executive staff within the Attorney General’s Office responsible for coordinating and managing judicial and administrative actions for the State. For purposes of the above certifications, no matter will be deemed to be “threatened” litigation because it is the subject of a pending administrative action. Pursuant to Article 4, Chapter 1, Part 1, Division 3 of

Title 2 of the Government Code, the Attorney General is not counsel to all state agencies for litigation matters. Accordingly, there may be litigation matters pending or threatened of which the Attorney General has no actual knowledge.

ADDITIONAL INFORMATION: Prospective bidders should read the entire Preliminary Official Statement, copies of which may be obtained from the State Treasurer at P.O. Box 942809, Sacramento, California 94209-0001 (1-800-900-3873). The Preliminary Official Statement is available on the State Treasurer's Internet site at <http://www.treasurer.ca.gov>.

TERMS OF THE SALE

FORM OF BID: Each bid must be unconditional and in the amount of not less than ___ percent of the principal amount and not more than ___ percent, plus accrued interest to the date of delivery of the Bonds. By submitting a bid, the bidder agrees to all of the terms and conditions of this Notice of Sale, as modified by the State Treasurer pursuant to the second paragraph of this Notice of Sale. Bids are not required to be submitted on the bid form attached to this Notice of Sale. In submitting a bid, each bidder acknowledges that the bid is an offer to purchase all of the Bonds, and if accepted, will become a contract to purchase the Bonds on the terms contained herein. However, each bid must include the information required by that bid form. *All bids shall be deemed to incorporate all of the terms of this Notice of Sale.*

ELECTRONIC BIDS: Solely as an accommodation to bidders, the State Treasurer will receive bids delivered electronically through any of the following service(s) ("Bid Service(s)"):

[List bid service(s) here]

Each bidder submitting an electronic bid agrees by doing so that (i) it is solely responsible for all arrangements with the Bid Service, (ii) the State Treasurer does not endorse or encourage the use of the Bid Service, (iii) the Bid Service is not acting as an agent of the State Treasurer, and (iv) the State Treasurer is not responsible for ensuring or verifying bidder compliance with the Bid Service's procedures. The State Treasurer is not responsible for, and each bidder expressly assumes the risk of and responsibility for, any incomplete, inaccurate or untimely bid submitted by such bidder through any means, including the Bid Service. Instructions for submitting electronic bids must be obtained by each bidder from the Bid Service. The State Treasurer shall be entitled to assume that any bid received via the Bid Service has been made by a duly authorized agent of the bidder. *If any provision of this Notice of Sale conflicts with information provided by a Bid Service, this Notice of Sale shall control.*

THE STATE TREASURER, THE STATE'S FINANCIAL ADVISOR AND BOND COUNSEL ASSUME NO RESPONSIBILITY FOR ANY ERROR CONTAINED IN ANY BID SUBMITTED ELECTRONICALLY, OR FOR FAILURE OF ANY BID TO BE TRANSMITTED, RECEIVED OR OPENED AT THE OFFICIAL TIME FOR RECEIPT OF BIDS. THE STATE TREASURER SHALL NOT BE REQUIRED TO ACCEPT THE TIME KEPT BY THE BID SERVICE AS THE OFFICIAL TIME. THE STATE TREASURER ASSUMES NO RESPONSIBILITY FOR INFORMING ANY BIDDER PRIOR TO THE

DEADLINE FOR RECEIVING BIDS THAT ITS BID IS INCOMPLETE OR NOT RECEIVED.

MULTIPLE BIDS: In the event multiple bids are received from a single bidder by any means or combination thereof, the State Treasurer shall be entitled to accept the bid with the lowest TIC, calculated in accordance with the Notice of Sale, as determined by the State Treasurer, from among all such bids, and each bidder agrees by submitting any bid to be bound by such lowest bid unless unambiguously withdrawn prior to the deadline for receiving bids. See “BASIS OF THE AWARD.”

GOOD FAITH DEPOSIT: Each bidder is required to provide to the State Treasurer, not less than one hour prior to the time the bids are required to be submitted, a good faith deposit of \$_____. The required deposit may be a surety bond or a cashier’s check payable to the State Treasurer or a wire transfer of Federal Funds.

Surety Bonds. If a surety bond is used, it must be issued by an insurance company rated in one of the top two rating categories of a nationally recognized rating agency, without regard to any modification of the rating, and licensed to issue such a bond in the State. Surety bonds must be submitted to the State Treasurer prior to the submission of the bid. A surety bond must identify each bidder whose good faith deposit is covered by the surety bond. Each bidder is responsible for any premiums, charges or fees incurred in connection with a surety bond. Surety bonds must be submitted to the State Treasurer at 915 Capitol Mall, Room 261, Sacramento, California 95814, attn: _____. If the Bonds are awarded to a bidder using a surety bond as the good faith deposit, the successful bidder is required to replace the surety bond with a cashier’s check or a wire transfer of Federal Funds not later than 3:30 p.m. (California time) on the next business day following the award. Immediately following the award, please contact _____ at the State Treasurer’s office at (916) _____ for wire instructions. If the replacement check or wire transfer is not received by that time, the surety bond may be drawn by the State Treasurer to satisfy the good faith deposit requirement.

Checks. If a cashier’s check is used, it must be submitted to the State Treasurer prior to the submission of the bid. Cashier’s checks must be payable to the Treasurer of the State of California and must be drawn on a bank having a demand account relationship with the State Treasurer’s Office. All checks of unsuccessful bidders will be returned promptly.

Wire Transfers. If a wire transfer will be used, please contact _____ at the State Treasurer’s office at (916) _____ for wire instructions not later than 12:00 p.m. (California time) two business days prior to the time of bid submission. Bidders submitting good faith deposits by wire transfer must provide to _____ at the State Treasurer’s Office written wire instructions for return of an unsuccessful bidder’s good faith deposit at the time the wire transfer is made. Good faith deposit amounts of unsuccessful bidders received by wire transfer will be refunded pursuant to the written transfer instructions provided by the applicable unsuccessful bidder. The State Treasurer will use reasonable efforts to return the funds promptly.

The deposit of the successful bidder will, upon the acceptance of its bid, become the property of the State and will be credited to the purchase price of the Bonds at the time of delivery of the Bonds. If the purchase price is not paid in full when due, the defaulting bidder shall have no right to the Bonds and its deposit shall be retained by the State Treasurer as and for full liquidated damages for such default and shall constitute a full release and discharge of all claims and rights of the State against such defaulting bidder and a waiver of any right the State may have to additional damages for any such default. By submitting a bid each bidder waives any right to claim that actual damages resulting from any such default are less than the deposit, and agrees that the amount of the deposit is a reasonable estimate of damages that the State may suffer in the event of such a default.

No interest will be paid by the State on any good faith deposit.

BASIS OF THE AWARD: The Bonds will be awarded to the bidder whose bid will result in the lowest true interest cost (“TIC”) to the State. The TIC will be the nominal interest rate which, when compounded semiannually and used to discount the debt service payments on all of the Bonds to the scheduled delivery date of the Bonds, results in an amount equal to the purchase price bid for all of the Bonds. For the purpose of calculating the TIC, the principal amount of Bonds designated by the bidder for mandatory sinking fund redemption as part of a term Bond, if any, shall be treated as a serial maturity in each year. In the event that two or more bidders offer bids at the same lowest TIC for the Bonds, the State Treasurer will determine by lot which bidder will be awarded the Bonds. The cost of preparing the Bonds will be borne by the State.

PROMPT AWARD: The State Treasurer will take action awarding the Bonds or rejecting all bids for the Bonds not later than 24 hours after the time specified for the receipt of the bids, unless such time is waived by the successful bidder. Notice of award (acceptance of a specific bid) will be given promptly by telephone by the State Treasurer to the successful bidder. Upon notice of award, the State will accept the bid to purchase all the Bonds on the terms contained herein. Bid evaluations or rankings by any Bid Service are not binding on the State Treasurer. **FAILURE OF ANY INSURANCE PROVIDER TO ISSUE ITS POLICY SHALL NOT BE GROUNDS FOR THE SUCCESSFUL BIDDER TO FAIL OR REFUSE TO ACCEPT DELIVERY OF, OR PAY FOR, ALL OF THE BONDS.**

[INSURANCE: If the successful bidder arranges municipal bond insurance for any Bonds, it does so at its own risk and expense and the obligation of the successful bidder to pay for the Bonds may not be conditioned upon the issuance of a municipal bond insurance policy. The State will not enter into any additional agreements with any bond insurer. Bond Counsel will charge the successful bidder a fee of \$3,000 for providing a legal opinion addressed to any bond insurer.]

EXPENSES OF SUCCESSFUL BIDDER: CUSIP Service Bureau charges, California Debt and Investment Advisory Commission fees (California Government Code Section 8856), DTC charges and all other expenses of the successful bidder will be the responsibility of the successful bidder.

RIGHT OF WAIVER OR REJECTION: The State Treasurer may waive any irregularity or informality in any bid, reject any bid not conforming to this Notice of Sale or reject all bids.

ADJUSTMENT OF PRINCIPAL AMOUNTS AND AMORTIZATION SCHEDULE AFTER RECEIPT OF BIDS: The principal amount of the Bonds to be set forth in the Bid Form will reflect estimates of the State Treasurer as to the likely interest rates of the winning bid and the premium or discount contained in the winning bid. After selecting the winning bid, the amortization schedule for the Bonds may be adjusted in \$5,000 increments, if the State Treasurer elects to do so, to reflect the interest rates and any premium or discount specified in the winning bid to properly fund the refunding escrow and to accommodate certain other requirements or preferences of the State. Such adjustments will not change the aggregate principal amount of Bonds to be issued from the amount set forth in the Bid Form by more than ___* percent or change the principal payments due in any year by more than the greater of \$_____* or ___* percent. This, however, may result in the removal of certain maturities. The dollar amount bid for the Bonds by the winning bidder will be adjusted to reflect any such adjustments in the amortization schedule. Any such adjustments will change the total (but not the per Bond) dollar amount of underwriter's discount and original issue discount or premium, if any, provided in such bid. Any such adjustment will be communicated to the winning bidder within 24 hours after the opening of the bids. Any such adjustments will not affect the determination of the winning bidder or give the winning bidder any right to reject the Bonds.

CERTIFICATE CONCERNING REOFFERING PRICES: The successful bidder must submit information to the State Treasurer, together with a signed copy of its bid, **not later than 30 minutes after receiving notification of the award of the Bonds**, specifying for each maturity of the Bonds the initial bona fide reoffering price to the public of each maturity of the Bonds, as of the date of the award of the Bonds.

The successful bidder also must submit to the State Treasurer a certificate (the "Reoffering Price Certificate"), satisfactory to Bond Counsel, prior to the delivery of the Bonds and taking into account any post bid adjustment of the principal amount of any of the maturities of the Bonds, which states with respect to each maturity of the Bonds that such successful bidder either (i) has purchased the applicable maturity of the Bonds for its own account and not with a view to distribution or resale and not in the capacity of a bond house, broker or other intermediary and the price at which such purchase was made, or (ii) has made a bona fide public offering to the public of the Bonds, in which case the certificate shall be in substantially in the form attached. In making such representations, the successful bidder must reflect the anticipated existence, if any, of a "derivative product" (e.g., a tender option) offered or to be offered by the bidder or its affiliate in connection with the initial sale of any of the Bonds. The successful bidder shall also, if asked by Bond Counsel, clarify any discrepancies between the Reoffering Price Certificate and publicly available information relating to trades of the Bonds and explain the failure to sell at least 10% of each maturity to the public at the prices indicated on the date of the award.

[SALES OUTSIDE OF THE UNITED STATES: The successful bidder must undertake responsibility for compliance with any laws or regulations of any foreign jurisdiction

in connection with any sale of Bonds to persons outside the United States. The successful bidder must notify the State Treasurer's Office if any Bonds are sold outside the United States, and must sign a certificate at closing verifying that it has complied with all applicable laws or regulations governing the sale of the Bonds, and indemnifying the State against any liability which may arise from sale of any of the Bonds, to persons outside the United States.]

PURCHASER'S CERTIFICATE CONCERNING OFFICIAL STATEMENT: As a condition of delivery of the Bonds, the successful bidder will be required to execute and deliver to the State, prior to the Closing Date, a certificate to the following effect:

(i) The successful bidder, as the initial purchaser of the Bonds (the "Purchaser"), has provided to the State the initial reoffering prices or yields on the Bonds as printed in the Official Statement, and the Purchaser has made a bona fide offering of the Bonds to the public at the prices and yields so shown.

(ii) The Purchaser has not undertaken any responsibility for the contents of the Official Statement. The Purchaser, in accordance with and as part of its responsibilities under Federal securities laws, has reviewed the information in the Official Statement and has not notified the State of the need to modify or supplement the Official Statement.

CERTIFICATE CONCERNING IRAN CONTRACTING ACT: The State Treasurer may request from the successful bidder, and upon such request, the successful bidder must submit a certificate, prior to the delivery of the bonds, which states that the successful bidder is not on the current list of persons engaged in investment activities in Iran created by the State Department of General Services and is not a financial institution extending twenty million dollars (\$20,000,000) or more in credit to another person/vendor, for 45 days or more, if that other person/vendor will use the credit to provide goods or services in the energy sector in Iran and is identified on the current list of persons engaged in investment activities in Iran created by the State Department of General Services.

PARTICIPATION GOALS: Firms owned by disabled veterans are encouraged to respond to this invitation for bid. The State Treasurer has adopted regulations and participation goals for professional bond services firms owned by disabled veterans. These participation goals are set forth in Article 3 of Subchapter 4 of Chapter 4, Division 2 of Title 2 of the California Code of Regulations in Section 1899.522. As a result of a court decision issued in 2001, the State Treasurer can no longer impose participation goals for minority and women business enterprises. However, the State Treasurer continues to collect and report data regarding minority and women business enterprise participation.

By submitting a bid, each bidder certifies to all of the following on behalf of itself and its syndicate or selling group:

- Bidder is aware of the State Treasurer's regulations and participation goals for disabled veteran business enterprises offering professional bond services.

- Bidder is aware that existing law requires the bidder to demonstrate a good faith effort (as defined in Section 1899.501 of Article 1 of Subchapter 4 of Chapter 4, Division 2 of Title 2 of the California Code of Regulations) toward the State Treasurer's participation goals for disabled veteran-owned firms.
- Bidder is aware and acknowledges that if the State Treasurer concludes prior to award that the bidder has not demonstrated a good faith effort, the State Treasurer is authorized under existing laws to award the contract to the next lowest responsive and responsible bidder.

After completion of the transaction, successful bidders will be required to submit reports to the State Treasurer concerning disabled veteran business enterprise outreach efforts and professional bond service participation in transactions related to the offer and sale of the Bonds. The State Treasurer's annual goal for disabled veteran business enterprises' participation on competitive contracts for professional bond services is 3 percent. Successful bidders will also be required to submit reports on professional bond service participation by minority and women business enterprises as well as all other businesses. The reports on minority and women business enterprises will be maintained solely for informational and data collection purposes.

DELIVERY AND PAYMENT: The Bonds will be made available to the successful bidder for inspection at the office of the State Treasurer at least two Business Days prior to the date fixed for delivery of the Bonds (the "Closing Date"). The Closing Date is expected to be _____, _____. Payment for the Bonds must be made simultaneously with such settlement on the Closing Date and must be in funds immediately available in Sacramento, California, in the form of a cashier's check payable to the order of the State Treasurer of the State of California and drawn on a bank having a demand account relationship with the State Treasurer's Office or a wire transfer of federal funds to the State Treasurer. The successful bidder has the right, at its option, to cancel its obligation to purchase the Bonds if the State fails to tender the Bonds as described above for a Closing Date within 60 days from the award to the successful bidder; in that event the successful bidder will be entitled to the return (without payment of interest) of its good faith deposit.

PRELIMINARY OFFICIAL STATEMENT/OFFICIAL STATEMENT: Based on certificates of the Offices of the State Treasurer, the State Controller and the Director of the Department of Finance, and in reliance on a litigation certificate and letter provided by the Office of the Attorney General, the State deems the Preliminary Official Statement for purposes of subsection (b)(1) of Securities and Exchange Commission Rule 15c2-12 (the "SEC Rule"), to be final as of its date, except for information permitted by the SEC Rule to be omitted from the Preliminary Official Statement. The Preliminary Official Statement shall be subject to amendment or modification as deemed necessary by the State Treasurer.

Within seven business days after the award of the Bonds and at least one business day prior to the delivery of the Bonds, the State will furnish to the successful bidder only an electronic copy of the final Official Statement, including any supplements prepared by the State, in a portable document format (PDF) configured to allow the Official Statement to be saved,

viewed, printed and retransmitted by electronic means. Physical copies of the final Official Statement may be requested by the successful bidder from [Printer] at its own expense.

The State will deliver, on the Closing Date, a certificate executed by the State Treasurer to the effect that, to the best of the State Treasurer's knowledge, information and belief, as of the Closing Date, the information and statements contained or referenced in the final Official Statement (excluding any information relating to The Depository Trust Company, New York, New York), as supplemented by any supplement delivered on or prior to the Closing Date, relating to the State and the Bonds is complete, true and correct in all material respects, and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. In making this statement, the State Treasurer will rely in substantial part on certain certifications by officials of the State Controller and the Director of the Department of Finance and upon a letter of the Attorney General.

The State undertakes that for a period up to the earlier of (a) 25 days following the "end of the underwriting period" (as defined in the SEC Rule) or (b) the date when all of the Bonds have been sold by the successful bidder, it will (i) apprise the successful bidder of all material events, if any, occurring with respect to the State and the Bonds after the Closing Date, and (ii) if requested by the successful bidder, prepare a supplement to the final Official Statement in respect of any material event with respect to the State and the Bonds. The State will presume that the end of the underwriting period will occur on the Closing Date and all of the Bonds have been sold by the successful bidder as of the Closing Date unless notified otherwise in writing by the successful bidder on or prior to the Closing Date.

After the earlier of twenty-five (25) days from the "end of the underwriting period" or the date when all of the Bonds have been sold by the successful bidder, the State will no longer be obligated to amend or supplement the Official Statement. In addition, if the State elects to supplement the Official Statement, the costs and expenses, including legal fees and expenses, associated with providing any such supplement in respect of any material event with respect to the State and the Bonds occurring after the "end of the underwriting period" will be borne by the successful bidder.

By making a bid for the Bonds, the successful bidder agrees to:

- provide to the State Treasurer, in writing, within 24 hours of the acceptance of the bid, pricing and other related information necessary for completion of the final Official Statement,
- disseminate to all members of the underwriting syndicate copies of the Official Statement, including any supplements prepared by the State,
- promptly notify the State as soon as all of the Bonds have been sold by the successful bidder if any Bonds are unsold on the Closing Date;

- promptly file a copy of the final Official Statement, including any supplements prepared by the State, with the MSRB’s Electronic Municipal Market Access website, and
- take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to ultimate purchasers.

CONTINUING DISCLOSURE: In order to assist the successful bidder in complying with the SEC Rule, the State Treasurer, on behalf of the State, will undertake, pursuant to a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), to provide certain annual financial information and notices of the occurrence of certain enumerated events. A form of the Continuing Disclosure Certificate is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. The State Treasurer, on behalf of the State, will deliver the Continuing Disclosure Certificate on the Closing Date. During the past five years, the State has not failed to materially comply with any continuing disclosure obligations relating to any bonds for which the State was an “obligated person” within the meaning of the SEC Rule, except as described in the Preliminary Official Statement. See the Preliminary Official Statement – “INTRODUCTION – Continuing Disclosure.”

Dated: _____

Sacramento, California

BILL LOCKYER
Treasurer of the State of California

BID FORM

**BID FOR THE PURCHASE OF
STATE OF CALIFORNIA
GENERAL OBLIGATION BONDS**

The Honorable Bill Lockyer

Treasurer of the State of California

We offer to purchase the \$_____ aggregate principal amount of State of California General Obligation Bonds, dated _____, ____, (the "Bonds") for a purchase price of 100 percent of the principal amount of the Bonds, plus a premium of \$_____, together with accrued interest from _____ 1, ____ to the date of delivery, with the following terms:

<u>Maturity Date</u> (_____)	<u>Maturing Principal</u> <u>Amount**</u>	<u>Interest</u> <u>Rate</u>	<u>Serial</u> <u>Maturity*</u>	or	<u>Sinking Fund</u> <u>Installment*</u>	<u>Maturity Date</u> <u>of Term Bond*</u>
_____	\$_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____
_____	_____	_____ %	_____		_____	_____

* Each bidder must specify whether the principal amount of Bonds on the particular date will be a serial maturity or a mandatory sinking fund installment. The bidder must also specify the maturity date of any term bond(s). In the case of electronic bids, the interest rate specified for a term bond shall be deemed to apply to each sinking fund installment of such term bond.

** Principal amounts must be adjusted and inserted by the bidder based upon the designated maturity schedule announced via the Bond Buyer Wire.

Account Manager

By: _____
Contact: _____
Telephone No. _____ Fax No. _____

APPENDIX C
REFUNDING POLICIES

July 7, 2002

State Treasurer's Office

**Policies Regarding Issuance of Refunding Bonds
General Obligation Bonds**

The guidelines for determining whether or not to issue refunding bonds for General Obligation bonds are set forth below. These guidelines set forth the policy that has been used by the State Treasurer's Office since the early 1990s.

In determining whether to issue refunding bonds for debt service savings, the State Treasurer's Office prepares an analysis of the total debt service savings based on the following:

- The debt service savings from each maturity to be refunded is analyzed on an individual basis;
- The present value discount rate is the uninsured rate for State General Obligation bonds with a comparable maturity date;
- The refunding is expected to generate positive net present value savings, net of the costs of issuing the refunding bonds, equal to at least 3.0% of the par amount of bonds refunded.
- A lower level of present value savings may be accepted in situations where the time remaining between the call date and maturity date is less than three years due to the limited time available to generate 3.0% net present value savings. These situations represent "use it or lose it" opportunities where the State might forego savings if it did not proceed with the refunding.

Bond maturities that meet the above criteria are eligible to be included in a refunding of General Obligation bonds.

Any proposed revisions to this policy will be brought before the applicable finance committees prior to implementation.