

May 10, 2012

BY CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Monterey County Board of Supervisors
c/o Charles McKee,
County Counsel
c/o Leroy Blankenship, Assistant County Counsel
168 West Alisal Street, 3rd Floor
Salinas, California 93901

Mary Zeeb,
Treasurer/Tax Collector
Post Office Box 891
Salinas, California 93902-0891

Dr. Nancy Kotowski,
County Superintendent of Schools
Office of Education
Post Office Box 80851
Salinas, California 93912-0851

Re: California School Cash Reserve Program
2012-2013 Pool Bonds/Certificates of Participation

Dear Mr. McKee, Ms. Zeeb and Dr. Kotowski:

Pursuant to the provisions of California Government Code Section 53853, we are writing to you on behalf of the county boards of education, school districts and community college districts listed on Schedule I attached hereto (as used hereinafter, the "Districts") that do not have fiscal accountability status.

The Districts have elected to participate in a cash flow borrowing program (the "Program") sponsored by the California School Boards Association Finance Corporation. As in prior years, the Program is structured to provide participating county boards of education, school districts and community college districts with economies of scale by reducing the staff time and issuance costs incurred in tax and revenue anticipation note ("TRAN") borrowings. One or more TRANs are expected to be issued from time to time by or on behalf of each of the Districts and pooled with some or all of the other participating county boards of education, school districts and community college districts in the Program to secure the issuance of Bonds or Certificates of

Participation ("COPs"), depending on market conditions. If Bonds are selected, they would be issued by the California School Cash Reserve Program Authority in one or more series of Bonds (a single series of Bonds corresponding to each pool of TRANs if there are more than one), the principal of and interest on which will be paid from principal and interest payments on the TRANs in the corresponding pool. If COPs are selected, they would be executed by a trustee to evidence and represent proportionate undivided interests in the payments of principal and interest on the TRANs in the corresponding pool. Enclosed is an Executive Summary of the Program prepared by Orrick, Herrington & Sutcliffe LLP, bond counsel, which provides an overview of how the Program is structured.

California Government Code Section 53853 provides that the County Board of Supervisors is to issue TRANs on behalf of county boards of education, school districts and community college districts that have not been accorded fiscal accountability status. However, an exception applies to TRANs issued in conjunction with other TRANs. Under this exception, if the County Board of Supervisors fails to authorize, by resolution, the issuance of a TRAN in the name of a requesting county board of education, school district or community college district within 45 calendar days following its receipt of the resolution requesting that issuance, or if the County Board of Supervisors notifies the county board of education, school district or community college district that it will not authorize that issuance within that 45-day period, then such TRAN may be issued by the requesting county board of education, school district or community college district in its name.

Due to the timing of the Program, we are respectfully requesting, on behalf of the Districts, that the County Board of Supervisors (i) exercise its option to notify the Districts that it will not authorize the issuance of the TRANs of the Districts within the 45-day period, and (ii) provide notice to that effect to the Districts by signing and returning the enclosed form of notice to Orrick, Herrington & Sutcliffe LLP in the enclosed letter-sized self-addressed, stamped envelope. The County's cooperation is greatly appreciated.

Pursuant to California Government Code Section 53853, we are enclosing a CD-Rom containing the resolution adopted by each District's Governing Board approving the borrowing and, as required by California Government Code Section 53853, officially requesting the County Board of Supervisors to adopt a resolution authorizing the issuance of the TRANs on their behalf. However, we would like to emphasize again that we are respectfully requesting, on behalf of the Districts, that the County Board of Supervisors exercise its option to notify the Districts that it will not authorize the issuance of the TRANs of the Districts within the 45-day period so that the Districts may issue the TRANs in their own names under the Program as soon as possible. For your convenience, we are also enclosing the forms of Indenture, Trust Agreement, Certificate Purchase Agreement, Purchase Agreement, Funding Agreement, if applicable, and alternative Credit Agreements (found in the enclosed CD-Rom) which will be used in connection with the Program. These documents are referenced in the resolutions. If you

require an original or hard copy of any of the documents, please contact Pam Hammer at the number below.

If the County Board of Supervisors finds it necessary to issue the TRANs on behalf of the Districts, **please contact Laura Gao at the number below and we will send you the resolutions of the Board of Supervisors approving the issuance of the TRANs for each District. A resolution will need to be adopted for each District. It will be critical to schedule the adoption of these resolutions as soon as possible.**

Should you have any questions regarding the enclosed materials, please call the following individuals at Orrick, Herrington & Sutcliffe LLP:

- (1) Laura Gao, Project Manager (213) 612-2131;
- (2) Donald S. Field, Esq. (949) 852-7727;

or the following individuals at Piper Jaffray & Co.:

- (1) Mark Farrell, Managing Director (800) 876-1854;
- (2) Pam Hammer, Investment Banking Assistant (800) 876-1854.

On behalf of the Districts, we thank you for your cooperation in effecting a successful financing.

Very truly yours,

PIPER JAFFRAY & CO.

cc: Monterey County participating districts
Scott Beck, Kutak Rock

_____, 2012

MEMORANDUM TO:

Alisal Union Elementary School District
Carmel Unified School District
Monterey Peninsula Unified School District
Pacific Grove Unified School District
Soledad Unified School District
Washington Union Elementary School District

Pursuant to California Government Code Section 53853(b), this will serve as notice that the Board of Supervisors of the County of Monterey will not authorize issuance of Tax and Revenue Anticipation Notes ("TRANS") on behalf of the above-named Districts within 45 calendar days following its receipt of the resolutions ("District Resolutions") of the above named Districts. Reference is made to said Section 53853(b) authorizing each of the above named Districts to issue TRANS on its own behalf pursuant to the previously adopted District Resolution.

Clerk of the Board of Supervisors
of the County of Monterey