

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 94-1 OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, AUTHORIZING THE PREPAYMENT OF CERTAIN OUTSTANDING INDEBTEDNESS OF SUCH COMMUNITY FACILITIES DISTRICT NO. 94-1 AND THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES IN CONNECTION THEREWITH AND CERTAIN RELATED ACTIONS**

**WHEREAS**, the Board of Trustees (the “Board of Trustees”) of the San Dieguito Union High School District (the “District”) has heretofore established Community Facilities District No. 94-1 (“CFD 94-1”) along with eight other community facilities districts (collectively, the “CFDs”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, consisting of Sections 53311, et seq., of the California Government Code (the “Act”) (collectively with CFD 94-1, the “CFDs”) in order to finance and reimburse the construction of various public facilities benefitting the CFDs; and

**WHEREAS**, pursuant to a resolution adopted on July 28, 1994, and concurrent with the formation of CFD 94-1, the District authorized the levy of special taxes within CFD 94-1 and CFD 94-1’s ability to incur indebtedness not to exceed \$50,000,000 to finance the costs of acquiring, leasing and/or constructing various public facilities for the benefit of CFD 94-1; and

**WHEREAS**, in order to assist the CFDs in financing and reimbursing the acquisition and construction of various public facilities (the “CFD Projects”), the San Dieguito Public Facilities Authority (the “Prior JPA”) previously issued its Revenue Bonds, 1998 Series A (Tax Exempt), Revenue Bonds 1998 Series B (Taxable) and Revenue Bonds, Series 2004, each refunded in whole by \$91,125,000 aggregate principal amount of its Revenue Refunding Bonds, Series 2006 (the “Prior JPA Bonds”) pursuant to an Indenture of Trust, dated as of July 1, 2006 (as amended, the “Prior Indenture”), by and between the Prior JPA and U.S. Bank National Association, as trustee; and

**WHEREAS**, the CFDs entered into a loan agreement, dated July 1, 2006 (as amended, the “Prior Loan Agreement”), by and between the CFDs and the Prior JPA, whereby the Prior JPA agreed to lend the CFDs certain funds for the CFD Projects; and

**WHEREAS**, the District has determined to authorize the issuance of additional indebtedness of the CFDs other than CFD 94-1 for the purpose of acquiring and constructing various public facilities benefitting such CFDs and prepaying certain obligations under the Prior Loan Agreement, allowing for the defeasance of the Prior JPA Bonds; and

**WHEREAS**, in connection with the defeasance of the Prior JPA Bonds and the discharge of the Prior Indenture, funds will be released from the funds and accounts established under the Prior Indenture; and

**WHEREAS**, the District desires to provide for the prepayment of all obligations of CFD 94-1 under the Prior Loan Agreement (the “Prior CFD 94-1 Obligations”), which are currently outstanding in an aggregate principal amount of approximately \$65,000; and

**WHEREAS**, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection

with the consummation of the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the District is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Trustees of the San Dieguito Union High School District, acting as the legislative body of CFD 94-1, as follows:

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

**Section 2. Prepayment of Prior CFD 94-1 Obligations.** The Board hereby authorizes the prepayment of the Prior CFD 94-1 Obligations from funds released from the funds and accounts established under the Prior Indenture upon the discharge thereof or from other available funds of the District, and authorizes and directs the Superintendent of the District, the Associate Superintendent, Business Services of the District, the Executive Director of Planning Services, or such other officer of the District designated for the purpose (each an “Authorized District Representative”), each alone, to execute and deliver all notices, directions certifications, agreements or other documents necessary to effectuate such prepayment.

**Section 3. Retention of Services.** This Board hereby appoints Fieldman, Rolapp & Associates, Inc., as Municipal Advisor, and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel, with respect to the prepayment of the Prior CFD 94-1 Obligations. The Authorized District Representatives, each alone, are hereby authorized to execute an agreement with any of the foregoing in order to provide for the provision of the specified services and for payment in respect thereof.

**Section 4. Effective Date.** This Resolution shall take effect from and after its date of adoption.

**PASSED AND ADOPTED** this day, September 13, 2018.

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President of the Board of Trustees of the  
San Dieguito Union High School District

ATTEST:

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Clerk of the Board of Trustees of the  
San Dieguito Union High School District

### CLERK'S CERTIFICATE

I, Joyce Dalessandro, Clerk of the Board of Trustees of the San Dieguito Union High School District, County of San Diego, California, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Trustees of said District duly and regularly held at the regular meeting place thereof on September 13, 2018, and entered in the minutes thereof, of which meeting all of the members of the Board of Trustees had due notice and at which a quorum thereof was present, and that at said meeting the resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

An agenda of the meeting was posted at least 72 hours before the meeting at 710 Encinitas Boulevard, Encinitas, California, a location freely accessible to members of the public, and a brief description of the resolution appeared on the agenda.

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: September 13, 2018.

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Clerk of the Board of Trustees of the  
San Dieguito Union High School District

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 94-2 OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$21,500,000 AGGREGATE PRINCIPAL AMOUNT OF BONDED INDEBTEDNESS OF SUCH COMMUNITY FACILITIES DISTRICT NO. 94-2, PRESCRIBING THE TERMS OF SALE, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL INDENTURE, A LOCAL OBLIGATION PURCHASE CONTRACT, AND A CONTINUING DISCLOSURE CERTIFICATE, AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS**

**WHEREAS**, the Board of Trustees (the “Board of Trustees”) of the San Dieguito Union High School District (the “District”) has heretofore established Community Facilities District No. 94-2 (“CFD 94-2”) along with eight other community facilities districts (collectively, the “CFDs”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, consisting of Sections 53311, et seq., of the California Government Code (the “Act”) (collectively with CFD 94-2, the “CFDs”) in order to finance and reimburse the construction of various public facilities benefitting the CFDs; and

**WHEREAS**, pursuant to a resolution adopted on September 22, 1994, and concurrent with the formation of CFD 94-2, the District authorized the levy of special taxes within CFD 94-2 and CFD 94-2’s ability to incur indebtedness not to exceed \$50,000,000 to finance the costs of acquiring, leasing and/or constructing various public facilities for the benefit of CFD 94-2; and

**WHEREAS**, in order to assist the CFDs in financing and reimbursing the acquisition and construction of various public facilities (the “CFD Projects”), the San Dieguito Public Facilities Authority (the “Prior JPA”) previously issued its Revenue Bonds, 1998 Series A (Tax Exempt), Revenue Bonds 1998 Series B (Taxable) and Revenue Bonds, Series 2004, each refunded in whole by \$91,125,000 aggregate principal amount of its Revenue Refunding Bonds, Series 2006 (the “Prior JPA Bonds”) pursuant to an Indenture of Trust, dated as of July 1, 2006 (as amended, the “Prior JPA Indenture”), by and between the Prior JPA and U.S. Bank National Association, as trustee; and

**WHEREAS**, the CFDs entered into a loan agreement, dated July 1, 2006 (as amended, the “Prior Loan Agreement”), by and between the CFDs and the Prior JPA, whereby the Prior JPA agreed to lend the CFDs certain funds for the CFD Projects; and

**WHEREAS**, CFD 94-2 entered into that certain Installment Purchase Agreement, dated as of July 1, 2006, by and between CFD 94-2 and the Prior JPA, pursuant to which certain facilities were financed; and

**WHEREAS**, CFD 94-2 previously issued its Special Tax Revenue Bonds, Series 2016 (the “2016 Local Obligations”) pursuant to an Indenture, dated as of December 1, 2016 (the “2016 Indenture”), by and between the District and U.S. Bank National Association, as fiscal agent thereunder, for the purpose of acquiring and constructing various public facilities benefitting CFD 94-2 and paying costs of issuance related to the 2016 Authority Bonds (as defined below); and

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**WHEREAS**, the 2016 Local Obligations were sold to the San Dieguito School Facilities Financing Authority (the “Authority”) in connection with the issuance of the Authority’s Subordinate Special Tax Revenue Bonds, Series 2016.

**WHEREAS**, the 2016 Indenture provides for the issuance of additional bonds on parity with the 2016 Local Obligations for the purposes and in accordance with provisions set forth therein; and

**WHEREAS**, the District has determined to authorize the issuance of additional indebtedness of CFD 94-2 for the purpose of acquiring and constructing various public facilities benefitting CFD 94-2 and prepaying certain obligations under the Prior Loan Agreement and the Installment Purchase Agreement (collectively, the “Prior CFD Loans”), allowing for the defeasance of certain of the Prior JPA Bonds; and

**WHEREAS**, at this time, the Board of Trustees deems it necessary and desirable to authorize and consummate the sale of a series of bonds designated the “San Dieguito Union High School District Community Facilities District 94-2 Special Tax Revenue Bonds, Series 2018” (the “Local Obligations”) in an aggregate initial principal amount not exceeding \$21,500,000; and

**WHEREAS**, the District desires to sell the Local Obligations to the Authority pursuant to a Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”), and, pursuant to Section 53360.4 of the Act, hereby finds and determines that such sale will result in lower overall cost; and

**WHEREAS**, the Authority is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code to issue its bonds for the purpose of purchasing various local obligations issued by certain local agencies, including the Local Obligations; and

**WHEREAS**, the Authority desires to issue its San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Authority Bonds”), pursuant to a Trust Agreement (the “Trust Agreement”), by and between the Authority and U.S. Bank National Association; and

**WHEREAS**, the District has determined pursuant to Section 6588(v) of the Government Code to sell the Local Obligations to the Authority pursuant to a Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) by and between the District and the Authority, and hereby finds and determines that such sale will result in significant public benefits including demonstrable savings in effective interest rate, bond preparation, bond underwriting discount, original issue discount or bond issuance costs, and a form of Local Obligation Purchase Contract has been prepared; and

**WHEREAS**, in order to provide for the authentication and delivery of the Local Obligations on parity with the 2016 Local Obligations, to establish and declare the terms and conditions upon which the Local Obligations are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the District proposes to enter into a First Supplemental Indenture, amending and supplementing the 2016 Indenture (the “Supplemental Indenture”) with U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”), and a form of Supplemental Indenture has been prepared; and

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**WHEREAS**, in order to satisfy the disclosure requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”), the District desires to execute and deliver a Continuing Disclosure Certificate (such Continuing Disclosure Certificate, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Continuing Disclosure Certificate”), a form of which has been prepared; and

**WHEREAS**, the form of a Preliminary Official Statement (the “Preliminary Official Statement”) to be used in connection with the offering and sale of the Authority Bonds has been prepared and is on file with the Board of Trustees; and

**WHEREAS**, the Board of Trustees has been presented with the form of each document referred to herein relating to the financing contemplated hereby, and the Board of Trustees has examined each document and desires to approve, authorize and direct the execution of the forms of Local Obligation Purchase Contract, Supplemental Indenture, and Continuing Disclosure Agreement and the consummation of such financing; and

**WHEREAS**, the Board of Trustees desires to proceed to issue and sell the Local Obligations and to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the offering, sale and issuance of the Local Obligations; and

**WHEREAS**, the 2016 Local Obligations are subject to redemption prior to maturity in accordance with the 2016 Indenture; and

**WHEREAS**, the Board of Trustees desires to provide for the redemption of a portion of the 2016 Local Obligations in order to provide for appropriate debt service coverage for the remaining outstanding 2016 Local Obligations from projected special taxes of CFD 94-2; and

**WHEREAS**, such redemption of a portion of the 2016 Local Obligations is expected to be accomplished from funds released upon discharge of the Prior JPA Indenture or from other available funds of the District; and

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

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Trustees of the San Dieguito Union High School District, acting as the legislative body of CFD 94-2, as follows:

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

**Section 2. Authority for Issuance.** The Local Obligations described herein are authorized to be issued pursuant to the Act and other applicable provisions of law, including applicable provisions of the Education Code, in an aggregate principal amount not to exceed \$21,500,000.

**Section 3. Designation of Local Obligations.** The Local Obligations shall be sold in one or more series, to be designated the “San Dieguito Union High School District Community Facilities District 94-2 Special Tax Revenue Bonds, Series 2018,” with such additional designations as may be necessary to distinguish between bonds of different payment mechanisms or features, as authorized hereby.

**Section 4. Sale of Local Obligations; Local Obligation Purchase Contract.** The Superintendent of the District, the Associate Superintendent, Business Services of the District, the Executive Director of Planning Services, or such other officer of the District designated for the purpose (each an “Authorized District Representative”), each alone, are hereby authorized, upon consultation with the Municipal Advisor, to sell all or any portion or series of the Local Obligations to the Authority. The Local Obligation Purchase Contract, in substantially the form on file with the Clerk of this Board, is hereby approved, and the Authorized District Representatives, each alone, are hereby authorized and directed to execute and deliver the Local Obligation Purchase Contract with the Authority, on behalf of the Community Facilities District and the District, subject to such changes or revisions therein as may be acceptable to the Authorized District Representative executing the same, and the District’s approval of all such changes shall be conclusively evidenced by the execution and delivery of the Local Obligation Purchase Contract. The Local Obligation Purchase Contract shall provide: (i) that the aggregate purchase price of the Local Obligations sold thereunder shall be no less than the principal amount of such Local Obligations; and (ii) that the Local Obligations sold thereunder shall otherwise conform to the limitations specified in this Resolution, including specifically those terms prescribed by Section 5 hereof.

**Section 5. Terms of the Local Obligations and Interest Payment.** The Local Obligations shall be issued in the form of current interest bonds. The Board hereby determines that: (1) it is anticipated that the prepayment of the Prior CFD Loans will occur on or about October 26, 2018, or such other date as is described in the Local Obligation Purchase Contract, (2) the Local Obligations shall bear the date, be in the denominations, have the maturity dates (which, in the case of Local Obligations the proceeds of which are used to prepay Prior CFD Loans, do not exceed the latest maturity date of such Prior CFD Loans), and be payable at the place and be in the form specified in the 2016 Indenture and the Supplemental Indenture, (3) the Local Obligations will bear interest at a rate no less than 0.5 percent per annum, and (4) the designated costs of issuing the Local Obligations being used to refund the Prior CFD Loans, as defined by Section 53363.8 of the Act, shall include all of the costs specified in Section 53363.8(a), (b)(2) and (c) of the Act. The Local Obligation Purchase Contract shall recite the terms of the Local Obligations sold under such document in accordance with this section as determined in the sale thereof, and such terms shall be memorialized in the Supplemental Indenture described in Section 7 hereof. In satisfaction of the requirements contained in Section 53364.2 of the Act, the Board hereby determines that any savings achieved through the issuance of the Local Obligations shall be used to finance additional facilities authorized to be financed by CFD 94-2.

**Section 6. Tax Treatment of Local Obligations.** All or any portion of the Local Obligations shall be issued as exempt from federal income tax, as an Authorized District Representative shall determine upon consultation with the Municipal Advisor, and according to the terms and conditions as Bond Counsel to the District shall advise are appropriate to and necessary for the issuance of tax-exempt bonds.

**Section 7. Approval of Supplemental Indenture.** The Supplemental Indenture relating to the Local Obligations between the District and U.S. Bank National Association, as Fiscal Agent

(the "Fiscal Agent"), in substantially the form submitted to this Board, including the form of Local Obligations included therein, is hereby approved. The Authorized District Representatives, each alone, are hereby authorized to execute and deliver an instrument in substantially said form, completed with the terms of the Local Obligations determined upon the sale thereof, and with such other changes thereto as the Authorized District Representative executing the same may require or approve, and the District's approval of the Supplemental Indenture shall be conclusively evidenced by the execution and delivery thereof.

**Section 8. Approval of Continuing Disclosure Certificate.** The Continuing Disclosure Certificate relating to the Local Obligations, in substantially the form on file with the Clerk of this Board, is hereby approved. The Authorized District Representatives, or the designee thereof, each alone, are hereby authorized on behalf of Community Facilities District and the District to execute and deliver the Continuing Disclosure Certificates in substantially the form submitted to this Board, with such changes thereto as deemed necessary in order to permit the purchaser of the Local Obligations to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificates as finally executed and delivered.

**Section 9. Refunding of 2016 Local Obligations.** The Board hereby authorizes the redemption of a portion of the 2016 Local Obligations not to exceed an aggregate principal amount of \$350,000, from funds released upon discharge of the Prior JPA Indenture or from other available funds of the District, and the redemption of a corresponding amount of the the Authority's Subordinate Special Tax Revenue Bonds, Series 2016.

**Section 10. Approval of Actions.** The President of this Board of Trustees, the Clerk of this Board of Trustees, the Superintendent of the District, the Associate Superintendent, Business Services of the District, the Executive Director of Planning Services, and any other officer of the District to whom authority is delegated by one of the named officers for the purposes of the Local Obligations, are hereby authorized and directed to execute and deliver any and all certificates and representations, including signature certificates, no-litigation certificates, representation letters to The Depository Trust Company, the Tax Certificate and any other certificates proposed to be distributed in connection with the sale of the Local Obligations, and to enter into, execute and deliver any agreements, including depository agreements, commitment letters and agreements with bond insurers, agreements providing for payment of costs of issuance of Local Obligations, and any other agreements, directions, letters, representations or other documents, which any of them deem necessary or desirable to accomplish the transactions authorized herein. If in order to sell the Local Obligations in separate series or to separate purchasers as authorized herein, the District is required to prepare and deliver additional official statements, Supplemental Indentures, Local Obligation Purchase Contracts, continuing disclosure certificates, or other authorized documents, the preparation and delivery of such additional documents is hereby authorized. Actions of the Authorized District Representative heretofore taken to accomplish the purposes of this Resolution and consistent herewith are hereby ratified.

**Section 11. Retention of Services.** This Board hereby appoints Piper Jaffray & Co. as Underwriter, Fieldman, Rolapp & Associates, Inc., as Municipal Advisor, and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel, all with respect to the issuance of the Local Obligations. The Authorized District Representatives, each alone, are hereby authorized to execute an agreement with any of the foregoing in order to provide for the provision of the specified services and for payment in respect thereof, together with payment for other costs of issuance of the



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Bonds or the Local Obligations from proceeds deposited pursuant to the 2016 Indenture and the Supplemental Indenture.

**Section 12. Value of Property.** In accordance with the requirements of Section 53345.8 of the Act, this Board hereby determines that the value of the real property in CFD 94-2 subject to the special tax to pay debt service on the Local Obligations is at least three times the principal amount of the Local Obligations and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within CFD 94-2.

**Section 13. Notice to California Debt and Investment Advisory Commission.** The Authorized District Representative is hereby authorized and directed to cause notices of the proposed sale and final sale of the Local Obligations to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to California Government Code Section 8855 and Section 53359.5.

**Section 14. Good Faith Estimates.** In accordance with California Government Code Section 5852.1, certain estimates are presented in Exhibit A to this Resolution.

**Section 15. Effective Date.** This Resolution shall take effect from and after its date of adoption.

**PASSED AND ADOPTED** this day, September 13, 2018.

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President of the Board of Trustees of the  
San Dieguito Union High School District

ATTEST:

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Clerk of the Board of Trustees of the  
San Dieguito Union High School District

**CLERK'S CERTIFICATE**

I, Joyce Dalessandro, Clerk of the Board of Trustees of the San Dieguito Union High School District, County of San Diego, California, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Trustees of said District duly and regularly held at the regular meeting place thereof on September 13, 2018, and entered in the minutes thereof, of which meeting all of the members of the Board of Trustees had due notice and at which a quorum thereof was present, and that at said meeting the resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

An agenda of the meeting was posted at least 72 hours before the meeting at 710 Encinitas Boulevard, Encinitas, California, a location freely accessible to members of the public, and a brief description of the resolution appeared on the agenda.

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: September 13, 2018.

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Clerk of the Board of Trustees of the  
San Dieguito Union High School District

**EXHIBIT A****GOOD FAITH ESTIMATES – CFD NO. 94-2 LOCAL OBLIGATIONS**

The good faith estimates for the CFD No. 94-2 Local Obligations (the “Local Obligations”) set forth herein are provided in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the School District by the Underwriter.

Principal Amount. The Underwriter has informed the School District that, based on the School District’s financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the CFD No. 94-2 Local Obligations to be sold is \$19,325,000 (the “Estimated Principal Amount”). Based on the Estimated Principal Amount, the following good faith estimates are provided:

a) True Interest Cost of the CFD No. 94-2 Local Obligations. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 94-2 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the CFD No. 94-2 Local Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the CFD No. 94-2 Local Obligations, is 4.11%.

b) Finance Charge of the CFD No. 94-2 Local Obligations. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 94-2 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the CFD No. 94-2 Local Obligations, which means the sum of all fees and charges paid to third parties, is \$98,515.27.

c) Amount of Proceeds to be Received. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 94-2 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the School District for sale of the CFD No. 94-2 Local Obligations, less the finance charge of the CFD No. 94-2 Local Obligations paid from CFD No. 94-2 Local Obligations proceeds, and any reserves or capitalized interest to be paid or funded with proceeds of the CFD No. 94-2 Local Obligations, if any, is \$21,430,699.23.

d) Total Payment Amount. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 94-2 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the School District will make to pay debt service on the CFD No. 94-2 Local Obligations, plus the finance charge for the CFD No. 94-2 Local Obligations as described in (b) above not paid with the proceeds of the CFD No. 94-2 Local Obligations, if any, calculated to the final maturity of the CFD No. 94-2 Local Obligations, is \$29,727,705.00.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Local Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such

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good faith estimates due to (a) the actual date of the sale of the Local Obligations being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Local Obligations sold being different from the Estimated Principal Amounts, (c) the actual amortization of the Local Obligations being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Local Obligations being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the School District's financing plan, or a combination of such factors. The actual date of sale of the Local Obligations and the actual principal amount of Local Obligations sold will be determined by the School District based on the timing of the need for proceeds of the Local Obligations and other factors. The actual interest rates borne by the Local Obligations will depend on market interest rates at the time of sale thereof. The actual amortization of the Local Obligations will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the School District.

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Form of First Supplemental Indenture

CFD No. 94-2

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**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**

**and**

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

**FIRST SUPPLEMENTAL INDENTURE**

**Dated as of October 1, 2018**

**Amending and Supplementing  
the Indenture, Dated as of December 1, 2016**

**Relating to the**

**[\$Par Amount]**

**San Dieguito Union High School District  
Community Facilities District 94-2  
Special Tax Revenue Bonds, Series 2018**

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 OF AUTHENTICATION AND ASSIGNMENT..... A-1**

## INDENTURE

This First Supplemental Indenture is made and entered into as of October 1, 2018 (the “First Supplemental Indenture”), by and between the SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, a school district located in San Diego County (the “County”), duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “District”), and U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, as Fiscal Agent (the “Fiscal Agent”), and amends and supplements that certain Indenture, dated as of December 1, 2016 (the “Original Indenture” and, as so amended and supplemented, the “Indenture”), by and between the District and the Fiscal Agent;

### WITNESSETH:

WHEREAS, on September 22, 1994, the District duly adopted a Resolution establishing the San Dieguito Union High School District Community Facilities District 94-2 (the “Community Facilities District”) for the purpose of financing certain public facilities and public services in and for the Community Facilities District; and

WHEREAS, the District and the Fiscal Agent entered into the Original Indenture to provide for the issuance of the Community Facilities District’s Special Tax Revenue Bonds, Series 2016, in the aggregate principal amount of \$6,030,000 (the “Series 2016 Local Obligations”); and

WHEREAS, the Original Indenture provided for the issuance of Additional Parity Obligations (as defined in the Original Indenture) in accordance with Section 2.08 thereof; and

WHEREAS, the Community Facilities District desires to cause the issuance of Additional Parity Obligations for purposes authorized under the Original Indenture; and

WHEREAS, in order to assist the Community Facilities District in financing and reimbursing the acquisition and construction of various public facilities, among other purposes, the San Dieguito Public Facilities Authority (the “Prior JPA”) previously issued its Revenue Bonds, 1998 Series A (Tax Exempt), Revenue Bonds 1998 Series B (Taxable) and Revenue Bonds, Series 2004, each refunded in whole by \$91,125,000 aggregate principal amount of its Revenue Refunding Bonds, Series 2006 pursuant to an Indenture of Trust dated as of July 1, 2006 by and between the Prior JPA and U.S. Bank National Association, as Fiscal Agent (the “Prior JPA Bonds”); and

WHEREAS, the Community Facilities District entered into a loan agreement, dated July 1, 2006, by and between the Community Facilities District, along with eight other Community Facilities Districts of the San Dieguito Union High School District (collectively, the “CFDs”), and the Prior JPA (the “Prior Loan Agreement”), whereby the Prior JPA agreed to lend the CFDs certain funds; and

WHEREAS, the District has determined to authorize the issuance of additional indebtedness of Community Facilities District for the purpose of acquiring and constructing school facilities benefitting the CFDs and prepaying certain obligations under the Prior Loan Agreement and Installment Purchase Agreements entered into by each of two CFDs with the Prior JPA (collectively, the “Prior CFD Loans”), allowing for the prepayment of certain of the Prior JPA Bonds; and



WHEREAS, for the purpose of financing the acquisition and construction of various public school facilities benefitting the CFDs and prepaying the Prior CFD Loans and thereby a portion of the Prior JPA Bonds (each as defined under the Original Indenture), the District has determined to issue the San Dieguito Union High School District Community Facilities District 94-2 Special Tax Revenue Bonds, Series 2018 (the “Series 2018 Local Obligations”) in the aggregate principal amount of [\$Par Amount] pursuant to and secured by the Indenture, on parity with the Series 2016 Local Obligations; and

WHEREAS, the San Dieguito School Facilities Financing Authority (the “Authority”) has agreed to purchase the Series 2016 Local Obligations pursuant to a Local Obligation Purchase Contract between the Authority and the District, dated as of October \_\_, 2018, with a portion of the proceeds of the Authority’s Special Tax Revenue Bonds, Series 2018 (collectively, the “Authority Bonds”); and

WHEREAS, all things necessary to cause the Series 2018 Local Obligations, when executed by the District and authenticated by the Fiscal Agent and delivered as provided herein, to be legal special tax obligations of the District, enforceable in accordance with their terms, and to constitute the Indenture a valid agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery hereof and the execution and delivery of the Series 2018 Local Obligations, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, District and the Fiscal Agent agree as follows:

## ARTICLE I

### DEFINITIONS; EQUAL SECURITY

**Section 1.01 Definitions.** Unless otherwise defined herein, capitalized terms in this First Supplemental Indenture shall have the meanings ascribed to such terms in the Original Indenture. the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any later Supplemental Indenture and of the Local Obligations and of any certificate, opinion, report, request or other document mentioned herein or therein have the meanings defined herein. The following definitions shall be equally applicable to both the singular and plural forms of any of the terms defined herein.

#### Authority Bonds

“Authority Bonds” means, collectively, the San Dieguito School Facilities Financing Authority Subordinate Special Tax Revenue Bonds, Series 2016, and the the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018, and any additional bonds issued by the Authority.

#### Authority Bonds Trust Agreement

“Authority Bonds Trust Agreement” means the Trust Agreement, dated as of December 1, 2016, as amended pursuant to the First Supplemental Trust Agreement, dated as of October 1, 2018, each between the Authority and the Authority Bonds Trustee providing for the issuance of the Authority Bonds.

Bond Year

“Bond Year” means the twelve-month period ending on March 1 of each year except that the first Bond Year shall commence on the date of the initial delivery of the Series 2018 Local Obligations.

Prior JPA Bonds

“Prior JPA Bonds” means the Prior JPA’s Revenue Refunding Bonds, Series 2006A (Senior Bonds) and Revenue Refunding Bonds, Series 2006B (Subordinate Bonds).

Prior Loan Agreement

“Prior Loan Agreement” means that certain Loan Agreement by and between the Community Facilities District, along with eight other community facilities districts of the District, and the Prior JPA, dated July 1, 2006 (as amended), related to the Prior CFD Loans and the Prior JPA Bonds.

Series 2018 Closing Date

“Series 2018 Closing Date” means October \_\_, 2018, the date upon which the Series 2018 Local Obligations are delivered.

Series 2018 Local Obligation Purchase Contract

“Series 2018 Local Obligation Purchase Contract” means the Local Obligation Purchase Contract, dated as of October \_\_, 2018, by and between the Authority and the District providing for the purchase of the Series 2018 Local Obligations by the Authority.

Series 2018 Tax Certificate

“Series 2018 Tax Certificate” means the certificate delivered upon the issuance of the Series 2018 Local Obligations relating to Section 148 of the Code.

## ARTICLE II

### THE SERIES 2018 LOCAL OBLIGATIONS

**Section 2.01 Authorization and Designation of Series 2018 Local Obligations.** The District has reviewed all proceedings heretofore taken relative to the authorization of the Series 2018 Local Obligations and has found, as a result of such review, and hereby finds and determines, that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Series 2018 Local Obligations do exist, have happened and have been performed in due time, form and manner as required by the Law, and the District is now authorized, pursuant to each and every requirement of the Law and hereof, to issue the Series 2018 Local Obligations in the aggregate principal amount of [\$Par Amount] in the form and manner provided herein, which Local Obligations shall be entitled to the benefit, protection and security of the provisions of the Original Indenture and this First Supplemental Indenture.

**Section 2.02 Denominations of Series 2018 Local Obligations.** The Series 2018 Local Obligations shall be issued as fully registered bonds in denominations of five thousand dollars

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(\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Series 2018 Local Obligations maturing at any one time).

**Section 2.03 Date and Maturity Dates of and Interest Rates on Series 2018 Local Obligations.** The Series 2018 Local Obligations shall be dated October \_\_, 2018. The Series 2018 Local Obligations shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum as set forth in the following schedule:

<i>Maturity Date</i>			
<i>March 1</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			

**Section 2.04 Interest Payment Dates of Series 2018 Local Obligations.** Interest on the Series 2018 Local Obligations shall be computed on the basis of a 360-day year of twelve (12) 30-day calendar months, and shall be payable semiannually on March 1 and September 1 in each year, commencing on September 1, 2019. The Local Obligations shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) they are authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event they shall bear interest from such Interest Payment Date, or (ii) they are authenticated on a day on or before August 15, 2019, in which event they shall bear interest from their dated date; provided, that if at the

time of authentication of any Series 2018 Local Obligation interest is then in default on the Outstanding Series 2018 Local Obligations, such Series 2018 Local Obligations shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Series 2018 Local Obligations.

**Section 2.05 Redemption Prices and Terms of Series 2018 Local Obligations.** The Series 2018 Local Obligations maturing on or after [March 1, 2030] are subject to optional redemption by the District prior to their respective maturity dates as a whole or in part on or after [March 1, 2029], from money derived by the District from any source other than prepayments of the Special Tax under the Law, upon mailed notice as provided herein, at a redemption price equal to 100% of the principal amount of the Series 2018 Local Obligations or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, plus Redemption Premium.

**Section 2.06 Form of Series 2018 Local Obligations.** The Series 2018 Local Obligations and the authentication endorsement and the form of assignment to appear thereon shall be substantially in the forms set forth in Exhibit A hereto.

**Section 2.07 Registration of Series 2018 Local Obligations.** The Series 2018 Local Obligations shall be registered in the name of the Authority Bonds Trustee and delivered to the Authority Bonds Trustee upon the issuance thereof in accordance with the provisions of the Series 2018 Local Obligation Purchase Contract.

**Section 2.08 Application of Proceeds of Sale of Series 2018 Local Obligations and Other Available Moneys.** On the Closing Date, the Fiscal Agent shall set aside and deposit the net proceeds of sale of the Series 2018 Local Obligations in the amount of \$\_\_\_\_\_ in the following funds, which the Fiscal Agent shall establish and maintain, in the following order:

(i) The Fiscal Agent shall transfer to U.S. Bank National Association, as trustee for the San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006A (Senior Bonds) and San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006B (Subordinate Bonds) (collectively, the "Prior Bonds"), the sum of \$\_\_\_\_\_ for redemption of such Prior Bonds;

(ii) The Fiscal Agent shall deposit in the Authority Capital Improvement Fund established pursuant to the Authority Bonds Trust Agreement the sum of \$\_\_\_\_\_; and

(iii) The Fiscal Agent shall deposit in the Authority Expense Fund established pursuant to the Authority Bonds Trust Agreement the sum of \$\_\_\_\_\_ for payment of the costs of issuance of the Series 2018 Local Obligations and the Authority Bonds.

### ARTICLE III

#### COVENANTS OF THE DISTRICT

##### Section 3.01 Against Federal Income Taxation.

(a) [Reserved].

**Section 3.02 Further Assurances.** The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Holders of the rights and benefits provided herein.

#### ARTICLE IV

#### MISCELLANEOUS

**Section 4.01 Amendment of Original Indenture.**

(a) In Section 11.15 of the Original Indenture, the phrase “Attention: Director of Planning Services” is hereby replaced in its entirety with “Attention: Associate Superintendent, Business Services.”

(b) Section 11.17 of the Original Indenture is hereby deleted.

**Section 4.02 Execution in Counterparts.** This First Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

**Section 4.03 Effective Date of the First Supplemental Indenture.** The First Supplemental Indenture shall take effect from and after its execution and delivery.

**Section 4.04 Preservation of Original Indenture.** Except as supplemented and amended by this First Supplemental Indenture, the Original Indenture shall remain in full force and effect.

IN WITNESS WHEREOF, the San Dieguito Union High School District has caused the Indenture to be signed in its name by its Associate Superintendent, Business Services and to be attested by the Clerk of the Board of Trustees of the District, and U.S. Bank National Association, as Fiscal Agent, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be signed in its corporate name by its officer thereunto duly authorized and attested by one of its authorized officers, all as of the date and year first above written.

**SAN DIEGUITO UNION HIGH SCHOOL  
DISTRICT**

By \_\_\_\_\_  
Associate Superintendent, Business Services

ATTEST:

\_\_\_\_\_  
President of the Board of Trustees of the District

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

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

**EXHIBIT A****FORM OF LOCAL OBLIGATION, FISCAL AGENT'S CERTIFICATE OF  
AUTHENTICATION AND ASSIGNMENT**

[FORM OF LOCAL OBLIGATION]

No. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF SAN DIEGOSAN DIEGUITO UNION HIGH SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 94-2  
SPECIAL TAX REVENUE BOND, SERIES 2018***Interest Rate******Maturity Date******Bond Date***

%

March 1, 20\_\_

October \_\_, 2018

REGISTERED OWNER: U.S. Bank National Association as Trustee for the San Dieguito  
School Facilities Financing Authority Special Tax Revenue Bonds,  
Series 2018

PRINCIPAL AMOUNT:

DOLLARS

The San Dieguito Union High School District, a municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "District"), for value received, hereby promises to pay (but only out of the proceeds of the Special Tax hereinafter referred to and certain other funds as described herein) to the registered owner set forth above on the maturity date set forth above (subject to any right of prior redemption hereinafter provided for) the principal amount set forth above, together with interest thereon computed on the basis of a 360-day year of twelve (12) 30-day calendar months from the Interest Payment Date next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event it shall bear interest from the Bond Date shown above until the principal hereof shall have been paid, at the interest rate per annum set forth above, payable semiannually on March 1 and September 1 in each year, commencing on September 1, 2019. The interest on and principal of and redemption premium, if any, on this Bond are payable in lawful money of the United States of America at the Principal Corporate Trust Office (as that term is defined in the Indenture hereinafter referred to, and herein the "Principal Corporate Trust Office") of U.S. Bank National Association, as Fiscal Agent for the Bonds, or any other bank or trust company at its principal corporate trust office which may at any time be substituted in its place as provided in the Indenture hereinafter referred to (the "Fiscal Agent"). The interest on this Bond due on or before the maturity or prior redemption hereof shall be payable only to the person whose name appears in the registration books required to be kept by the Fiscal Agent as the

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registered owner hereof at the close of business as of the fifteenth (15th) day of the calendar month preceding the month in which the applicable Interest Payment Date falls, such interest to be paid by check mailed by first class mail on each such Interest Payment Date to such registered owner at his address as it appears on such books, except that in the case of a registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds then outstanding, payment shall be made at such owner's option by wire transfer on each such Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such owner to the Fiscal Agent at least fifteen (15) days before such Interest Payment Date. The principal of and redemption premium, if any, on this Bond shall be payable only to the person whose name appears in such registration books as the registered owner hereof, such principal and redemption premium, if any, to be paid only on the surrender of this Bond at the Principal Corporate Trust Office of the Fiscal Agent at maturity or on redemption prior to maturity.

This Bond is one of a duly authorized issue of Bonds in the aggregate principal amount of [\$Par Amount] issued by the District for the San Dieguito Union High School District Community Facilities District 94-2 (the "Community Facilities District") located in Encinitas, California, designated the "San Dieguito Union High School District Community Facilities District 94-2 Special Tax Revenue Bonds, Series 2018" (the "Bonds"), which Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 *et seq.* of the Government Code of the State of California) and all laws amendatory thereof or supplemental thereto (the "Law") and under and pursuant to the provisions of an Indenture, dated as of December 1, 2016, as amended by the First Supplemental Indenture, dated as of October 1, 2018 (collectively, the "Indenture") each between the District and U.S. Bank National Association, as Fiscal Agent, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, denominations, maturities, interest rates or redemption provisions). All Bonds, including the Bonds, are equally and ratably secured in accordance with the terms and conditions of the Indenture (copies of which are on file at the office of the Clerk of the District and at the above-mentioned office of the Fiscal Agent), and reference is hereby made to the Law and to the Indenture and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued and for the rights of the registered owners of the Bonds; and all the terms of the Law and the Indenture are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond, to all the provisions of which the registered owner of this Bond, by his acceptance hereof, agrees and consents; and each subsequent registered owner hereof shall have recourse to all the provisions of the Law and the Indenture and shall be bound by all the terms and conditions thereof.

The Bonds are issued to provide funds to refinance and defease the Prior CFD Loans (as that term is defined in the Indenture). The Bonds are special tax obligations of the District and the interest on and principal of and redemption premium, if any, on the Bonds are payable solely from the proceeds of the Special Tax (as that term is defined in the Indenture, and herein the "Special Tax") and certain other funds, as provided in the Indenture, and the District is not obligated to pay them except from the proceeds of the Special Tax and such other funds as so provided. The General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or redemption premium, if any, on the Bonds, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or redemption premium, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the District or any of its income or receipts except the proceeds of the Special Tax and such other funds, as provided in the



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Indenture, and neither the payment of the interest on or principal of or redemption premium, if any, on the Bonds is a general debt, liability or obligation of the District.

The Bonds are subject to redemption by the District prior to their respective maturity dates as a whole or in part on the dates, at the prices and subject to the terms provided in the Indenture.

If less than all outstanding Bonds are to be redeemed at the option of the District at any one time, the District shall select the maturity dates from which the Bonds shall be redeemed, and if less than all the outstanding Bonds of any one maturity date are to be redeemed at any one time, the Fiscal Agent shall select the Bonds or portions thereof of such maturity date to be redeemed in integral multiples of five thousand dollars (\$5,000) by lot in any manner that it deems appropriate.

Notice of redemption of this Bond or any portion hereof shall be mailed by the Fiscal Agent not less than thirty (30) days nor more than sixty (60) days before the redemption date by first class mail to the registered owner hereof and to those securities depositories and securities information services selected by the District in accordance with the Indenture and to the original underwriter of the Bonds, but neither failure to receive any such mailed notice nor any immaterial defect contained therein shall affect the sufficiency or validity of such proceedings for redemption. If notice of redemption has been duly given as aforesaid, then this Bond or the portion thereof to be redeemed shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on this Bond or the portion thereof to be redeemed shall cease to accrue and the registered owner of this Bond shall have no rights in respect hereof except to receive payment of the redemption price of this Bond or the portion thereof to be redeemed, and upon surrender of this Bond if redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner hereof at the expense of the District a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of this Bond so surrendered.

The District has covenanted that, so long as any Bonds are outstanding, it will annually levy against all Taxable Land (as that term is defined in the Indenture) in the Community Facilities District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Indenture, and which in any event will be sufficient to pay the interest on and principal of and redemption premium, if any, on the Bonds as they become due and payable and to pay all current Expenses (as that term is defined in the Indenture) as they become due and payable in accordance with the provisions and terms of the Indenture.

The Bonds are issuable in the form of fully registered Bonds in the denomination of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Bonds maturing at any one time). The registered owner of any Bond or Bonds may surrender the same (together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney) in exchange for an equal aggregate principal amount of Bonds of the same maturity date of any other authorized denominations in the manner, subject to the conditions and upon payment of the charges provided in the Indenture.

The registration of this Bond is transferable on the registration books kept by the Fiscal Agent by the registered owner hereof or by his duly authorized attorney upon surrender of this Bond

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together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity date of authorized denominations in the same aggregate principal amount will be issued to the transferee in exchange therefor in the manner, subject to the conditions and terms and upon payment of the charges provided in the Indenture. The District and the Fiscal Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture, and in certain circumstances without the consent of such registered owners, but no such amendment shall (1) extend the maturity of this Bond or reduce the interest rate hereon or otherwise alter or impair the obligation of the District to pay the interest hereon or principal hereof or redemption premium, if any, hereon at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the registered owner of this Bond, or (2) permit the issuance by the District of any obligations payable from the proceeds of the Special Tax other than the Bonds as provided in the Indenture, or jeopardize the ability of the District to levy and collect the Special Tax, or (3) reduce the percentage of Bonds required for the written consent to an amendment of the Indenture, or (4) codify any rights or obligations of the Fiscal Agent without its prior written assent thereto; all as more fully set forth in the Indenture.

The Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory debt limitation or restriction, and neither the San Dieguito Union High School District nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or redemption premium, if any, on the Bonds other than from the proceeds of the Special Tax and such other funds as may be pledged therefor, as provided in the Indenture.

This Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by an authorized signatory of the Fiscal Agent.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and 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 the amount of this Bond, together with all other obligations of the District and the Community Facilities District, does not exceed any limit prescribed by the laws of the State of California and is not in excess of the principal amount of the Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, the San Dieguito Union High School District has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the President of the Board of the District and countersigned by the manual or facsimile signature of the District Clerk, and has caused this Bond to be dated as of the Bond Date set forth above.

SAN DIEGUITO UNION HIGH SCHOOL  
DISTRICT

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

Countersigned:

\_\_\_\_\_  
Clerk of the Board of Trustees

[FORM OF FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION  
TO APPEAR ON BONDS]

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated on \_\_\_\_\_.

U.S. Bank National Association,  
as Fiscal Agent

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

[FORM OF ASSIGNMENT TO  
APPEAR ON BONDS]

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

\_\_\_\_\_

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

SIGNATURE GUARANTEED BY:

\_\_\_\_\_

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee:

\_\_\_\_\_

**ITEM 23B**

Form of Local Obligation Purchase Contract

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**

**COMMUNITY FACILITIES DISTRICT NO. 94-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 94-3  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 95-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 95-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-3  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**and**

**COMMUNITY FACILITIES DISTRICT NO. 03-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018**

**LOCAL OBLIGATION PURCHASE CONTRACT**

**dated as of October \_\_, 2018**

San Dieguito Union High School District  
710 Encinitas Blvd.  
Encinitas, CA 92024

Ladies and Gentlemen:

The undersigned San Dieguito School Facilities Financing Authority (the “Authority”) offers to enter into this Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) with you, the Board of Trustees (the “Board of Trustees”) of the San Dieguito Union High School District, acting as the legislative body of the above named community facilities districts (the “District”), which, upon acceptance, will be binding upon the District and the Authority; and except as otherwise provided herein, all capitalized terms used herein shall have the meanings attributed to them in the Trust Agreement, dated as of December 1, 2016 (the “Original Trust Agreement”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented by that First Supplemental Trust Agreement, dated as of October 1, 2018, by and between the Authority and the Trustee (the “First Supplemental Trust Agreement” and, collectively with the Original Trust Agreement, the “Trust Agreement”). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Original Trust Agreement.

1. Purchase, Sale and Delivery of the Obligations.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Authority hereby agrees to purchase from the District, and the District hereby agrees to sell to the Authority, all (but not less than all) of the following securities:

(i) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 94-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 94-2 Local Obligations," and together with the CFD No. 03-1 Local Obligations, the "Local Obligations") issued under an Indenture, dated as of December 1, 2016, as supplemented and amended by a First Supplemental Indenture, dated as of October 1, 2018 (collectively, the "CFD No. 94-2 Indenture"), each by and between the District and U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent");

(ii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 94-3 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 94-3 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 94-3 Indenture");

(iii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 95-1 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 95-1 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 95-1 Indenture");

(iv) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 95-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 95-2 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 95-2 Indenture");

(v) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-1 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-1 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 99-1 Indenture");

(vi) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-2 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 99-2 Indenture");

(vii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-3 Local Obligations") issued under an

## ITEM 23B

Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the “CFD No. 99-3 Indenture”); and

(viii) \$\_\_\_\_\_ aggregate principal amount of the District’s San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018 (the “CFD No. 03-1 Local Obligations” and together with the CFD No. 94-2 Local Obligations, the CFD No. 94-3 Local Obligations, the CFD No. 95-1 Local Obligations, the CFD No. 95-2 Local Obligations, the CFD No. 99-1 Local Obligations, the CFD No. 99-2 Local Obligations, and the CFD No. 99-3 Local Obligations, the “Local Obligations”) issued under an Indenture, dated as of December 1, 2016, as amended and supplemented pursuant to a First Supplemental Indenture, dated as of October 1, 2018, each by and between the District and U.S. Bank National Association, as Fiscal Agent (collectively, the “CFD No. 03-1 Indenture”, and together with the CFD No. 94-2 Indenture, the CFD No. 94-3 Indenture, the CFD No. 95-1 Indenture, the CFD No. 95-2 Indenture, the CFD No. 99-1 Indenture, the CFD No. 99-2 Indenture, and the CFD No. 99-3 Indenture, the “Indentures”);

all dated the date of their initial delivery, bearing interest payable on the dates and at the interest rates, and maturing on the dates and in the amounts and subject to the optional and mandatory redemption provisions, as set forth in Exhibit A attached hereto and incorporated herein.

The purchase prices for the Local Obligations shall be paid from the proceeds of sale of the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018, issued under the Trust Agreement (the “Authority Bonds”), and such purchase prices shall be:

(i) for the CFD No. 94-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(ii) for the CFD No. 94-3 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(iii) for the CFD No. 95-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(iv) for the CFD No. 95-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(v) for the CFD No. 99-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(vi) for the CFD No. 99-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);



## ITEM 23B

(vii) for the CFD No. 99-3 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_); and

(viii) for the CFD No. 03-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_).

The Local Obligations shall be substantially in the forms described in, shall be issued and secured under the provisions of, and shall be payable as provided in the Indentures, each of which provide for the issuance of the Local Obligations and the registration thereof in the name of the Trustee.

(b) At 9:00 a.m., Pacific Daylight Time, on October \_\_, 2018, or at such earlier or later time or date as shall be agreed by the District and the Authority (such time and date being herein referred to as the “Closing Date”), the District will deliver to the Authority at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (or such other location as may be designated by the Authority and approved by the District) the Local Obligations in definitive forms, duly executed by the District and authenticated by the Fiscal Agent or the Trustee, as the case may be, for each of the Local Obligations, and will deliver to the Authority the other documents herein mentioned; and the Authority will accept such delivery and pay the total purchase price of the Local Obligations as set forth in paragraph (a) of this section as provided in the Trust Agreement (such delivery and payment being herein referred to as the “Closing”).

2. Representations, Warranties and Agreements of the District. The District represents and warrants to and agrees with the Authority that:

(a) The District is and will be at the Closing Date duly organized and existing as a school district under and by virtue of the Constitution and laws of the State of California, with full power and authority to issue the Local Obligations and to carry out and consummate the transactions contemplated by the Local Obligations, the Local Obligation Purchase Contract, the Trust Agreement, and the Indentures (collectively, the “Financing Documents”), and the Financing Documents are and will be at the Closing Date valid and binding obligations of the District;

(b) When delivered to and paid for by the Authority at the Closing in accordance with the provisions of the Local Obligation Purchase Contract, the Local Obligations will have been duly authorized, executed, issued and delivered and will constitute valid and binding obligations of the District in conformity with, and entitled to the benefit and security of, their respective Indentures;

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has authorized and approved the execution and delivery of the Financing Documents, and authorized and approved the performance by the District of the obligations on its part contained in the Financing Documents and has authorized and approved the consummation by the District of all other transactions contemplated by the Local Obligation Purchase Contract;

## ITEM 23B

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the knowledge of the District, threatened against the District or its properties or operations (i) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Local Obligations, (ii) in any way contesting or affecting the validity or enforceability of any of the Financing Documents, any proceedings of the District taken concerning the issuance or sale of the Local Obligations, the collection of the special taxes securing the Local Obligations or the existence or powers of the District relating to the issuance of the Local Obligations or (iii) which, if determined adversely to the District or its interests, would have a material and adverse effect on the consummation of the transactions contemplated by or the validity of the Financing Documents or on the operations of the District with respect to the Local Obligations;

(e) The execution and delivery of the Financing Documents, and the consummation of the transactions therein and herein contemplated, and the fulfillment of or compliance with the terms and conditions thereof and hereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents or the operations of the District with respect to the Local Obligations;

(f) The District is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default may have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default under any such instrument;

(g) All approvals, consents, authorizations, certifications and other orders of any governmental authority, board, agency or commission having jurisdiction, and all filings with any such entities, which would constitute conditions precedent to or the failure to obtain which would materially adversely affect the performance by the District of its obligations under the Financing Documents have been duly obtained, and no further consent, approval, authorization or other action or filing with or by any governmental or regulatory authority having jurisdiction over the District is or will be required for the issue and sale of the Local Obligations or the consummation by the District of the other transactions described in the Financing Documents;

(h) The special taxes constituting the security for the Local Obligations have been duly and lawfully authorized under and pursuant to the Mello-Roos Community Facilities

## ITEM 23B

District Act of 1982 (the “Act”) and such special taxes are secured by a valid and legally binding continuing lien on the land subject to the special taxes as provided in the Act;

(i) The District has authorized and will annually levy and collect special taxes, in addition to amounts necessary to pay debt service on the Local Obligations, in an amount sufficient (subject to any maximum special tax permitted by law) to pay the Expenses (as defined in the Indentures) arising directly from the administration or enforcement of the Local Obligations.

The execution and delivery of the Local Obligation Purchase Contract by the District shall constitute a representation by the District to the Authority that the representations, warranties and agreements contained in this Section 2 are true as of the date hereof; provided, that as to all matters of law the District is relying on the advice of counsel to the District; and provided further, that no member of the Board of Trustees of the District shall be individually liable for the breach of any representation, warranty or agreement contained herein.

3. Conditions to the Purchase of the Local Obligations by the Authority. The obligation of the Authority to accept delivery of and pay for the Local Obligations on the Closing Date shall be subject, at the option of the Authority, to the accuracy in all material respects of the representations, warranties and agreements on the part of the District contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the District made in any certificates, or other documents furnished pursuant to the provisions hereof, and to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Financing Documents shall be in full force and effect in the form heretofore submitted to the Authority and there shall have been taken in connection with the issuance of the Local Obligations and with the transactions contemplated thereby and by the Local Obligation Purchase Contract, all such actions as, in the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”), shall be necessary and appropriate;

(b) At the Closing Date, the Financing Documents shall not have been amended, modified or supplemented, except as may have been agreed to by the Authority;

(c) At or prior to the Closing Date, the Authority and the Trustee shall have received the following documents, in each case satisfactory in form and substance to the Authority:

(1) An executed copy of each of the Financing Documents;

(2) An unqualified approving opinion of Bond Counsel, dated the Closing Date and addressed to the District, as to the validity of the Local Obligations;

(3) An opinion of the District Counsel, dated the Closing Date and addressed to the District and the Authority, in substantially the form attached hereto as Exhibit B; and

## ITEM 23B

(4) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Authority or Bond Counsel may reasonably request to evidence compliance by the District with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the District contained herein, and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

If the District shall be unable to satisfy the conditions to the Authority's obligations contained in the Local Obligation Purchase Contract, the Local Obligation Purchase Contract shall terminate and neither the Authority nor the District shall have any further obligation hereunder.

4. Expenses. All expenses and costs of the District and the Authority incident to the authorization, issuance and sale of the Local Obligations and the Authority Bonds, including fees and expenses of consultants, the Trustee, Bond Counsel and counsel for the District and the fees and expenses incurred by the Authority in connection with the sale of the Authority Bonds shall be paid by the District and the District agrees that it will pay, from the proceeds of the Local Obligations.

5. Notices. Any notice or other communication to be given to the District under the Local Obligation Purchase Contract may be given by delivering the same in writing at the District's address set forth above, Attention: Executive Director of Planning Services, and any such notice or other communications required to be given to the Authority may be given by delivering the same in writing to the Authority at 710 Encinitas Blvd., Encinitas, CA 92024, Attention: Treasurer. The approval of the Authority when required hereunder or the determination of their satisfaction as to any document referred to herein shall be in writing signed by the Authority and delivered to the District.

6. Parties In Interest; Governing Law. The Local Obligation Purchase Contract is made solely for the benefit of the District, the Authority and the Trustee and no other persons, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. The Local Obligation Purchase Contract shall be governed by the laws of the State of California.

7. Pledge; Assignment. The District hereby approves the pledge and assignment of all of the Authority's right, title and interest in the Local Obligations to the Trustee under the Trust Agreement for the benefit of the Owners of the Authority Bonds.

8. Limitation on Liability. The Authority shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereby, and shall be under no obligation to purchase the Local Obligations hereunder, except from proceeds of the Authority Bonds available therefor held by the Trustee under, and subject to the conditions set forth in, the Trust Agreement. The District shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereunder, except as otherwise provided in Sections 4 and 5 hereof, or be obligated to make any payments with respect to the Local Obligations, except from amounts pledged to the payment of the Local Obligations (including special taxes levied and collected in the applicable community facilities districts) pursuant to the terms thereof.

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9. Counterparts. The Local Obligation Purchase Contract may be signed in two or more counterparts; all such counterparts, when signed by all parties, shall constitute but one single agreement.

SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY

By \_\_\_\_\_  
Treasurer

ACCEPTED AND AGREED TO:

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT

By \_\_\_\_\_  
Executive Director of Planning Services

Exhibit A

## LOCAL OBLIGATIONS MATURITY SCHEDULES AND REDEMPTION PROVISIONS

**CFD No. 94-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
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**CFD No. 94-3 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
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**CFD No. 95-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
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**CFD No. 95-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
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**CFD No. 99-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
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**CFD No. 99-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
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**CFD No. 99-3 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
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**CFD No. 03-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
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### **Local Obligation Redemption Provisions**

(a) Optional Redemption. The Local Obligations maturing on or after March 1, 2030 are subject to optional redemption by the District prior to their respective maturity dates as a whole or in part on any Interest Payment Date on or after March 1, 2029, from money derived by the District from any source other than such prepayments of the Special Tax, upon mailed notice as provided in the applicable Indenture, at a redemption price equal to 100% of the principal amount of the Local Obligations or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, without premium.

[Remainder of page intentionally left blank]

Exhibit B

[Form of District Counsel Opinion]

October \_\_, 2018

Governing Board  
San Dieguito School Facilities Financing Authority  
Encinitas, California

Board of Trustees  
San Dieguito Union High School District  
Encinitas, California

U.S. Bank National Association  
San Francisco, California

San Dieguito Union High School District  
Community Facilities District No. 94-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 94-3  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 95-1  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 95-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-1  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-3  
Special Tax Revenue Bonds; and

San Dieguito Union High School District  
Community Facilities District No. 03-1  
Special Tax Revenue Bonds

Ladies and Gentlemen:

I have served as counsel to the San Dieguito Union High School District (the “District”) in connection with the issuance, sale and delivery of the above-reference securities (collectively, the “Local Obligations”), and this letter is being delivered pursuant to the Local Obligation Purchase Contract dated as of October \_\_, 2018 (the “Local Obligation Purchase

## ITEM 23B

Contract”) by and between the San Dieguito School Facilities Financing Authority (the “Authority”) and the Board of Trustees of the District, acting as the legislative body for each of the above-referenced community facilities districts of the District, and all capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Local Obligation Purchase Contract.

As such counsel, I have examined and am familiar with (i) those documents relating to the existence, organization and operation of the District; and (ii) all necessary documentation of the District relating to the authorization, execution and delivery of the Local Obligations and all of the Financing Documents.

Based on the foregoing, I am of the opinion that:

1. The District is a school district located in San Diego County (the “County”), duly organized and existing under and by virtue of the Constitution and laws of the State of California.

2. The District has the full legal right, power and authority to execute, deliver and perform its obligations and duties under the Financing Documents, and the District has complied with the provisions of applicable law in all matters relating to the transactions contemplated by the Financing Documents.

3. The Financing Documents have each been duly authorized, executed and delivered by the District, are each in full force and effect and, assuming due authorization, execution and delivery by the other parties thereto, each constitutes a legal, valid and binding agreement of the District enforceable against the District in accordance with its terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the District of the Financing Documents or the performance by the District of its respective obligations thereunder.

5. The execution and delivery of the Financing Documents by the District, and compliance with the provisions thereof, will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the District, or any commitment, agreement or other instrument to which the District is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the District (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the District and its affairs.

6. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body pending or threatened against or affecting the District or any of its officers in their respective capacities as such which questions the powers of the District referred to in paragraph 2 above or in connection with the transactions contemplated by the Financing Documents, or the validity of the proceedings taken by the District in connection with the authorization, execution or delivery of the Financing Documents, wherein any unfavorable decision, ruling or finding would adversely



ITEM 23B

affect the transactions contemplated thereby or by the Official Statement, or which, in any way, would adversely affect the validity or enforceability of the Financing Documents or, in any material respect, the ability of the District to perform its obligations under the Financing Documents.

Very truly yours,

District Counsel

ITEM 23B

Form of Continuing Disclosure Agreement

## CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (“Disclosure Agreement”), dated as of [\_\_\_\_\_ 1, 2018], is executed and delivered by the SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY (the “Issuer”), and Willdan Financial Services, as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of \$ aggregate principal amount of the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement, dated as of December 1, 2016, as amended and supplemented by the First Supplemental Trust Agreement, dated as of [\_\_\_\_\_ 1, 2018] (together, the “Trust Agreement”), between the Issuer and U.S. Bank National Association (the “Trustee”). The proceeds of the Bonds will be used to acquire the Local Obligations (as defined below) and refund certain outstanding bonds of the Authority and the Districts (as defined below), to fund the reserve funds securing the Bonds and to pay costs of issuance of the Bonds. The Issuer and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income purposes.

“Disclosure Representative” shall mean the Executive Director of the Issuer, or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Willdan Financial Services, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee and the Issuer a written acceptance of such designation.

“Districts” shall mean San Dieguito Union High School District Community Facilities District No. 94-2, San Dieguito Union High School District Community Facilities District No. 94-3, San Dieguito Union High School District Community Facilities District No. 95-1, San Dieguito Union High School District Community Facilities District No. 95-2, San Dieguito Union High School District Community Facilities District No. 99-1, San Dieguito Union High

School District Community Facilities District No. 99-2, San Dieguito Union High School District Community Facilities District No. 99-3 and San Dieguito Union High School District Community Facilities District No. 03-1.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“Local Obligations” shall mean, collectively, the San Dieguito Union High School District Community Facilities District No. 94-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 94-3 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 95-1 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 95-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-1 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018 and San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018.

“MSRB” shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

“Official Statement” means the Official Statement for the Bonds dated \_\_\_\_\_, 2016.

“Owners” shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

“Participating Underwriter” shall mean Piper Jaffray & Co.

“Repository” shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Rule” shall mean 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.

“School District” shall mean the San Dieguito Union High School District.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or upon written direction shall cause the Dissemination Agent to, not later than April 1 after the end of the Issuer’s Fiscal Year (currently June 30) commencing

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with the report due by April 1, 2019, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer and the School District, if any exist, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the fiscal year of the Issuer or the School District changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(d). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) Not later than (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to inquire if the Issuer is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent in a timely manner shall send a notice to the Repository, in the form required by the Repository.

(d) The Dissemination Agent shall:

- (i) determine each year prior to date for providing the Annual Report the name and address of the Repository if other than the MSRB; and
- (ii) file a report with the Issuer certifying that the Annual Report has been sent to the Repository and the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Agreement, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the Issuer and the School District for the prior fiscal year, if any have been prepared and which, if prepared, shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board; provided, however, that the Issuer and the School District may, from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Issuer or the School District shall modify the basis upon which its financial statements are prepared, the Issuer or the School District, as applicable, shall provide the information referenced in Section 8 below. If the Issuer or the School District are preparing

## ITEM 23B

audited financial statements and such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following: [UPDATE]

- (i) the principal amount of Bonds outstanding as of the September 2 preceding the filing of the Annual Report;
- (ii) the balance in each fund under the Trust Agreement and the Reserve Requirement as of the September 2 preceding the filing of the Annual Report;
- (iii) any changes to the Rates and Methods of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a description of any parcels for which the Special Taxes have been prepaid in the Fiscal Year for which the Annual Report is being prepared;
- (iv) an update of Tables [\_\_\_\_\_] in the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the current fiscal year;
- (v) the status of any foreclosure actions being pursued by the Districts with respect to delinquent Special Taxes; and
- (vi) any information not already included under (i) through (v) above that the Districts are required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

- (i) principal and interest payment delinquencies;

## ITEM 23B

- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
- (vi) tender offers;
- (vii) defeasances;
- (viii) ratings changes; and
- (ix) bankruptcy, insolvency, receivership or similar proceedings.

Note: for the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) unless described in paragraph 5(a)(v) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (ii) the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

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- (iii) appointment of a successor or additional trustee or the change of the name of a trustee;
- (iv) nonpayment related defaults;
- (v) modifications to the rights of Owners of the Bonds;
- (vi) notices of redemption; and
- (vii) release, substitution or sale of property securing repayment of the Bonds.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under Section 5(b) above, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file a notice of such occurrence with the Repository in a timely manner not more than 10 business days after the event.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Issuer and that the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent shall be Willdan Financial Services. The Dissemination Agent may resign by providing thirty (30) days written notice to the Issuer and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver related to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in



legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking hereunder, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment related to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful

misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

Issuer: San Dieguito School Facilities Financing  
Authority  
710 Encinitas Boulevard  
Encinitas, California 92024  
Attention: Executive Director

Dissemination Agent: Willdan Financial Services

Participating Underwriter: Piper Jaffray & Co.  
One Montgomery Street, 35th Floor  
San Francisco, California 94104  
Attention: Ralph Holmes

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notice or communications should be sent.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

WILLDAN FINANCIAL SERVICES, as  
Dissemination Agent

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

ITEM 23B

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 94-3 OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$8,500,000 AGGREGATE PRINCIPAL AMOUNT OF BONDED INDEBTEDNESS OF SUCH COMMUNITY FACILITIES DISTRICT NO. 94-3, PRESCRIBING THE TERMS OF SALE, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A LOCAL OBLIGATION PURCHASE CONTRACT, AND A CONTINUING DISCLOSURE CERTIFICATE, AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS**

**WHEREAS**, the Board of Trustees (the “Board of Trustees”) of the San Dieguito Union High School District (the “District”) has heretofore established Community Facilities District No. 94-3 (“CFD 94-3”) along with eight other community facilities districts (collectively, the “CFDs”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, consisting of Sections 53311, et seq., of the California Government Code (the “Act”) (collectively with CFD 94-3, the “CFDs”) in order to finance and reimburse the construction of various public facilities benefitting the CFDs; and

**WHEREAS**, pursuant to a resolution adopted on March 21, 1996, and concurrent with the formation of CFD 94-3, the District authorized the levy of special taxes within CFD 94-3 and CFD 94-3’s ability to incur indebtedness not to exceed \$50,000,000 to finance the costs of acquiring, leasing and/or constructing various public facilities for the benefit of CFD 94-3; and

**WHEREAS**, in order to assist the CFDs in financing and reimbursing the acquisition and construction of various public facilities (the “CFD Projects”), the San Dieguito Public Facilities Authority (the “Prior JPA”) previously issued its Revenue Bonds, 1998 Series A (Tax Exempt), Revenue Bonds 1998 Series B (Taxable) and Revenue Bonds, Series 2004, each refunded in whole by \$91,125,000 aggregate principal amount of its Revenue Refunding Bonds, Series 2006 (the “Prior JPA Bonds”) pursuant to an Indenture of Trust, dated as of July 1, 2006 (as amended, the “Prior Indenture”), by and between the Prior JPA and U.S. Bank National Association, as trustee; and

**WHEREAS**, the CFDs entered into a loan agreement, dated July 1, 2006 (as amended, the “Prior Loan Agreement”), by and between the CFDs and the Prior JPA, whereby the Prior JPA agreed to lend the CFDs certain funds for the CFD Projects; and

**WHEREAS**, the District has determined to authorize the issuance of additional indebtedness of CFD 94-3 for the purpose of acquiring and constructing various public facilities benefitting CFD 94-3 and prepaying certain obligations under the Prior Loan Agreement (the “Prior CFD Loans”), allowing for the defeasance of certain of the Prior JPA Bonds; and

**WHEREAS**, at this time, the Board of Trustees deems it necessary and desirable to authorize and consummate the sale of a series of bonds designated the “San Dieguito Union High School District Community Facilities District 94-3 Special Tax Revenue Bonds, Series 2018” (the “Local Obligations”) in an aggregate initial principal amount not exceeding \$8,500,000; and

**WHEREAS**, the District has heretofore authorized the formation of the San Dieguito School Facilities Financing Authority (the “Authority”); and

**WHEREAS**, the District desires to sell the Local Obligations to the Authority pursuant to a Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”), and, pursuant to Section 53360.4 of the Act, hereby finds and determines that such sale will result in lower overall cost; and

**WHEREAS**, the Authority is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code to issue its bonds for the purpose of purchasing various local obligations issued by certain local agencies, including the Local Obligations; and

**WHEREAS**, the Authority desires to issue its San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Authority Bonds”), pursuant to a Trust Agreement (the “Trust Agreement”), by and between the Authority and U.S. Bank National Association; and

**WHEREAS**, the District has determined pursuant to Section 6588(v) of the Government Code to sell the Local Obligations to the Authority pursuant to a Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) by and between the District and the Authority, and hereby finds and determines that such sale will result in significant public benefits including demonstrable savings in effective interest rate, bond preparation, bond underwriting discount, original issue discount or bond issuance costs, and a form of Local Obligation Purchase Contract has been prepared; and

**WHEREAS**, in order to provide for the authentication and delivery of the Local Obligations, to establish and declare the terms and conditions upon which the Local Obligations are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the District proposes to enter into an Indenture (the “Indenture”) with U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”), and a form of Indenture has been prepared; and

**WHEREAS**, in order to satisfy the disclosure requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”), the District desires to execute and deliver a Continuing Disclosure Certificate (such Continuing Disclosure Certificate, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Continuing Disclosure Certificate”), a form of which has been prepared; and

**WHEREAS**, the form of a Preliminary Official Statement (the “Preliminary Official Statement”) to be used in connection with the offering and sale of the Authority Bonds has been prepared and is on file with the Board of Trustees; and

**WHEREAS**, the Board of Trustees has been presented with the form of each document referred to herein relating to the financing contemplated hereby, and the Board of Trustees has examined each document and desires to approve, authorize and direct the execution of the forms of Local Obligation Purchase Contract, Indenture, and Continuing Disclosure Agreement and the consummation of such financing; and

**WHEREAS**, the Board of Trustees desires to proceed to issue and sell the Local Obligations and to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the offering, sale and issuance of the Local Obligations;

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

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Trustees of the San Dieguito Union High School District, acting as the legislative body of CFD 94-3, as follows:

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

**Section 2. Authority for Issuance.** The Local Obligations described herein are authorized to be issued pursuant to the Act and other applicable provisions of law, including applicable provisions of the Education Code, in an aggregate principal amount not to exceed \$8,500,000.

**Section 3. Designation of Local Obligations.** The Local Obligations shall be sold in one or more series, to be designated the “San Dieguito Union High School District Community Facilities District 94-3 Special Tax Revenue Bonds, Series 2018,” with such additional designations as may be necessary to distinguish between bonds of different payment mechanisms or features, as authorized hereby.

**Section 4. Sale of Local Obligations; Local Obligation Purchase Contract.** The Superintendent of the District, the Associate Superintendent, Business Services of the District, the Executive Director of Planning Services, or such other officer of the District designated for the purpose (each an “Authorized District Representative”), each alone, are hereby authorized, upon consultation with the Municipal Advisor, to sell all or any portion or series of the Local Obligations to the Authority. The Local Obligation Purchase Contract, in substantially the form on file with the Clerk of this Board, is hereby approved, and the Authorized District Representatives, each alone, are hereby authorized and directed to execute and deliver the Local Obligation Purchase Contract with the Authority, on behalf of the Community Facilities District and the District, subject to such changes or revisions therein as may be acceptable to the Authorized District Representative executing the same, and the District’s approval of all such changes shall be conclusively evidenced by the execution and delivery of the Local Obligation Purchase Contract. The Local Obligation Purchase Contract shall provide: (i) that the aggregate purchase price of the Local Obligations sold thereunder shall be no less than the principal amount of such Local Obligations; and (ii) that the Local Obligations sold thereunder shall otherwise conform to the limitations specified in this Resolution, including specifically those terms prescribed by Section 5 hereof.

**Section 5. Terms of the Local Obligations and Interest Payment.** The Local Obligations shall be issued in the form of current interest bonds. The Board hereby determines that: (1) it is anticipated that the prepayment of the Prior CFD Loans will occur on or about October 26, 2018, or such other date as is described in the Local Obligation Purchase Contract, (2) the Local Obligations shall bear the date, be in the denominations, have the maturity dates (which, in the case

of Local Obligations the proceeds of which are used to prepay Prior CFD Loans, do not exceed the latest maturity date of such Prior CFD Loans), and be payable at the place and be in the form specified in the Indenture, (3) the Local Obligations will bear interest at a rate no less than 0.5 percent per annum, and (4) the designated costs of issuing the Local Obligations being used to refund the Prior CFD Loans, as defined by Section 53363.8 of the Act, shall include all of the costs specified in Section 53363.8(a), (b)(2) and (c) of the Act. The Local Obligation Purchase Contract shall recite the terms of the Local Obligations sold under such document in accordance with this section as determined in the sale thereof, and such terms shall be memorialized in the Indenture described in Section 7 hereof. In satisfaction of the requirements contained in Section 53364.2 of the Act, the Board hereby determines that any savings achieved through the issuance of the Local Obligations shall be used to finance additional facilities authorized to be financed by CFD 94-3.

**Section 6. Tax Treatment of Local Obligations.** All or any portion of the Local Obligations shall be issued as exempt from federal income tax, as an Authorized District Representative shall determine upon consultation with the Municipal Advisor, and according to the terms and conditions as Bond Counsel to the District shall advise are appropriate to and necessary for the issuance of tax-exempt bonds.

**Section 7. Approval of Indenture.** The Indenture relating to the Local Obligations between the District and U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent"), in substantially the form submitted to this Board, including the form of Local Obligations included therein, is hereby approved. The Authorized District Representatives, each alone, are hereby authorized to execute and deliver an instrument in substantially said form, completed with the terms of the Local Obligations determined upon the sale thereof, and with such other changes thereto as the Authorized District Representative executing the same may require or approve, and the District's approval of the Indenture shall be conclusively evidenced by the execution and delivery thereof.

**Section 8. Approval of Continuing Disclosure Certificate.** The Continuing Disclosure Certificate relating to the Local Obligations, in substantially the form on file with the Clerk of this Board, is hereby approved. The Authorized District Representatives, or the designee thereof, each alone, are hereby authorized on behalf of Community Facilities District and the District to execute and deliver the Continuing Disclosure Certificates in substantially the form submitted to this Board, with such changes thereto as deemed necessary in order to permit the purchaser of the Local Obligations to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificates as finally executed and delivered.

**Section 9. Approval of Actions.** The President of this Board of Trustees, the Clerk of this Board of Trustees, the Superintendent of the District, the Associate Superintendent, Business Services of the District, the Executive Director of Planning Services, and any other officer of the District to whom authority is delegated by one of the named officers for the purposes of the Local Obligations, are hereby authorized and directed to execute and deliver any and all certificates and representations, including signature certificates, no-litigation certificates, representation letters to The Depository Trust Company, the Tax Certificate and any other certificates proposed to be distributed in connection with the sale of the Local Obligations, and to enter into any agreements, including depository agreements, commitment letters and agreements with bond insurers, agreements providing for payment of costs of issuance of Local Obligations, and any other agreements, letters, or representations, which any of them deem necessary or desirable to accomplish the transactions authorized herein. If in order to sell the Local Obligations in separate series or to separate purchasers

as authorized herein, the District is required to prepare and deliver additional official statements, Indentures, Local Obligation Purchase Contracts, continuing disclosure certificates, or other authorized documents, the preparation and delivery of such additional documents is hereby authorized. Actions of the Authorized District Representative heretofore taken to accomplish the purposes of this Resolution and consistent herewith are hereby ratified.

**Section 10. Retention of Services.** This Board hereby appoints Piper Jaffray & Co. as Underwriter, Fieldman, Rolapp & Associates, Inc., as Municipal Advisor, and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel, all with respect to the issuance of the Local Obligations. The Authorized District Representatives, each alone, are hereby authorized to execute an agreement with any of the foregoing in order to provide for the provision of the specified services and for payment in respect thereof, together with payment for other costs of issuance of the Bonds or the Local Obligations from proceeds deposited pursuant to the Indenture.

**Section 11. Value of Property.** In accordance with the requirements of Section 53345.8 of the Act, this Board hereby determines that the value of the real property in CFD 94-3 subject to the special tax to pay debt service on the Local Obligations is at least three times the principal amount of the Local Obligations and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within CFD 94-3.

**Section 12. Notice to California Debt and Investment Advisory Commission.** The Authorized District Representative is hereby authorized and directed to cause notices of the proposed sale and final sale of the Local Obligations to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to California Government Code Section 8855 and Section 53359.5.

**Section 13. Good Faith Estimates.** In accordance with California Government Code Section 5852.1, certain estimates are presented in Exhibit A to this Resolution.

**Section 14. Effective Date.** This Resolution shall take effect from and after its date of adoption.

**PASSED AND ADOPTED** this day, September 13, 2018.

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President of the Board of Trustees of the  
San Dieguito Union High School District

ATTEST:

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Clerk of the Board of Trustees of the  
San Dieguito Union High School District



### CLERK'S CERTIFICATE

I, Joyce Dalessandro , Clerk of the Board of Trustees of the San Dieguito Union High School District, County of San Diego, California, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Trustees of said District duly and regularly held at the regular meeting place thereof on September 13, 2018, and entered in the minutes thereof, of which meeting all of the members of the Board of Trustees had due notice and at which a quorum thereof was present, and that at said meeting the resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

An agenda of the meeting was posted at least 72 hours before the meeting at 710 Encinitas Boulevard, Encinitas, California, a location freely accessible to members of the public, and a brief description of the resolution appeared on the agenda.

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: September 13, 2018.

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Clerk of the Board of Trustees of the  
San Dieguito Union High School District

**EXHIBIT A****GOOD FAITH ESTIMATES – CFD NO. 94-3 LOCAL OBLIGATIONS**

The good faith estimates for the CFD No. 94-3 Local Obligations (the “Local Obligations”) set forth herein are provided in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the School District by the Underwriter.

Principal Amount. The Underwriter has informed the School District that, based on the School District’s financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the CFD No. 94-3 Local Obligations to be sold is \$6,040,000 (the “Estimated Principal Amount”). Based on the Estimated Principal Amount, the following good faith estimates are provided:

a) True Interest Cost of the CFD No. 94-3 Local Obligations. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 94-3 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the CFD No. 94-3 Local Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the CFD No. 94-3 Local Obligations, is 4.17%.

b) Finance Charge of the CFD No. 94-3 Local Obligations. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 94-3 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the CFD No. 94-3 Local Obligations, which means the sum of all fees and charges paid to third parties, is \$30,790.80.

c) Amount of Proceeds to be Received. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 94-3 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the School District for sale of the CFD No. 94-3 Local Obligations, less the finance charge of the CFD No. 94-3 Local Obligations paid from CFD No. 94-3 Local Obligations proceeds, and any reserves or capitalized interest to be paid or funded with proceeds of the CFD No. 94-3 Local Obligations, if any, is \$6,437,693.90.

a) Total Payment Amount. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 94-3 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the School District will make to pay debt service on the CFD No. 94-3 Local Obligations, plus the finance charge for the CFD No. 94-3 Local Obligations as described in (b) above not paid with the proceeds of the CFD No. 94-3 Local Obligations, if any, calculated to the final maturity of the CFD No. 94-3 Local Obligations, is \$9,489,490.00.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Local Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ

## ITEM 23C

from such good faith estimates due to (a) the actual date of the sale of the Local Obligations being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Local Obligations sold being different from the Estimated Principal Amounts, (c) the actual amortization of the Local Obligations being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Local Obligations being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the School District's financing plan, or a combination of such factors. The actual date of sale of the Local Obligations and the actual principal amount of Local Obligations sold will be determined by the School District based on the timing of the need for proceeds of the Local Obligations and other factors. The actual interest rates borne by the Local Obligations will depend on market interest rates at the time of sale thereof. The actual amortization of the Local Obligations will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the School District.

ITEM 23C

Form of Indenture

CFD No. 94-3

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**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**

**and**

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

**INDENTURE**

**Dated as of October 1, 2018**

**Relating to the**

**[\$Par Amount]  
San Dieguito Union High School District  
Community Facilities District 94-3  
Special Tax Revenue Bonds, Series 2018**

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## INDENTURE

This Indenture (the “Indenture”) is made and entered into as of October 1, 2018, by and between the SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, a school district located in San Diego County (the “County”), duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “District”), and U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, as Fiscal Agent (the “Fiscal Agent”);

### WITNESSETH:

WHEREAS, on March 21, 1996, the District duly adopted a Resolution establishing the San Dieguito Union High School District Community Facilities District 94-3 (the “Community Facilities District”) for the purpose of financing certain public facilities and public services in and for the Community Facilities District; and

WHEREAS, in order to assist the Community Facilities District in financing and reimbursing the acquisition and construction of various public facilities, among other purposes, the San Dieguito Public Facilities Authority (the “Prior JPA”) previously issued its Revenue Bonds, 1998 Series A (Tax Exempt), Revenue Bonds 1998 Series B (Taxable) and Revenue Bonds, Series 2004, each refunded in whole by \$91,125,000 aggregate principal amount of its Revenue Refunding Bonds, Series 2006 pursuant to an Indenture of Trust dated as of July 1, 2006 by and between the Prior JPA and U.S. Bank National Association, as Fiscal Agent (the “Prior JPA Bonds”); and

WHEREAS, the Community Facilities District entered into a loan agreement, dated July 1, 2006, by and between the Community Facilities District, along with eight other Community Facilities Districts of the San Dieguito Union High School District (collectively, the “CFDs”), and the Prior JPA (the “Prior Loan Agreement”), whereby the Prior JPA agreed to lend the CFDs certain funds; and

WHEREAS, the District has determined to authorize the issuance of additional indebtedness of Community Facilities District for the purpose of acquiring and constructing school facilities benefitting the CFDs and prepaying certain obligations under the Prior Loan Agreement and Installment Purchase Agreements entered into by each of two CFDs with the Prior JPA (collectively, the “Prior CFD Loans”), allowing for the prepayment of certain of the Prior JPA Bonds; and

WHEREAS, the District has heretofore authorized the formation of the San Dieguito School Facilities Financing Authority (the “Authority”); and

WHEREAS, for the purpose of financing the acquisition and construction of various public school facilities benefitting the CFDs and prepaying the Prior CFD Loans and thereby a portion of the Prior JPA Bonds, the District has determined to issue the San Dieguito Union High School District Community Facilities District 94-3 Special Tax Revenue Bonds, Series 2018 (the “Local Obligations”) in the aggregate principal amount of [\$Par Amount] pursuant to and secured by this Indenture; and

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WHEREAS, the Authority has agreed to purchase the Local Obligations pursuant to a Local Obligation Purchase Contract between the Authority and the District, dated as of October \_\_, 2018, with a portion of the proceeds of the Authority’s Special Tax Revenue Bonds, Series 2018 (collectively, the “Authority Bonds”); and

WHEREAS, all things necessary to cause the Local Obligations, when executed by the District and authenticated by the Fiscal Agent and delivered as provided herein, to be legal special tax obligations of the District, enforceable in accordance with their terms, and to constitute the Indenture a valid agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery hereof and the execution and delivery of the Local Obligations, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THE INDENTURE WITNESSETH, that in order to secure the payment of the interest on and principal of and redemption premium, if any, on all Local Obligations at any time issued and outstanding hereunder according to their tenor, and to secure the observance and performance of all the agreements, conditions, covenants and terms therein and herein set forth, and to declare the conditions and terms upon and subject to which the Local Obligations are to be issued and received, and in consideration of the premises and of the mutual agreements and covenants herein contained and of the purchase and acceptance of the Local Obligations by the respective owners thereof from time to time, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby agree and covenant with the Fiscal Agent, for the benefit of the respective owners from time to time of the Local Obligations, as follows:

## ARTICLE I

### DEFINITIONS; EQUAL SECURITY

**Section 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Indenture and of the Local Obligations and of any certificate, opinion, report, request or other document mentioned herein or therein have the meanings defined herein. The following definitions shall be equally applicable to both the singular and plural forms of any of the terms defined herein.

#### Additional Parity Obligations

“Additional Parity Obligations” means Local Obligations issued pursuant to Section 2.08 hereof.

#### Annual Special Tax

“Annual Special Tax” has the meaning given to that term set forth in the Rate and Method of Apportionment.

#### Associate Superintendent, Business Services

“Associate Superintendent, Business Services” means the Associate Superintendent, Business Services of the District.

Authority

“Authority” means the San Dieguito School Facilities Financing Authority.

Authority Bonds

“Authority Bonds” means, collectively, the San Dieguito School Facilities Financing Authority Subordinate Special Tax Revenue Bonds, Series 2016, and the the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018, and any additional bonds issued by the Authority.

Authority Bonds Trust Agreement

“Authority Bonds Trust Agreement” means the Trust Agreement, dated as of December 1, 2016, between the Authority and the Authority Bonds Trustee providing for the issuance of the Authority Bonds.

Authority Bonds Trustee

“Authority Bonds Trustee” means U.S. Bank National Association, as Trustee under the Authority Bonds Trust Agreement.

Authority Capital Improvement Fund

“Authority Capital Improvement Fund” means the Capital Improvement Fund established pursuant to Section 5.01 of the Authority Bonds Trust Agreement.

Authority Expense Fund

“Authority Expense Fund” means the Expense Fund established pursuant to Section 5.01 of the Authority Bonds Trust Agreement.

Average Annual Debt Service

“Average Annual Debt Service” means, as of any date of calculation, the average Annual Debt Service during the period from the date of such calculation through the final maturity date of any Outstanding bonds of the District.

Board

“Board” means the Board of Trustees of the District.

Bond Year

“Bond Year” means the twelve-month period ending on March 1 of each year except that the first Bond Year shall commence on the date of the initial delivery of the Local Obligations.

### Certificate of the District

“Certificate of the District” means an instrument in writing signed by the Superintendent or the Associate Superintendent, Business Services, or by any other officer of the District duly authorized by the Board of Trustees for that purpose.

### CFD

“CFD” means each of the Community Facilities District No. 03-1, Community Facilities District No. 94-2, Community Facilities District No. 94-1, Community Facilities District No. 94-3, Community Facilities District No. 95-1, Community Facilities District No. 95-2, Community Facilities District No. 99-1, Community Facilities District No. 99-2, and Community Facilities District No. 99-3 formed by the District, and collectively the “CFDs.”

### Code

“Code” means the Internal Revenue Code of 1986 and the regulations issued thereunder from time to time, and in this regard reference to any particular section of the Code shall include reference to any successor to such section of the Code.

### Community Facilities District

“Community Facilities District” means the San Dieguito Union High School District Community Facilities District 94-3, a community facilities district duly organized and existing in the District under and by virtue of the Law.

### Community Facilities Fund

“Community Facilities Fund” means the San Dieguito Union High School District Community Facilities District 94-3 Special Tax Revenue Bonds, Series 2018 Community Facilities Fund established pursuant to Section 5.02.

### Closing Date

“Closing Date” means October \_\_, 2018, the date upon which the Local Obligations are delivered.

### Debt Service

“Debt Service” means, for any period, the sum of (1) the interest payable during such period on all Outstanding Local Obligations, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid as scheduled at the times of and in amounts equal to the sum of all Mandatory Sinking Account Payments (but excluding the amount of any such interest funded from the proceeds of the sale of Local Obligations or investment earnings thereon), plus (2) the principal amount of all Outstanding Serial Bonds maturing by their terms in such period, plus (3) the aggregate amount of all Mandatory Sinking Account Payments required to be deposited in all Sinking Accounts in such period. For purposes of any test for the issuance of Refunding Local Obligations, Debt Service shall be deemed to include Debt Service on the proposed Refunding Local Obligations but shall not include Debt Service on any Local Obligations proposed to be defeased concurrently.

District

“District” means the San Dieguito Union High School District, a public school district located in San Diego County and validly existing under and by virtue of the Constitution and laws of the State of California.

District Clerk

“District Clerk” means the Clerk of the Board of the District.

Expense Fund

“Expense Fund” means the San Dieguito Union High School District Community Facilities District 94-3 Special Tax Revenue Bonds, Series 2018 Expense Fund established pursuant to Section 5.02 and maintained by the Fiscal Agent.

Expenses

“Expenses” means all expenses paid or incurred by the District for the cost of planning and designing the Improvements or the financing of the fees, including the cost of environmental evaluations of the Improvements and the costs associated with the creation of the Community Facilities District, the issuance of the Local Obligations, the determination of the amount of the Special Tax, the collection of the Special Tax and the payment of the Special Tax, or costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District; all as determined in accordance with Generally Accepted Accounting Principles.

Federal Securities

“Federal Securities” means (a) any securities now or hereafter authorized both the interest on and principal of which are guaranteed by the full faith and credit of the United States of America, and (b) any of the following obligations of federal agencies not guaranteed by the United States of America: (1) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation, (2) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act and bonds of any federal home loan bank established under such act, and (3) stocks, bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association or the Federal Home Loan Mortgage Corporation, as and to the extent that such securities or obligations are eligible for the legal investment of District funds, together with any repurchase agreements which are secured by any of such securities or obligations that (1) have a fair market value (determined at least daily) at least equal to one hundred two percent (102%) of the amount invested in the repurchase agreement, (2) are in the possession of the Fiscal Agent or a third party acting solely as agent for the Fiscal Agent who holds a perfected first lien therein, and (3) are free from all third party claims.

Fiscal Agent

“Fiscal Agent” means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, at its Principal Corporate Trust Office, or any other bank or trust company having a corporate trust office in Los Angeles or

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San Francisco, California, which may at any time be substituted in its place as provided in Section 7.01 at its Principal Corporate Trust Office.

Fiscal Year

“Fiscal Year” means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the District as its Fiscal Year in accordance with applicable law.

Generally Accepted Accounting Principles

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

Holder

“Holder” means any person who shall be the registered owner of any Outstanding Local Obligation, as shown on the registration books maintained by the Fiscal Agent pursuant to Section 2.05.

Indenture

“Indenture” means this Indenture and all Supplemental Indentures.

Independent Certified Public Accountant

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the District, and who, or each of whom:

- (1) is in fact independent and not under the domination of the District;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the District; and
- (3) is not connected with the District as an officer or employee of the District, but who may be regularly retained to audit the accounting records of and make reports thereon to the District.

Interest Payment Date

“Interest Payment Date” means March 1 and September 1 of each year, commencing September 1, 2019.

Law

“Law” means the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 *et seq.* of the Government Code of the State of California) and all laws amendatory thereof or supplemental thereto.

Legal Investments

“Legal Investments” means any securities in which funds of the District may be legally invested in accordance with the applicable law in effect at the time of such investment and in accordance with the then current investment policy of the District as determined by the Board, including without limitation the California Asset Management Program pooled investment fund.

Local Obligation Purchase Contract

“Local Obligation Purchase Contract” means the Local Obligation Purchase Contract, dated as of October \_\_, 2018, by and between the Authority and the District providing for the purchase of the Local Obligations by the Authority.

Local Obligations, Serial Bonds, Term Bonds

“Local Obligations” means the principal amount of special tax bonds of the District at any time Outstanding hereunder that are executed, issued and delivered in accordance with the provisions hereof, including the [\$Par Amount] San Dieguito Union High School District Community Facilities District 94-3 Special Tax Revenue Bonds, Series 2018. “Serial Bonds” means the Local Obligations for which no Mandatory Sinking Account Payments are established. “Term Bonds” means the Local Obligations which are redeemable or payable on or before their specified maturity date or dates from the Mandatory Sinking Account Payments established for the purpose of redeeming or paying such Local Obligations on or before their specified maturity date or dates.

Mandatory Sinking Account Payments

“Mandatory Sinking Account Payments” means the payments required by all Supplemental Indentures to be deposited in all Sinking Accounts established for the payment of all Term Bonds.

Maximum Annual Debt Service

“Maximum Annual Debt Service” means the greatest Debt Service in any Bond Year during the period beginning with the then current Bond Year and ending with the Bond Year in which the last Outstanding Local Obligations mature by their terms.

Moody’s

“Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

### Opinion of Counsel

“Opinion of Counsel” means a written opinion of counsel retained or employed by the District (including, without limitation, the appointed attorney of the District).

### Outstanding

“Outstanding,” when used as of any particular time with reference to Local Obligations, means (subject to the provisions of Section 8.02) all Local Obligations except:

- (1) Local Obligations cancelled and destroyed by the Fiscal Agent or delivered to the Fiscal Agent for cancellation and destruction;
- (2) Local Obligations paid or deemed to have been paid within the meaning of Section 10.01; and
- (3) Local Obligations in lieu of or in substitution for which other Local Obligations shall have been executed by the District and authenticated and delivered by the Fiscal Agent pursuant to Section 2.06.

### Principal Corporate Trust Office

“Principal Corporate Trust Office” means the corporate trust office of the original Fiscal Agent in Los Angeles, California, or such other office designated by the Fiscal Agent from time to time as its Principal Corporate Trust Office.

### Prior JPA Bonds

“Prior JPA Bonds” means the Prior JPA’s Revenue Refunding Bonds, Series 2006.

### Prior Loan Agreement

“Prior Loan Agreement” means that certain Loan Agreement by and between the Community Facilities District, along with eight other community facilities districts of the District, and the Prior JPA, dated July 1, 2006 (as amended), related to the Prior CFD Loans and the Prior JPA Bonds.

### Rate and Method of Apportionment

“Rate and Method of Apportionment” means the Rate and Method of Apportionment of Special Taxes for Community Facilities District No. 94-3 of the San Dieguito Union High School District, attached as Exhibit B to the Resolution of Formation of the Board of Trustees of the San Dieguito Union High School District Establishing Community Facilities District No. 94-3 of the San Dieguito Union High School District, Authorizing the Levy of a Special Tax, the Incurrence of Bonded Indebtedness not to exceed \$50,000,000 within Proposed Community Facilities District No. 94-3 and Calling an Election, adopted on March 21, 1996 by the Board of Trustees of the District.



### Redemption Fund

“Redemption Fund” means the San Dieguito Union High School District Community Facilities District 94-3 Special Tax Revenue Bonds, Series 2018 Redemption Fund established pursuant to Section 5.02 and maintained by the Fiscal Agent.

### Redemption Premium

“Redemption Premium,” with respect to the Local Obligations, means such amount in excess of the principal amount of Local Obligations being redeemed as may be necessary to generate sufficient funds to redeem the corresponding maturities of the applicable Authority Bonds on the redemption date.

### Refunding Local Obligations

“Refunding Local Obligations” means Local Obligations issued pursuant to Section 2.02 hereof.

### Resolution of Formation

“Resolution of Formation” means that certain Resolution of Formation of the Community Facilities District, adopted by the District on March 21, 1996.

### Senior Obligations

“Senior Obligations” means the obligations of the Community Facilities District under the Prior Loan Agreement; provided that, for purposes of Sections 2.08 and 2.09, Senior Obligations includes only scheduled obligations due and payable thereunder.

### Special Tax

“Special Tax” means the special tax authorized to be levied and collected annually on all Taxable Land in the Community Facilities District under and pursuant to the Law at the special election held in the Community Facilities District on September 10, 1996 (and at any subsequent election related to annexation of territory into the Community Facilities District, if any), less Senior Obligations, if any.

### Special Tax Fund

“Special Tax Fund” means the San Dieguito Union High School District Community Facilities District 94-3 Special Tax Revenue Bonds, Series 2018 Special Tax Fund established pursuant to Section 5.01.

### Standard & Poor’s

“Standard & Poor’s” or “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC Business, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term

“Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

#### Superintendent

“Superintendent” means the Superintendent of the District or person appointed by the governing board of the District to act in that capacity.

#### Supplemental Indenture

“Supplemental Indenture” means any indenture then in full force and effect that has been made and entered into by the District and the Fiscal Agent, amendatory of or supplemental hereto; but only to the extent that such Supplemental Indenture is specifically authorized hereunder.

#### Tax Certificate

“Tax Certificate” means the certificate delivered upon the issuance of the Local Obligations relating to Section 148 of the Code.

#### Taxable Land

“Taxable Land” means all land within the Community Facilities District taxable under the Law in accordance with the proceedings for the authorization of the issuance of the Local Obligations and the levy and collection of the Special Tax.

#### Written Request of the District

“Written Request of the District” means an instrument in writing signed by the Superintendent or the Associate Superintendent, Business Services, or by any other officer of the District duly authorized by the District for that purpose.

**Section 1.02 Equal Security.** In consideration of the acceptance of the Local Obligations by the Holders thereof, the Indenture shall be deemed to be and shall constitute a contract between the District and the Holders from time to time to secure the full and final payment of the interest on and principal of and Redemption Premium, if any, on all Local Obligations which may from time to time be authorized, sold, executed, authenticated and delivered hereunder, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the District shall be for the equal and proportionate benefit, security and protection of all Holders without distinction, preference or priority as to security or otherwise of any Local Obligations over any other Local Obligations by reason of the number thereof or the time of execution, authentication or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF LOCAL OBLIGATIONS

#### Section 2.01 Authorization and Purpose of Local Obligations.

(a) The Board has reviewed all proceedings heretofore taken relative to the authorization of the Local Obligations and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Local Obligations do exist, have happened and have been performed in due time, form and manner as required by the Law, and the District is now authorized, pursuant to each and every requirement of the Law and hereof, to issue the Local Obligations in the aggregate principal amount of [\$Par Amount] in the form and manner provided herein. The Local Obligations shall be entitled to the benefit, protection and security of the provisions hereof, shall be designated as the "San Dieguito Union High School District Community Facilities District 94-3 Special Tax Refunding Bonds, Series 2018," shall be issued by the District under and pursuant to the Law and under and pursuant hereto. The Local Obligations may contain or have endorsed thereon such other descriptive provisions, specifications and words not inconsistent with the provisions hereof as may be desirable or necessary to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the District prior to the delivery thereof.

(b) The purpose for which the Local Obligations are to be issued is to provide funds to finance or refinance the acquisition and construction of school facilities benefiting the Community Facilities District and to refinance and defease the Prior CFD Loans.

**Section 2.02 Refunding Local Obligations.** The District may at any time after the issuance and delivery of the Local Obligations issue (and the Fiscal Agent shall upon a Written Request of the District authenticate and deliver) Refunding Local Obligations payable from the Special Tax and other assets pledged hereunder and secured by a lien and charge upon the Special Tax and other assets pledged hereunder equal to and on a parity with the lien and charge securing the Outstanding Local Obligations theretofore issued under the Indenture, but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Refunding Local Obligations:

(a) The District shall have delivered or caused to be delivered to the Fiscal Agent the following:

(i) A copy of the resolution adopted by the Board approving the Supplemental Indenture required by subsection (b) of this Section 2.02, and the execution and delivery by the District of such Supplemental Indenture, duly certified by the District Clerk to have been duly adopted by the Board and to be in full force and effect on the date of such certification;

(ii) A Written Request of the District directing that the Fiscal Agent authenticate the Refunding Local Obligations and containing instructions as to the delivery of the Refunding Local Obligations;

(iii) The proceeds of sale of the Refunding Local Obligations;

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(iv) A Certificate of the District stating that the District is not in default in the performance of any of the agreements, conditions, covenants or terms contained in the Indenture;

(v) An original, executed counterpart of the Supplemental Indenture required by subsection (b) of this Section 2.02;

(vi) Directions as to the use of proceeds of the Refunding Local Obligations to refund Local Obligations Outstanding hereunder or to fund capitalized interest; and

(vii) An Opinion of Counsel nationally recognized in the field of municipal finance addressing the validity and tax exempt status of the Refunding Local Obligations, subject to said exceptions as may be reasonable and appropriate.

(b) The issuance of such Refunding Local Obligations shall have been duly authorized under all applicable laws, and the issuance of such Refunding Local Obligations shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(i) The use of proceeds of such Refunding Local Obligations;

(ii) The authorized principal amount of such Refunding Local Obligations;

(iii) The date and the maturity date or dates of such Refunding Local Obligations; provided that (A) maturing principal and Mandatory Sinking Account Payments on the Refunding Local Obligations may occur only on March 1, (B) all such Refunding Local Obligations of like maturity shall be identical in all respects, except as to number, and (C) fixed serial maturities or Mandatory Sinking Account Payments, or any combination thereof, shall be established to provide for the retirement of all such Refunding Local Obligations on or before their respective maturity dates;

(iv) The interest payment dates shall be on March 1 and September 1; provided, that such Refunding Local Obligations may provide for compounding of interest in lieu of payment of interest on such dates;

(v) The authorized denominations of such Refunding Local Obligations to refund Local Obligations Outstanding hereunder or to fund capitalized interest;

(vi) The Redemption Premium, if any, and the redemption terms, if any, for such Refunding Local Obligations;

(vii) The amount and due date of each Mandatory Sinking Account Payment, if any, for such Refunding Local Obligations;

(viii) The amount, if any, of interest to be paid on such Refunding Local Obligations from the proceeds thereof;

(ix) The form of such Refunding Local Obligations; and

(x) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) The Refunding Local Obligations shall be purchased by the Authority.

**Section 2.03 Terms of Local Obligations.**

(a) The interest on and principal of and Redemption Premium, if any, on the Local Obligations shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office of the Fiscal Agent.

(b) The Local Obligations shall be issued as fully registered bonds in such denominations as may be authorized herein and shall be dated as provided herein and shall be numbered as determined by the Fiscal Agent.

(c) Each Local Obligation shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event it shall bear interest from its dated date. Payment of interest on the Local Obligations due on or before the maturity or prior redemption thereof shall be made only to the Holder whose name appears in the registration books required to be kept by the Fiscal Agent pursuant to Section 2.05 at the close of business as of the 15th day of the calendar month preceding the month in which the applicable Interest Payment Date falls, such interest to be paid by check mailed by first class mail on each such Interest Payment Date to such registered owner at his address as it appears on such books, except that in the case of a Holder of one million dollars (\$1,000,000) or more in principal amount of Local Obligations then Outstanding, payment shall be made at such Holder's option by wire transfer on any Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such Holder to the Fiscal Agent at least fifteen (15) days before each such Interest Payment Date. Payment of the principal of and Redemption Premium, if any, on the Local Obligations shall be made only to the Holder whose name appears in the registration books required to be kept by the Fiscal Agent pursuant to Section 2.05, such principal and Redemption Premium, if any, to be paid only on the surrender of the Local Obligations at the Principal Corporate Trust Office of the Fiscal Agent at maturity or on redemption prior to maturity. All such payments of interest and principal and Redemption Premium, if any, on any Local Obligation shall be valid and effectual to satisfy and discharge the liability on such Local Obligation to the extent of the sum or sums so paid.

(d) The Local Obligations shall recite in substance that the interest on and principal of and Redemption Premium, if any, on the Local Obligations are payable solely from the proceeds of the Special Tax, and that the District is not obligated to pay the Local Obligations except from the proceeds of the Special Tax; that the General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, and that no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or Redemption Premium, if any, on the Local Obligations; that the Local Obligations are not secured by a legal or

equitable pledge of or charge, lien or encumbrance upon any of the property of the District or any of its income or receipts except the money in the Special Tax Fund; and that neither the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations is a general debt, liability or obligation of the District.

(e) From and after the issuance of the Local Obligations the findings and determinations of the Board related to the Local Obligations shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such Local Obligations is at issue, and no bona fide purchaser of any of such Local Obligations shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance or to the application of the purchase price paid for such Local Obligations. The validity of the issuance of the of Local Obligations shall not be dependent on or affected in any way by (i) any proceedings taken by the District for the acquisition or construction of any Improvements, or (ii) any contracts made by the District in connection therewith, or (iii) the failure to complete the acquisition or construction of any Improvements. The recital contained in the Local Obligations that the Local Obligations are issued under and pursuant to the Law and under and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance and all Local Obligations shall be incontestable from and after their issuance. The Local Obligations shall be deemed to be issued, within the meaning hereof, whenever the definitive Local Obligations (or any temporary Local Obligations exchangeable therefor) have been delivered to the purchaser thereof and the purchase price thereof received.

**Section 2.04 Execution of Local Obligations.** The Local Obligations shall be signed on behalf of the District by the manual or facsimile signature of the President of the Board and countersigned by the manual or facsimile signature of the Secretary of the Board. In case any officer of the District who shall have signed any of the Local Obligations shall cease to be such officer before the Local Obligations so signed shall have been delivered to the purchaser by the Fiscal Agent, such Local Obligations may nevertheless be delivered and issued and, upon such delivery and issuance, shall be as binding upon the District as though such officer who signed the same had continued to be such officer until such delivery and issuance. Also, any Local Obligation may be signed on behalf of the District by any person who on the actual date of the execution of such Local Obligation shall be the proper officer of the District, although on the nominal date of such Local Obligation such person shall not have been such officer of the District. Only those Local Obligations that bear thereon a certificate of authentication manually executed by the Fiscal Agent shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Fiscal Agent shall be conclusive evidence that the Local Obligations so authenticated have been duly authorized, sold, executed, authenticated and delivered hereunder and are entitled to the benefits hereof.

**Section 2.05 Transfer and Exchange of Local Obligations.** The Fiscal Agent shall keep at its Principal Corporate Trust Office sufficient books for the transfer and exchange of the Local Obligations, which books shall at all times during normal business hours with reasonable prior notice be open to inspection by the District or by any Holder. Any Local Obligation may, in accordance with its terms, be transferred or exchanged on such books by the person in whose name it is registered, in person or by his duly authorized attorney, upon payment by the Holder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange and upon surrender of such Local Obligation for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form acceptable to the Fiscal Agent. Whenever any bond or bonds shall be surrendered for transfer or exchange, the

District shall execute and the Fiscal Agent shall authenticate and deliver a new bond or bonds of the same maturity date and of authorized denominations for the same aggregate principal amount, except that neither the District nor the Fiscal Agent shall be required (i) to transfer or exchange any Local Obligations during the fifteen-day period prior to the selection of any Local Obligations for redemption under Article IV, or (ii) to transfer or exchange any Local Obligation which has been selected for redemption in whole or in part, except the unredeemed portion of such Local Obligation selected for redemption in part, from and after the day that such Local Obligation has been selected for redemption in whole or in part under Article IV.

**Section 2.06 Mutilated, Destroyed, Stolen or Lost Local Obligations.** In case any Local Obligation shall become mutilated in respect of the body of such Local Obligation or shall be believed by the District to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the District and the Fiscal Agent and upon the surrender of such mutilated Local Obligation at the Principal Corporate Trust Office of the Fiscal Agent, or upon the receipt of evidence satisfactory to the District and the Fiscal Agent of such destruction, theft or loss and upon receipt of indemnity satisfactory to the District and the Fiscal Agent, and also upon payment of all expenses incurred by the District and the Fiscal Agent in the premises, the District shall execute and the Fiscal Agent shall authenticate and deliver at its Principal Corporate Trust Office a new bond or bonds of the same maturity date for the same aggregate principal amount in authorized denominations of like tenor and date and bearing such numbers and notations as the Fiscal Agent shall determine in exchange and substitution for and upon cancellation of the mutilated Local Obligation or in lieu of and in substitution for the Local Obligation so destroyed, stolen or lost.

If any such destroyed, stolen or lost Local Obligation shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the Fiscal Agent upon receipt of like proof, indemnity and payment of expenses.

Any replacement Local Obligations issued pursuant to this section shall be entitled to equal and proportionate benefits with all other Local Obligations issued hereunder, and the District and the Fiscal Agent shall not be required to treat both the original Local Obligation and any replacement Local Obligation as being Outstanding for the purpose of determining the principal amount of Local Obligations which may be issued hereunder or for the purpose of determining any percentage of Local Obligations Outstanding hereunder, but both the original and the replacement Local Obligation shall be treated as one and the same.

**Section 2.07 Temporary Local Obligations.** Any Local Obligations may be initially issued in temporary form exchangeable for definitive Local Obligations when ready for delivery. The temporary Local Obligations shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the District, shall be issued in fully registered form, shall contain such reference to any of the provisions hereof as may be appropriate and shall be executed by the District upon the same conditions and in substantially the same manner as the definitive Local Obligations. If the District issues temporary Local Obligations, it shall execute and furnish definitive Local Obligations without delay, and thereupon the temporary Local Obligations may be surrendered in exchange therefor at the Principal Corporate Trust Office of the Fiscal Agent, and the Fiscal Agent shall deliver in exchange for such temporary Local Obligations an equal aggregate principal amount of definitive Local Obligations of authorized denominations of the same maturity date or dates, and until so exchanged, the temporary Local Obligations shall be entitled to the same benefits as definitive Local Obligations issued hereunder.

**Section 2.08 Additional Parity Obligations.** The District covenants that it will not issue any additional obligations on a parity with the Local Obligations hereunder, except as provided below.

(a) the District may issue Refunding Local Obligations pursuant to Section 2.02 hereof;

(b) to the extent permitted by applicable law, the District may issue Additional Parity Obligations if the following conditions have been satisfied: (i) the Maximum Special Tax (as defined in the Rate and Method of Apportionment related to the Community Facilities District) related to the Local Obligations derived from Special Taxes collected from all property within the Community Facilities District is estimated to cover one hundred percent (100%) of the sum of: (x) the debt service in each Fiscal Year of all Senior Obligations, plus (y) the debt service in each Fiscal Year of all Local Obligations (including all proposed Additional Parity Obligations), and; (ii) the assessed property value of all property within the Community Facilities District for the Fiscal Year in which additional parity debt is proposed is at least twenty (20) times the sum of the principal amount of outstanding Senior Obligations and Local Obligations (including any proposed Additional Parity Obligations) plus any assessment liens or special tax liens secured by such property.

(c) the District shall have delivered or caused to be delivered to the Fiscal Agent the following:

(i) A copy of the resolution adopted by the Board approving the Supplemental Indenture required by subsection (d) of this Section 2.08, and the execution and delivery by the District of such Supplemental Indenture, duly certified by the District Clerk to have been duly adopted by the Board and to be in full force and effect on the date of such certification;

(ii) A Written Request of the District directing that the Fiscal Agent authenticate the Additional Parity Obligations and containing instructions as to the delivery of the Additional Parity Obligations;

(iii) The proceeds of sale of the Additional Parity Obligations;

(iv) A Certificate of the District stating that the District is not in default in the performance of any of the agreements, conditions, covenants or terms contained in the Indenture;

(v) An original, executed counterpart of the Supplemental Indenture required by subsection (d) of this Section 2.08;

(vi) Directions as to the use of proceeds to finance the acquisition and construction of school facilities benefitting the Community Facilities District; and

(vii) An Opinion of Counsel nationally recognized in the field of municipal finance addressing the validity and tax exempt status of the Additional Parity Obligations, subject to said exceptions as may be reasonable and appropriate.

(d) The issuance of such Additional Parity Obligations shall have been duly authorized under all applicable laws, and the issuance of such Additional Parity Obligations shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:



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- (i) The use of proceeds of such Additional Parity Obligations;
- (ii) The authorized principal amount of such Additional Parity Obligations;
- (iii) The date and the maturity date or dates of such Additional Parity Obligations; provided that (A) maturing principal and Mandatory Sinking Account Payments on the Additional Parity Obligations may occur only on March 1, (B) all such Additional Parity Obligations of like maturity shall be identical in all respects, except as to number, and (C) fixed serial maturities or Mandatory Sinking Account Payments, or any combination thereof, shall be established to provide for the retirement of all such Additional Parity Obligations on or before their respective maturity dates;
- (iv) The interest payment dates shall be on March 1 and September 1; provided, that such Additional Parity Obligations may provide for compounding of interest in lieu of payment of interest on such dates;
- (v) The authorized denominations of such Additional Parity Obligations hereunder or to fund capitalized interest;
- (vi) The Redemption Premium, if any, and the redemption terms, if any, for such Additional Parity Obligations;
- (vii) The amount and due date of each Mandatory Sinking Account Payment, if any, for such Additional Parity Obligations;
- (viii) The amount, if any, of interest to be paid on such Additional Parity Obligations from the proceeds thereof;
- (ix) The form of such Additional Parity Obligations; and
- (x) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

**ARTICLE III**

**THE LOCAL OBLIGATIONS**

**Section 3.01 Authorization and Designation of Local Obligations.** The District has reviewed all proceedings heretofore taken relative to the authorization of the Local Obligations and has found, as a result of such review, and hereby finds and determines, that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Local Obligations do exist, have happened and have been performed in due time, form and manner as required by the Law, and the District is now authorized, pursuant to each and every requirement of the Law and hereof, to issue the Local Obligations in the aggregate principal amount of [\$Par Amount] in the form and manner provided herein, which Local Obligations shall be entitled to the benefit, protection and security of the provisions hereof.

**Section 3.02 Denominations of Local Obligations.** The Local Obligations shall be issued as fully registered bonds in denominations of five thousand dollars (\$5,000) or any integral multiple

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of five thousand dollars (\$5,000) (not exceeding the principal amount of Local Obligations maturing at any one time).

**Section 3.03 Date and Maturity Dates of and Interest Rates on Local Obligations.** The Local Obligations shall be dated October \_\_, 2018. The Local Obligations shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum as set forth in the following schedule:

<i>Maturity Date</i>			
<i>March 1</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			

**Section 3.04 Interest Payment Dates of Local Obligations.** Interest on the Local Obligations shall be computed on the basis of a 360-day year of twelve (12) 30-day calendar months, and shall be payable semiannually on March 1 and September 1 in each year, commencing on September 1, 2019. The Local Obligations shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) they are authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event they shall bear interest from such Interest Payment Date, or (ii) they are authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event they shall bear interest from their

dated date; provided, that if at the time of authentication of any Local Obligation interest is then in default on the Outstanding Local Obligations, such Local Obligations shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Local Obligations.

**Section 3.05 Redemption Prices and Terms of Local Obligations.** The Local Obligations maturing on or after [March 1, 2030] are subject to optional redemption by the District prior to their respective maturity dates as a whole or in part on or after [March 1, 2029], from money derived by the District from any source other than prepayments of the Special Tax under the Law, upon mailed notice as provided herein, at a redemption price equal to 100% of the principal amount of the Local Obligations or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, plus Redemption Premium.

**Section 3.06 Form of Local Obligations.** The Local Obligations and the authentication endorsement and the form of assignment to appear thereon shall be substantially in the forms set forth in Exhibit A hereto.

**Section 3.07 Registration of Local Obligations.** The Local Obligations shall be registered in the name of the Authority Bonds Trustee and delivered to the Authority Bonds Trustee upon the issuance thereof in accordance with the provisions of the Local Obligation Purchase Contract.

**Section 3.08 Application of Proceeds of Sale of Local Obligations and Other Available Moneys.** On the Closing Date, the Fiscal Agent shall set aside and deposit the net proceeds of sale of the Local Obligations in the amount of \$\_\_\_\_\_ in the following funds, which the Fiscal Agent shall establish and maintain, in the following order:

(i) The Fiscal Agent shall transfer to U.S. Bank National Association, as trustee for the San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006A (Senior Bonds) and San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006B (Subordinate Bonds) (collectively, the "Prior Bonds"), the sum of \$\_\_\_\_\_ for redemption of such Prior Bonds;

(ii) The Fiscal Agent shall deposit in the Authority Capital Improvement Fund established pursuant to the Authority Bonds Trust Agreement the sum of \$\_\_\_\_\_; and

(iii) The Fiscal Agent shall deposit in the Authority Expense Fund established pursuant to the Authority Bonds Trust Agreement the sum of \$\_\_\_\_\_ for payment of the costs of issuance of the Local Obligations and the Authority Bonds.

## ARTICLE IV

### REDEMPTION OF LOCAL OBLIGATIONS

**Section 4.01 Privilege of Redemption of Local Obligations.** Any Local Obligations subject to redemption prior to maturity pursuant hereto shall be redeemable, upon notice being given as provided in this article, at such times, upon payment of such Redemption Premium, if any, and upon such terms (in addition to and consistent with the terms contained in this article) as may be specified herein or in the Supplemental Indenture authorizing the issuance of the Local Obligations;

provided, that redemption of Local Obligations other than from Mandatory Sinking Account Payments or from the application of refunding bond proceeds shall be made only from and to the extent of funds on deposit with the Fiscal Agent and available for such purpose on the date such notice is given. Any Local Obligation shall only be subject to redemption hereunder upon the concurrent redemption of the corresponding maturity of the applicable Authority Bonds.

**Section 4.02 Selection of Local Obligations for Redemption.** If less than all the Outstanding Local Obligations are to be redeemed at any one time pursuant to Section 3.05 hereof, the District shall select the maturity dates from which the Local Obligations shall be redeemed, and if less than all the Outstanding Local Obligations of any one maturity date are to be redeemed at any one time, the District shall notify the Fiscal Agent in writing at least fifteen (15) days prior to the date fixed for the selection of any such Local Obligations for redemption and the Fiscal Agent shall select the Local Obligations or the portions thereof of Local Obligations of such maturity date to be redeemed in integral multiples of five thousand dollars (\$5,000) by lot in any manner that it deems appropriate.

**Section 4.03 Notice of Redemption of Local Obligations.** The Fiscal Agent shall mail by first class mail a notice of redemption, not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, and otherwise pursuant to Section 11.09, to the respective Holders of all Local Obligations selected for redemption in whole or in part and to all securities depositories and securities information services selected by the District to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the District in its sole discretion and to the original underwriter of the Local Obligations, but neither failure to receive any such mailed notice nor any immaterial defect contained therein shall affect the sufficiency or validity of any such proceedings for redemption. Such notice shall state the date of such notice, the Local Obligations to be redeemed, the date of issue of such Local Obligations, the redemption date, the redemption price, the place of redemption (including the name and appropriate address of the Fiscal Agent), the CUSIP number of the maturity or maturities and, if less than all of any such maturity, the numbers of the Local Obligations of such maturity to be redeemed and, in the case of Local Obligations to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall give notice that further interest on such Local Obligations or the portions thereof to be redeemed will not accrue from and after the redemption date, and shall require that such Local Obligations be then surrendered for redemption at the Principal Corporate Trust Office of the Fiscal Agent so designated; provided, that neither the District nor the Fiscal Agent shall have any responsibility for any defect in the CUSIP number that appears on any Local Obligation or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the District nor the Fiscal Agent shall be liable for any inaccuracy in such numbers. If any Local Obligation so chosen for redemption shall not be redeemable in whole, such notice shall also state that such Local Obligation is to be redeemed in part only and that upon presentation of such Local Obligation for redemption there will be issued in lieu of the unredeemed portion of principal thereof a new Local Obligation or Local Obligations of the same maturity date of authorized denominations equal in aggregate principal amount to such unredeemed portion.

**Section 4.04 Partial Redemption of Local Obligations.** Upon surrender of any Local Obligation redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner thereof at the expense of the District a new Local Obligation or

Local Obligations of the same maturity date and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Local Obligation surrendered.

**Section 4.05 Effect of Redemption of Local Obligations.** If notice of redemption has been duly given as aforesaid and money for the payment of the principal of and Redemption Premium, if any, on, together with interest to the redemption date on, the Local Obligations or portions thereof so called for redemption is held by the Fiscal Agent, then on the redemption date designated in such notice such Local Obligations or such portions thereof shall become due and payable, and from and after the date so designated interest on the Local Obligations or such portions thereof so called for redemption shall cease to accrue and the Holders of such Local Obligations shall have no rights in respect thereof except to receive payment of the principal or such portions thereof and the Redemption Premium, if any, thereon and the interest accrued thereon to the redemption date.

## ARTICLE V

### SPECIAL TAX

#### **Section 5.01 Deposit of Proceeds of the Special Tax in the Special Tax Fund.**

(a) The District agrees and covenants that all proceeds of the Special Tax (including any amounts, net of any costs of collection and enforcement, received as a result of foreclosure of the lien securing the Special Taxes or other actions by the District to collect delinquent Special Taxes), when and as received, shall be immediately transferred by it to the Fiscal Agent, and the Fiscal Agent shall deposit such proceeds as and when received in the San Dieguito Union High School District Community Facilities District 94-3 Special Tax Revenue Bonds, Series 2018 Special Tax Fund, which fund the Fiscal Agent shall establish, and all money in such fund shall be held by the Fiscal Agent in trust hereunder and shall be disbursed, allocated and applied solely to the uses and purposes hereinafter set forth in this article.

(b) The Special Taxes, all funds and accounts established hereunder and any investment earnings thereon are hereby pledged to the payment of, and shall constitute a trust fund for, the principal of and interest on the Local Obligations. So long as the principal of and interest on such bonds remains unpaid, the Special Taxes, such funds and accounts, and any investment earnings thereon shall not be used for any other purpose, except as otherwise permitted by the Indenture, and shall be held in trust for the benefit of the owners thereof and shall be applied pursuant to the Indenture.

**Section 5.02 Allocation of Money in the Special Tax Fund.** All money in the Special Tax Fund shall be set aside by the Fiscal Agent in the following respective funds in the following order of priority, and all money in each of such funds shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section, namely:

- (i) Redemption Fund,
- (ii) Expense Fund, and
- (iii) Community Facilities Fund.

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(1) Redemption Fund. There is hereby established a fund to be known as the “San Dieguito Union High School District Community Facilities District 94-3 Special Tax Revenue Bonds, Series 2018 Redemption Fund,” which fund shall be held and maintained in trust hereunder by the Fiscal Agent. At least fifteen (15) Business Days prior to each March 1 and September 1, commencing September 1, 2019, the Associate Superintendent, Business Services shall, from the money in the Special Tax Fund, transfer to the Fiscal Agent for deposit in the Redemption Fund an amount of money equal to the aggregate amount of interest becoming due and payable on all Outstanding Local Obligations on such dates, except no such transfer need be made to the extent amounts have previously been deposited in the Redemption Fund and set aside therein for the payment of such interest, including without limitation sale proceeds of Local Obligations deposited in such fund for such purpose. At least fifteen (15) Business Days prior to March 1 of each year, commencing March 1, 2020, the Associate Superintendent, Business Services shall, from the then remaining money in the Special Tax Fund, transfer to the Fiscal Agent for deposit in the Redemption Fund an amount of money equal to the aggregate amount of principal becoming due and payable on all Outstanding Serial Bonds on such date plus the aggregate of the Mandatory Sinking Account Payments required by the Indenture and by all Supplemental Indentures to be made on such date into the Sinking Accounts; provided, that all of the aforesaid Mandatory Sinking Account Payments shall be made without priority of the payment of any one Mandatory Sinking Account Payment over the payment of any other Mandatory Sinking Account Payment, and in the event that the money in the Redemption Fund on any March 1 is not equal to the amount of principal to become due and payable on the Outstanding Serial Bonds on such March 1 plus the principal of and Redemption Premium, if any, on the Outstanding Term Bonds required to be redeemed or paid at maturity on such March 1, then such money shall be applied pro rata in such proportion as such Serial Bonds and the portion of such Term Bonds then required to be redeemed or paid at maturity shall bear to each other, after first deducting for such purposes for such Term Bonds any of such Term Bonds as shall have been redeemed or purchased during the twelve-month period ending on such March 1 and commencing on the immediately preceding March 2.

No deposit need be made into the Redemption Fund if the amount of money contained therein is at least equal to the amount required by the terms of the preceding paragraph to be deposited therein at the times and in the amounts provided herein.

All money in the Redemption Fund shall be used and withdrawn by the Fiscal Agent solely to pay the interest on the Local Obligations as it shall become due and payable (including accrued interest on any Local Obligations purchased or redeemed prior to maturity) plus the principal of the Local Obligations as they shall mature or upon the prior redemption thereof, except that any money in any Sinking Account shall be used only to purchase or redeem or retire the Term Bonds for which such Sinking Account was established as provided in the Indenture or in any Supplemental Indenture.

(2) Expense Fund. The Fiscal Agent shall establish and maintain a fund to be known as the “San Dieguito Union High School District Community Facilities District 94-3 Special Tax Revenue Bonds, Series 2018 Expense Fund,” which fund shall be held and maintained in trust hereunder by the Fiscal Agent. On or before each March 1 and September 1, commencing September 1, 2019, the Associate Superintendent, Business Services shall, from the then remaining money in the Special Tax Fund, transfer to and deposit in the Expense Fund a sum equal to the amount required by the District for the payment of budgeted Expenses during the six-month period beginning on such date (or required by the District to reimburse it for the payment of unbudgeted Expenses during the prior six-month period). All money in the Expense Fund shall be used and

withdrawn by the Fiscal Agent only to pay budgeted Expenses as provided herein (or to reimburse the District for the payment of unbudgeted Expenses as provided herein), or to be transferred to the Redemption Fund to pay interest on or principal of or Redemption Premium, if any, on the Local Obligations in the event that no other money is available therefor. Amounts in the Expense Fund shall be applied by the Fiscal Agent solely as directed in a Written Request of the District, each of which shall be separately numbered as “Requisition No. \_\_,” and each of which shall state (i) the amount, purpose and payee of the disbursement, (ii) that the disbursement is a proper charge against the Expense Fund as provided in the Indenture and (iii) that the disbursement has not previously been paid from the Expense Fund.

(3) Community Facilities Fund. There is hereby established in the treasury of the District a fund to be known as the “San Dieguito Union High School District Community Facilities District 94-3 Special Tax Revenue Bonds, Series 2018 Community Facilities Fund,” which fund shall be held and maintained in trust hereunder by the Associate Superintendent, Business Services, and all money remaining in the Special Tax Fund on March 1 of each year, after transferring all of the sums required to be transferred therefrom on or prior to such date by the provisions of Sections 5.02(1), (2) and (3), shall be deposited by the Associate Superintendent, Business Services in the Community Facilities Fund. All money in the Community Facilities Fund shall be used and withdrawn by the Associate Superintendent, Business Services solely for the benefit of the Community Facilities District in accordance with the Law.

## ARTICLE VI

### COVENANTS OF THE DISTRICT

**Section 6.01 Punctual Payment and Performance.** The District will punctually pay the interest on and principal of and Redemption Premium, if any, to become due on every Local Obligation issued hereunder in strict conformity with the terms of the Law and hereof and of the Local Obligations, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein and in the Local Obligations required to be observed and performed by it.

**Section 6.02 Against Indebtedness and Encumbrances; Priority of Payment.**

(a) The District will not issue any evidences of indebtedness payable from the proceeds of the Special Tax except as provided herein, and will not create, nor permit the creation of, any pledge, lien, charge or other encumbrance upon any money in the Special Tax Fund other than as provided herein; provided, that the District may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose of the Community Facilities District which are payable from any money in the Community Facilities Fund as may from time to time be deposited therein (as provided in Section 5.02) so long as any payments due thereunder shall be subordinate in all respects to the use of the proceeds of the Special Tax as provided herein.

(b) The District will not issue or incur any pledge, lien, security interest, encumbrance or charge of any kind which is senior in priority and superior to the lien of the Indenture, including any Senior Obligations (new money or refunding obligations). In addition, the District will not issue or incur, or cause to be issued or incurred by any community facilities district that is a party to the Prior Loan Agreement, any additional obligations thereunder (new money or refunding obligations).

(c) In any Fiscal Year, prior to making any transfer of Annual Special Tax revenues to the Administrative Expense Fund pursuant to the Prior Loan Agreement for the Community Facilities District for which Local Obligations have been issued hereunder, the District shall first transfer the Special Taxes as provided in Section 5.02 hereof.

(d) The District will not amend or supplement the Prior Loan Agreement in any manner that (in the reasonable opinion of the District) adversely affects the interests of the Holders.

**Section 6.03 Against Federal Income Taxation.**

(a) The District covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would result in the interest on the Authority Bonds or the Local Obligations not being excluded from gross income for federal income tax purposes under Section 103 of the Code.

(b) The provisions of this Section 6.03 shall survive the defeasance of the Local Obligations.

**Section 6.04 Payment of Claims.** The District will pay and discharge any and all lawful claims which, if unpaid, might become payable from the proceeds of the Special Tax or any part thereof or upon any funds in the hands of the Associate Superintendent, Business Services or the Fiscal Agent allocated to the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, or which might impair the security of the Local Obligations.

**Section 6.05 Expense Budgets.** The Associate Superintendent, Business Services will, on or before March 1 in each year, prepare and approve a budget setting forth the estimated Expenses for the period from such March 1 through the next succeeding February 28 or February 29, as applicable. Any budget approved in accordance with this section may be amended at any time.

**Section 6.06 Accounting Records; Financial Statements and Other Reports.**

(a) The District will keep, or in the case of transactions made by the Fiscal Agent, it will cause the Fiscal Agent to keep, appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the proceeds of the Special Tax and of the proceeds of the Local Obligations, which accounting records shall at all times during business hours with reasonable prior notice be subject to the inspection of any Holder (or his representative authorized in writing) and (upon the prior written consent of the District) of any investment banker, security dealer or other person interested in the Local Obligations.

(b) The District will prepare annually within two hundred seventy (270) days after the close of each Fiscal Year financial statements of the District for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles. The District will furnish a copy of such financial statements to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Local Obligations requesting copies thereof, but in any event only upon payment to the District of the reasonable costs incurred by the District in complying with such request.



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(c) The District will prepare annually not more than two hundred seventy (270) days after the close of each Fiscal Year a summary report showing in reasonable detail the proceeds of the Special Tax levied and collected and the Expenses for the preceding Fiscal Year and containing a general statement of the physical condition of the Improvements. The District will furnish a copy of such summary report without charge to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Local Obligations requesting a copy thereof.

(d) The District will prepare annually not later than October 31 of each year and file with the California Debt and Investment Advisory Commission by mail, postage prepaid, all necessary information required to be filed under the Law, including:

- (1) The principal amount of the Local Obligations Outstanding;
- (2) The balance in the Redemption Fund constituting capitalized interest, if any;
- (3) The number of parcels securing the Local Obligations which are delinquent with respect to their Special Tax payments, the amount that each delinquent parcel is delinquent, the length of time that each delinquent parcel has been delinquent and when foreclosure was commenced for each delinquent parcel; and
- (4) The assessed value of all parcels subject to the levy of the Special Tax to repay the Local Obligations, as shown on the most equalized assessment roll of the County of San Diego.

Additionally, the District will notify the California Debt and Investment Advisory Commission by mail, postage prepaid, within ten (10) days if the District or the Fiscal Agent fails to pay any interest on or principal of any of the Local Obligations on any scheduled payment date to pay any interest on or principal of the Local Obligations.

**Section 6.07 Protection of Security and Rights of Holders.** The District will preserve and protect the security of the Local Obligations and the rights of the Holders and will warrant and defend their rights against all claims and demands of all persons.

**Section 6.08 Payment of Governmental Charges and Compliance with Governmental Regulations.** The District will pay and discharge all taxes or payments in lieu of taxes, assessments and other governmental charges or liens that may be levied, assessed or charged upon the Improvements or any part thereof promptly as and when the same shall become due and payable, except that the District shall not be required to pay any such governmental charges so long as the application or validity thereof shall be contested in good faith and the District shall have set aside reserves to cover such charges. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Improvements or any part thereof, except that the District shall not be required to comply with any such regulations or requirements so long as the application or validity thereof shall be contested in good faith.

**Section 6.09 Levy and Collection of the Special Tax.** The District, so long as any Local Obligations are Outstanding, will annually levy the Special Tax against all Taxable Land in the Community Facilities District and make provision for the collection of the Special Tax in amounts

which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained herein, and which in any event will be sufficient to pay the interest on and principal of and all Mandatory Sinking Account Payments for and Redemption Premium, if any, on the Local Obligations as they become due and payable and to pay all current Expenses as they become due and payable in accordance with the provisions and terms hereof. The Special Tax shall be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as otherwise provided in Section 6.10 and in the Law, shall be subject to the same penalties and the same collection procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes.

**Section 6.10 Foreclosure of Special Tax Liens.** The District will annually on or before August 1 of each year review the public records of the County of San Diego relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and if the District determines on the basis of such review that the amount so collected is deficient by more than five percent (5%) of the total amount of the Special Tax levied in such Fiscal Year, it will within sixty (60) days thereafter institute foreclosure proceedings as authorized by the Law in order to enforce the lien of the delinquent installments of the Special Tax against each lot or parcel of land in the Community Facilities District, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that irrespective of the foregoing if the District determines on the basis of such review that property owned by any single property owner in the Community Facilities District is delinquent by more than five thousand dollars (\$5,000) with respect to the Special Tax due and payable by such property owner by such delinquency date, then the District will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided herein against such property owner; and provided further, that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Government Code of the State of California.

**Section 6.11 Further Assurances.** The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Holders of the rights and benefits provided herein.

## ARTICLE VII

### THE FISCAL AGENT

**Section 7.01 The Fiscal Agent.** U.S. Bank National Association at its Principal Corporate Trust Office is hereby appointed Fiscal Agent for the purpose of receiving all money which the District is required to transfer to it hereunder and for applying and using such money as provided herein for the purpose of paying the interest on and principal of and Redemption Premium, if any, on the Local Obligations. The District agrees that it will at all times maintain a Fiscal Agent having a corporate trust office in Los Angeles or San Francisco, California.

The District may remove the Fiscal Agent initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, that any such successor shall be a bank or trust company doing business and having a corporate trust office in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and subject to supervision or

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examination by a federal or state banking authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Fiscal Agent may at any time resign by giving written notice of such resignation to the District and by giving notice of such resignation by mail pursuant to Section 11.09 to the Holders, and upon receiving such notice of resignation, the District shall promptly appoint a successor Fiscal Agent by an instrument in writing having the qualifications required hereby. Any resignation or removal of a Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon the acceptance of appointment by the successor Fiscal Agent. If within thirty (30) days after notice of the removal or resignation of the Fiscal Agent no successor Fiscal Agent shall have been appointed by the District and shall have accepted such appointment, the removed or resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Fiscal Agent having the qualifications required hereby.

The Fiscal Agent is hereby authorized to pay interest on the Local Obligations due on or before the maturity or prior redemption thereof to the Holders as their names appear, at the close of business as of the fifteenth day of the calendar month preceding the calendar month in which the applicable Interest Payment Date falls, on the registration books required to be kept by it pursuant to Section 2.05 as the registered owners thereof, such interest to be paid by check mailed by first class mail to the Holders at their addresses appearing on such books, except that in the case of a Holder of one million dollars (\$1,000,000) or more in principal amount of Local Obligations then Outstanding, payment shall be made at such Holder's option by wire transfer on each such Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such Holder to the Fiscal Agent at least fifteen (15) days before each such Interest Payment Date, and to pay to the Holders the principal of and Redemption Premium, if any, on the Local Obligations upon presentation and surrender of the Local Obligations to the Fiscal Agent at maturity or on redemption prior to maturity. The Fiscal Agent shall cancel and destroy all Local Obligations paid by it at maturity or on redemption prior to maturity and all Local Obligations surrendered to it by the District, and shall deliver to the District a certificate of such destruction, and the Fiscal Agent shall keep accurate records of all Local Obligations cancelled and destroyed by it hereunder. All money held by or on behalf of the Fiscal Agent for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, whether at maturity or upon prior redemption, shall be held in trust for the account of the Holders thereof, and the Fiscal Agent shall not be required to pay Holders or the District any interest on, or be liable to the District, the Holders or any other person for any interest earned on, any money so held.

The District shall from time to time, subject to any agreement between the District and the Fiscal Agent then in force, pay the Fiscal Agent compensation for its services, reimburse the Fiscal Agent for all its advances and expenditures, including but not limited to advances to and fees and expenses by independent accountants, counsel and engineers or other experts employed by it in the exercise and performance of its rights and obligations hereunder, and indemnify and save the Fiscal Agent harmless against loss, expenses, costs, claims and liabilities (including without limitation those of its attorneys and agents) not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its rights and obligations hereunder, which obligation shall survive the resignation or removal of any Fiscal Agent or the defeasance of the Local Obligations.

**Section 7.02 Duties, Immunities and Liability of the Fiscal Agent.**

(a) The recitals of facts, agreements and covenants contained herein and in the Local Obligations shall be taken as statements, agreements and covenants of the District, and the Fiscal Agent does not assume any responsibility for the correctness of the same and does not make any representation as to the sufficiency or validity hereof or of the Local Obligations or of the Special Tax, or as to the financial or technical feasibility of the Improvements, and shall not incur any responsibility in respect thereof other than in connection with the rights and obligations expressly assigned to or imposed upon it herein or in the Local Obligations, and shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. The Fiscal Agent shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts, and no provision hereof shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any liability for the performance of its duties hereunder, or in the exercise of any of its rights or powers hereunder.

(b) The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts. The Fiscal Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, but the Fiscal Agent shall be answerable for the negligence or misconduct of any such attorney, agent, or receiver selected by it; provided that the Fiscal Agent shall not be answerable for the negligence or misconduct of any attorney or certified public accountant selected by it with due care.

(c) The Fiscal Agent shall perform only those duties expressly set forth in the Indenture and no implied duties or obligations shall be read into the Indenture against the Fiscal Agent.

(d) The Fiscal Agent shall not have any responsibility with respect to any information, statement or recital contained in any official statement, offering memorandum or any other disclosure material prepared or distributed by the District with respect to any of the Local Obligations.

(e) No provision in this Indenture shall require the Fiscal Agent to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder. The Fiscal Agent shall be entitled to interest on all moneys advanced by it hereunder at its prime rate then in effect plus two percent.

(f) In accepting the trust hereby created, the Fiscal Agent acts solely as Fiscal Agent for the Owners and not in its individual capacity, and under no circumstances shall the Fiscal Agent be liable in its individual capacity for the obligations evidenced by the Local Obligations.

(g) The Fiscal Agent makes no representation or warranty, express or implied, as to the compliance with legal requirements of the use contemplated by the Issuer of the funds under this Indenture.

(h) The Fiscal Agent shall not be responsible for the validity or effectiveness or value of any collateral or security securing the Local Obligations. The Fiscal Agent shall not be

responsible for the recording or filing of any document relating to this Agreement or the Local Obligations or of financing statements (or continuation statements in connection therewith) or mortgage or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests or lien on or in any collateral or security securing the Local Obligations. The Fiscal Agent shall not be deemed to have made representations as to the security afforded thereby or as to the validity or sufficiency of any such document, collateral or security.

(i) The Fiscal Agent shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof at its corporate trust office in San Francisco, California.

(j) The Fiscal Agent shall not be accountable for the use or application by the Issuer or any other party of any funds which the Fiscal Agent has released under this Indenture.

(k) The Fiscal Agent shall provide a monthly accounting of all Funds held pursuant to this Indenture (and all funds held by the Fiscal Agent as Fiscal Agent or fiscal agent pursuant to the Local Obligations) to the Issuer within fifteen (15) Business Days after the end of such month and shall provide statements of account for each annual period beginning July 1 and ending June 30, within 90 days after the end of such period. Such accounting shall show in reasonable detail all financial transactions during the accounting period and the balance in any Funds and accounts created under this Indenture as of the beginning and close of such accounting period.

(l) The Fiscal Agent makes no representations with respect to any information, statement, or recital in, and shall have no liability with respect to, any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Local Obligations.

**Section 7.03 Notice to the Fiscal Agent.** The Fiscal Agent shall be protected in acting upon any bond, Certificate of the District, consent, notice, opinion, report, resolution, Written Request of the District or other document or paper believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, including, without limitation, counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection with respect to any action taken or suffered hereunder in good faith and in accordance therewith.

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

**Section 7.04 Merger or Consolidation.** Any company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Fiscal

Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under Section 7.01 hereof, shall succeed to the rights and obligations of such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

**Section 7.05 Right to Rely on Documents.** The Fiscal Agent may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, who may be counsel of or to the Issuer, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by this Indenture the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officer's Certificate, and such Officer's Certificate shall be full warrant to the Fiscal Agent for any action taken or suffered or omitted in good faith under the provisions of this Indenture in reliance upon such Officer's Certificate, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Fiscal Agent shall be entitled to advice of counsel and other professionals or agents concerning all matters of trust and its duty hereunder, but the Fiscal Agent shall not be answerable for the acts or omissions of any agent, attorney-at-law, certified public accountant, or other professional if such agent, attorney-at-law, certified public accountant or other professional was selected by the Fiscal Agent with due care.

**Section 7.06 Preservation and Inspection of Documents.** All documents received by the Fiscal Agent under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon prior notice to the inspection of the Issuer, the Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Local Obligations, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

**Section 7.07 Indemnity for Fiscal Agent.** Before taking any action or exercising any rights or powers under this Indenture, the Fiscal Agent may require that satisfactory indemnity be furnished to it for the reimbursement of all costs and expenses which it may incur and to indemnify it against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

## ARTICLE VIII

### AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE

**Section 8.01 Amendment or Supplement by Consent of Holders.** The Indenture and the rights and obligations of the District and of the Holders may be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the District and the Fiscal Agent, which Supplemental Indenture shall become binding when the written consents of the Holders of

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sixty percent (60%) or more in aggregate principal amount of the Local Obligations then Outstanding, exclusive of Local Obligations disqualified as provided in Section 8.02, are filed with the Fiscal Agent. For this purpose, the purchase and acceptance of Additional Parity Obligations or Refunding Local Obligations shall be deemed to be the written consent of the Holders thereof to any such amendment or supplement provided that the terms thereof are disclosed to such Holders prior to the effectiveness of any binding agreement to purchase such Additional Parity Obligations or Refunding Local Obligations. No such amendment or supplement shall (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the District to pay the interest on or principal of or Mandatory Sinking Account Payment for or Redemption Premium, if any, on any Local Obligation at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the Holder of such Local Obligation, or (2) permit the issuance by the District of any obligations payable from the proceeds of the Special Tax other than the Local Obligations (including Refunding Local Obligations and Additional Parity Obligations) as provided herein, or jeopardize the ability of the District to levy and collect the Special Tax, or (3) reduce the percentage of Local Obligations required for the written consent to any such amendment or supplement, or (4) modify any rights or obligations of the Fiscal Agent without its prior written assent thereto.

The Indenture and the rights and obligations of the District and of the Holders may also be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the District and the Fiscal Agent, which Supplemental Indenture shall become binding upon execution without the prior written consent of any Holders, but only to the extent permitted by law and after receiving an approving Opinion of Counsel and only for any one or more of the following purposes:

(a) To add to the agreements and covenants required herein to be performed by the District other agreements and covenants thereafter to be performed by the District which shall not (in the opinion of the District) adversely affect the interests of the Holders, or to surrender any right or power reserved herein to or conferred herein upon the District which shall not (in the opinion of the District) adversely affect the interests of the Holders;

(b) To make such provisions for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein or in regard to questions arising hereunder which the District may deem desirable or necessary and not inconsistent herewith and which shall not (in the opinion of the District) adversely affect the interests of the Holders;

(c) To authorize the issuance under and subject to the Law of any refunding Local Obligations for any of the Local Obligations and to provide the conditions and terms under which such refunding Local Obligations may be issued subject to Section 2.02;

(d) To authorize the issuance under and subject to the Law of Additional Parity Obligations and to provide the conditions and terms under which such bonds may be issued subject to Section 2.08;

(e) To make such additions, deletions or modifications as may be necessary or appropriate to ensure exclusion from gross income for purposes of federal income taxation of the interest on the Local Obligations; or

(f) To make such additions, deletions or modifications as may be necessary or appropriate to maintain any then current rating on the Local Obligations.

**Section 8.02 Disqualified Local Obligations.** Local Obligations owned or held for the account of the District shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Local Obligations provided for in this article or in Article VIII, and shall not be entitled to consent to or take any other action provided for in this article or in Article X.

**Section 8.03 Endorsement or Replacement of Local Obligations After Amendment or Supplement.** After the effective date of any action taken as hereinabove provided, the District may determine that the Local Obligations may bear a notation by endorsement in form approved by it as to such action, and in that case upon demand of the Holder of any Local Obligation Outstanding on such effective date and presentation of his Local Obligation for such purpose at the Principal Corporate Trust Office of the Fiscal Agent a suitable notation as to such action shall be made on such Local Obligation. If the District shall so determine, new Local Obligations so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Holder of any Local Obligation Outstanding on such effective date such new Local Obligations shall, upon surrender of such Outstanding Local Obligations, be exchanged at the Principal Corporate Trust Office of the Fiscal Agent, without cost to each Holder, for Local Obligations then Outstanding.

**Section 8.04 Amendment or Supplement by Mutual Consent.** The provisions of this article shall not prevent any Holder from accepting any amendment or supplement as to any particular Local Obligations held by him; provided, that due notation thereof is made on such Local Obligations.

## ARTICLE IX

### REMEDIES OF HOLDERS

**Section 9.01 Remedies of Holders.** Any Holder shall have the right for the equal benefit and protection of all Holders similarly situated:

(a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the District, its Board of Trustees, or any of the officers or employees of the District, and to compel the District, its Board of Trustees, or any such officers or employees to perform and carry out their duties under the Law and the agreements and covenants with the Holders contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Holders; or

(c) by suit in equity upon the nonpayment of the Local Obligations to require the District, its Board of Trustees or its officers and employees to account as the Fiscal Agent of an express trust.

**Section 9.02 Non-waiver.** Nothing in this article or in any other provision herein or in the Local Obligations shall affect or impair the obligation of the District, which is absolute and



unconditional, to pay the interest on and principal of and Redemption Premium, if any, on the Local Obligations to the respective Holders of the Local Obligations at the respective dates of maturity or upon redemption prior to maturity as provided herein from the proceeds of the Special Tax and the other funds provided herein, or shall affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Local Obligations.

A waiver of any default or breach of duty or contract by any Holder shall not affect any subsequent default or breach of duty or contract and shall not impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right and remedy conferred upon the Holders by the Law or hereby may be enforced and exercised from time to time and as often as shall be deemed expedient by the Holders.

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

**Section 9.03 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and 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 without exhausting and without regard to any other remedy conferred by the Law or any other law.

## ARTICLE X

### DEFEASANCE

#### **Section 10.01 Discharge of the Local Obligations.**

(a) If the District shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding Local Obligations the interest thereon and the principal thereof and the Redemption Premium, if any, thereon at the times and in the manner stipulated therein and herein, then all agreements, covenants and other obligations of the District to the Holders of such Local Obligations hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Fiscal Agent shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Fiscal Agent shall pay over or deliver to the District for deposit in the Community Facilities Fund all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and Redemption Premium, if any, on such Local Obligations.

(b) Any Outstanding Local Obligations shall on the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall be on deposit with the Fiscal Agent money which is sufficient to pay the interest due on such Local Obligations on such date and the principal and Redemption Premium, if any, due on such Local Obligations on such date.

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(c) Any Outstanding Local Obligations shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this section if (1) in case any of such Local Obligations are to be redeemed on any date prior to their maturity date, the District shall have agreed to mail pursuant to Section 11.09 a notice of redemption to the respective Holders of all such Outstanding Local Obligations and to such securities depositories or securities information services selected by it pursuant to Section 4.03, (2) there shall have been deposited with an escrow agent or the Fiscal Agent either money in an amount which shall be sufficient or Federal Securities which are not subject to redemption except by the holder thereof prior to maturity (including any Federal Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or municipal obligations which have been defeased with Federal Securities and which are rated in the highest rating category by either Moody's or Standard & Poor's, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with such escrow agent or the Fiscal Agent at the same time, shall be sufficient to pay when due the interest to become due on such Local Obligations on and prior to the maturity dates or redemption dates thereof, as the case may be, and the principal of and Redemption Premium, if any, on such Local Obligations on and prior to the maturity dates or the redemption dates thereof, as the case may be, as evidenced by a report of an Independent Certified Public Accountant or nationally recognized, independent municipal finance consultant, on file with the District and the Fiscal Agent, and (3) in the event such Local Obligations are not by their terms subject to redemption within the next succeeding ninety (90) days, the District shall have agreed to mail pursuant to Section 11.09 a notice to the Holders of such Local Obligations and to such securities depositories and securities information services selected by it pursuant to Section 4.03 that the deposit required by clause (2) above has been made with such escrow agent or the Fiscal Agent and that such Local Obligations are deemed to have been paid in accordance with this section and stating the maturity dates or redemption dates, as the case may be, upon which money is to be available for the payment of the principal of and Redemption Premium, if any, on such Local Obligations.

**Section 10.02 Unclaimed Money.** Anything contained herein to the contrary notwithstanding, any money held by the Fiscal Agent in trust for the payment and discharge of any of the Local Obligations or any interest thereon which remains unclaimed for two (2) years after the date when such Local Obligations or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Fiscal Agent on such date, or for two (2) years after the date of deposit of such money if deposited with the Fiscal Agent after the date when such Local Obligations or interest thereon became due and payable, shall be repaid by the Fiscal Agent to the District as its absolute property free from trust for deposit in the Community Facilities Fund and for use in accordance with the Law, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Holders shall look only to the District for the payment of such Local Obligations and interest thereon; provided, that before the Fiscal Agent shall be required to make any such repayment the District shall mail pursuant to Section 11.09 a notice to the Holders of all Outstanding Local Obligations and to such securities depositories and securities information services selected pursuant to Section 4.03 that such money remains unclaimed and that after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District for deposit in the Community Facilities Fund.

## ARTICLE XI

### MISCELLANEOUS

**Section 11.01 Liability of District Limited to Proceeds of the Special Tax.** Notwithstanding anything contained herein, the District shall not be required to advance any money derived from any source of income other than the proceeds of the Special Tax and the other funds as provided herein for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations.

The Local Obligations are special tax obligations of the District and the interest on and principal of and Redemption Premium, if any, on the Local Obligations are payable solely from the proceeds of the Special Tax and such other funds, and the District is not obligated to pay them except from the proceeds of the Special Tax and such other funds. The General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or Redemption Premium, if any, on the Local Obligations. The Local Obligations are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the District or any of its income or receipts except the proceeds of the Special Tax and such other funds, and neither the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations is a general debt, liability or obligation of the District. The Local Obligations do not constitute an indebtedness of the District within the meaning of any constitutional or statutory debt limitation or restriction, and neither the Board of Trustees nor the District nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations otherwise than from the proceeds of the Special Tax and the other funds as provided herein.

**Section 11.02 Benefits of the Indenture Limited to Certain Parties.** Nothing contained herein, express or implied, is intended to give to any person other than the Board of Trustees, the District, the Fiscal Agent and the Holders any right, remedy or claim under or by reason hereof, and any agreement or covenant required herein to be performed by or on behalf of the Board of Trustees or the District or any officer or employee thereof shall be for the sole and exclusive benefit of the Fiscal Agent and the Holders.

**Section 11.03 Successor is Deemed Included in All References to Predecessor.** Whenever either the Board of Trustees or the District or any officer or employee thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions with respect to the administration, control and management of the affairs of the Board of Trustees and the District that are presently vested in the Board of Trustees or the District or such officer or employee, and all agreements and covenants required herein to be performed by or on behalf of the Board of Trustees or the District or any officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

**Section 11.04 Execution of Documents by Holders.** Any declaration, request or other instrument which is permitted or required herein to be executed by Holders may be in one or more instruments of similar tenor, and may be executed by Holders in person or by their attorneys duly authorized in writing. The fact and date of the execution by any Holder or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by

the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness to such execution duly sworn to before such notary public or other officer. The ownership of Local Obligations and the amount, maturity, number and date of holding the same shall be proved by the registration books required to be kept by the Fiscal Agent pursuant to Section 2.05.

Any declaration, request or other instrument or writing of the Holder of any Local Obligation shall bind all future Holders of such Local Obligation with respect to anything done or suffered to be done by the District in good faith and in accordance therewith.

**Section 11.05 Deposit and Investment of Moneys in Funds.** All money held by the Associate Superintendent, Business Services in any fund established herein shall be deposited by the Associate Superintendent, Business Services in Legal Investments, and shall be secured at all times by such obligations as are required by law to the fullest extent required by law. All money held by the Fiscal Agent in the Redemption Fund and Expense Fund shall be invested by the Fiscal Agent in Legal Investments upon the written direction of the District. In the absence of a written investment direction of the District, the Fiscal Agent shall invest such moneys in a taxable money market portfolio composed of or fully secured by U.S. government securities. The Fiscal Agent may rely upon any investment direction from the District as a certification to the Fiscal Agent that such investment constitutes a Legal Investment. The Fiscal Agent (or any of its affiliates) may act as principal or agent or as sponsor, advisor or manager in connection with the making of any investment by the Fiscal Agent hereunder and may impose its customary charges therefor, and the Fiscal Agent shall not be responsible for any loss suffered in connection with any investment made in accordance herewith.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law; provided, that the Fiscal Agent will furnish the District periodic cash transaction statements which include details for all investment transactions made by the Fiscal Agent hereunder.

All interest received on any such money so deposited or invested which exceeds the requirements of the fund from which such money was deposited or invested shall (subject to the requirements of Section 6.03) be deposited in the Redemption Fund, and all losses on any such money so deposited or invested shall be borne by the fund from which the deposit or investment was made.

**Section 11.06 Waiver of Personal Liability.** No member of the Board of Trustees or officer or employee of the District shall be individually or personally liable for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, but nothing herein contained shall relieve any member of the Board of Trustees or officer or employee of the District from the performance of any official duty provided hereby or by the Law or by any other applicable provisions of law.

**Section 11.07 Acquisition of Local Obligations by District.** All Local Obligations acquired by the District, whether by purchase or gift or otherwise, shall be surrendered to the Fiscal Agent for cancellation and destruction by it.

**Section 11.08 Content of Certificates and Reports.** Every certificate or report with respect to compliance with an agreement, condition, covenant or term provided herein shall include (a) a statement that the person or persons making or giving such certificate or report have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the opinion contained in such certificate or report is based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any such certificate made or given by an officer of the District may be based, insofar as it relates to legal matters, upon a representation made in an Opinion of Counsel unless such officer knows that the representation with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any such Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the District, upon a representation by an officer or officers of the District unless the counsel giving such Opinion of Counsel knows that the representation with respect to the matters upon which his representation may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

**Section 11.09 Notice by Mail.** Any notice required to be given by mail to any Holders or to any securities depositories or securities information services shall be given by mailing a copy of such notice, first class postage prepaid, to such Holders at their addresses appearing in the books required to be kept by the Fiscal Agent pursuant to the provisions of Section 2.05 or to such securities depositories or securities information services not less than thirty (30) days nor more than sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given; provided, that neither failure to receive any such notice nor any immaterial defect contained therein shall affect the sufficiency or validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

**Section 11.10 Maintenance of Funds.** Any fund required herein to be established and maintained by the Associate Superintendent, Business Services or the Fiscal Agent may be maintained by the Associate Superintendent, Business Services or the Fiscal Agent, as the case may be, in its accounting records in its customary manner either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any financial reports or statements with respect thereto, be treated either as an account or as a fund; but all such accounting records with respect to all such accounts and funds shall at all times be maintained by the Associate Superintendent, Business Services and the Fiscal Agent in accordance with industry standards and with due regard for the protection of the security of the Local Obligations and the rights of the Holders.

**Section 11.11 Article and Section Headings, Gender and References.** The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the construction, effect or meaning hereof,

and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding articles, sections or subdivisions hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular article, section or subdivision hereof.

**Section 11.12 Partial Invalidity.** If any one or more of the agreements, conditions, covenants or terms or portions thereof required hereby to be observed or performed by the District or the Fiscal Agent should be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants or terms or portions thereof and shall in no way affect the validity hereof or of the Local Obligations; and the Holders shall retain all the rights and benefits accorded to them under the Law or any other applicable provisions of law. The District hereby declares that it would have executed the Indenture and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Local Obligations pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**Section 11.13 Execution in Counterparts.** The Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument

**Section 11.14 Governing Law.** The Indenture shall be governed by and construed and interpreted in accordance with the laws of the State of California.

**Section 11.15 Notices.** All written notices to be given hereunder shall be given by first class mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the District:                    San Dieguito Union High School District  
710 Encinitas Blvd.  
Encinitas, California 92024  
Attention: Associate Superintendent, Business Services

If to the Fiscal Agent:            U.S. Bank National Association  
633 W. 5th Street, 24th Floor  
Los Angeles, California 90071  
Attention: Global Corporate Trust Services

**Section 11.16 Effective Date of the Indenture.** The Indenture shall take effect from and after its execution and delivery.

IN WITNESS WHEREOF, the San Dieguito Union High School District has caused the Indenture to be signed in its name by its Associate Superintendent, Business Services and to be attested by the Clerk of the Board of Trustees of the District, and U.S. Bank National Association, as Fiscal Agent, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be signed in its corporate name by its officer thereunto duly authorized and attested by one of its authorized officers, all as of the date and year first above written.

**SAN DIEGUITO UNION HIGH SCHOOL  
DISTRICT**

By \_\_\_\_\_  
Associate Superintendent, Business Services

ATTEST:

\_\_\_\_\_  
President of the Board of Trustees of the District

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

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

**EXHIBIT A****FORMS OF BOND, FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION AND  
ASSIGNMENT**

[FORM OF BOND]

No. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF SAN DIEGOSAN DIEGUITO UNION HIGH SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 94-3  
SPECIAL TAX REVENUE BOND, SERIES 2018***Interest Rate******Maturity Date******Bond Date***

%

March 1, 20\_\_

October \_\_, 2018

REGISTERED OWNER: U.S. Bank National Association as Trustee for the San Dieguito  
School Facilities Financing Authority Special Tax Revenue Bonds,  
Series 2018

PRINCIPAL AMOUNT:

DOLLARS

The San Dieguito Union High School District, a municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "District"), for value received, hereby promises to pay (but only out of the proceeds of the Special Tax hereinafter referred to and certain other funds as described herein) to the registered owner set forth above on the maturity date set forth above (subject to any right of prior redemption hereinafter provided for) the principal amount set forth above, together with interest thereon computed on the basis of a 360-day year of twelve (12) 30-day calendar months from the Interest Payment Date next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event it shall bear interest from the Bond Date shown above until the principal hereof shall have been paid, at the interest rate per annum set forth above, payable semiannually on March 1 and September 1 in each year, commencing on September 1, 2019. The interest on and principal of and redemption premium, if any, on this Bond are payable in lawful money of the United States of America at the Principal Corporate Trust Office (as that term is defined in the Indenture hereinafter referred to, and herein the "Principal Corporate Trust Office") of U.S. Bank National Association, as Fiscal Agent for the Bonds, or any other bank or trust company at its principal corporate trust office which may at any time be substituted in its place as provided in the Indenture hereinafter referred to (the "Fiscal Agent"). The interest on this Bond due on or before the maturity or prior redemption hereof shall be payable only to the person whose name appears in the registration books required to be kept by the Fiscal Agent as the



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registered owner hereof at the close of business as of the fifteenth (15th) day of the calendar month preceding the month in which the applicable Interest Payment Date falls, such interest to be paid by check mailed by first class mail on each such Interest Payment Date to such registered owner at his address as it appears on such books, except that in the case of a registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds then outstanding, payment shall be made at such owner's option by wire transfer on each such Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such owner to the Fiscal Agent at least fifteen (15) days before such Interest Payment Date. The principal of and redemption premium, if any, on this Bond shall be payable only to the person whose name appears in such registration books as the registered owner hereof, such principal and redemption premium, if any, to be paid only on the surrender of this Bond at the Principal Corporate Trust Office of the Fiscal Agent at maturity or on redemption prior to maturity.

This Bond is one of a duly authorized issue of Bonds in the aggregate principal amount of [\$Par Amount] issued by the District for the San Dieguito Union High School District Community Facilities District 94-3 (the "Community Facilities District") located in Encinitas, California, designated the "San Dieguito Union High School District Community Facilities District 94-3 Special Tax Revenue Bonds, Series 2018" (the "Bonds"), which Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 *et seq.* of the Government Code of the State of California) and all laws amendatory thereof or supplemental thereto (the "Law") and under and pursuant to the provisions of an Indenture, dated as of October 1, 2018 (the "Indenture") between the District and U.S. Bank National Association, as Fiscal Agent, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, denominations, maturities, interest rates or redemption provisions). All Bonds, including the Bonds, are equally and ratably secured in accordance with the terms and conditions of the Indenture (copies of which are on file at the office of the Clerk of the District and at the above-mentioned office of the Fiscal Agent), and reference is hereby made to the Law and to the Indenture and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued and for the rights of the registered owners of the Bonds; and all the terms of the Law and the Indenture are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond, to all the provisions of which the registered owner of this Bond, by his acceptance hereof, agrees and consents; and each subsequent registered owner hereof shall have recourse to all the provisions of the Law and the Indenture and shall be bound by all the terms and conditions thereof.

The Bonds are issued to provide funds to refinance and defease the Prior CFD Loans (as that term is defined in the Indenture). The Bonds are special tax obligations of the District and the interest on and principal of and redemption premium, if any, on the Bonds are payable solely from the proceeds of the Special Tax (as that term is defined in the Indenture, and herein the "Special Tax") and certain other funds, as provided in the Indenture, and the District is not obligated to pay them except from the proceeds of the Special Tax and such other funds as so provided. The General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or redemption premium, if any, on the Bonds, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or redemption premium, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the District or any of its income or receipts except the proceeds of the Special Tax and such other funds, as provided in the

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Indenture, and neither the payment of the interest on or principal of or redemption premium, if any, on the Bonds is a general debt, liability or obligation of the District.

The Bonds are subject to redemption by the District prior to their respective maturity dates as a whole or in part on the dates, at the prices and subject to the terms provided in the Indenture.

If less than all outstanding Bonds are to be redeemed at the option of the District at any one time, the District shall select the maturity dates from which the Bonds shall be redeemed, and if less than all the outstanding Bonds of any one maturity date are to be redeemed at any one time, the Fiscal Agent shall select the Bonds or portions thereof of such maturity date to be redeemed in integral multiples of five thousand dollars (\$5,000) by lot in any manner that it deems appropriate.

Notice of redemption of this Bond or any portion hereof shall be mailed by the Fiscal Agent not less than thirty (30) days nor more than sixty (60) days before the redemption date by first class mail to the registered owner hereof and to those securities depositories and securities information services selected by the District in accordance with the Indenture and to the original underwriter of the Bonds, but neither failure to receive any such mailed notice nor any immaterial defect contained therein shall affect the sufficiency or validity of such proceedings for redemption. If notice of redemption has been duly given as aforesaid, then this Bond or the portion thereof to be redeemed shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on this Bond or the portion thereof to be redeemed shall cease to accrue and the registered owner of this Bond shall have no rights in respect hereof except to receive payment of the redemption price of this Bond or the portion thereof to be redeemed, and upon surrender of this Bond if redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner hereof at the expense of the District a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of this Bond so surrendered.

The District has covenanted that, so long as any Bonds are outstanding, it will annually levy against all Taxable Land (as that term is defined in the Indenture) in the Community Facilities District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Indenture, and which in any event will be sufficient to pay the interest on and principal of and redemption premium, if any, on the Bonds as they become due and payable and to pay all current Expenses (as that term is defined in the Indenture) as they become due and payable in accordance with the provisions and terms of the Indenture.

The Bonds are issuable in the form of fully registered Bonds in the denomination of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Bonds maturing at any one time). The registered owner of any Bond or Bonds may surrender the same (together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney) in exchange for an equal aggregate principal amount of Bonds of the same maturity date of any other authorized denominations in the manner, subject to the conditions and upon payment of the charges provided in the Indenture.

The registration of this Bond is transferable on the registration books kept by the Fiscal Agent by the registered owner hereof or by his duly authorized attorney upon surrender of this Bond

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together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity date of authorized denominations in the same aggregate principal amount will be issued to the transferee in exchange therefor in the manner, subject to the conditions and terms and upon payment of the charges provided in the Indenture. The District and the Fiscal Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture, and in certain circumstances without the consent of such registered owners, but no such amendment shall (1) extend the maturity of this Bond or reduce the interest rate hereon or otherwise alter or impair the obligation of the District to pay the interest hereon or principal hereof or redemption premium, if any, hereon at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the registered owner of this Bond, or (2) permit the issuance by the District of any obligations payable from the proceeds of the Special Tax other than the Bonds as provided in the Indenture, or jeopardize the ability of the District to levy and collect the Special Tax, or (3) reduce the percentage of Bonds required for the written consent to an amendment of the Indenture, or (4) codify any rights or obligations of the Fiscal Agent without its prior written assent thereto; all as more fully set forth in the Indenture.

The Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory debt limitation or restriction, and neither the San Dieguito Union High School District nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or redemption premium, if any, on the Bonds other than from the proceeds of the Special Tax and such other funds as may be pledged therefor, as provided in the Indenture.

This Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by an authorized signatory of the Fiscal Agent.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and 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 the amount of this Bond, together with all other obligations of the District and the Community Facilities District, does not exceed any limit prescribed by the laws of the State of California and is not in excess of the principal amount of the Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, the San Dieguito Union High School District has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the President of the Board of the District and countersigned by the manual or facsimile signature of the District Clerk, and has caused this Bond to be dated as of the Bond Date set forth above.

SAN DIEGUITO UNION HIGH SCHOOL  
DISTRICT

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

Countersigned:

\_\_\_\_\_  
Clerk of the Board of Trustees

[FORM OF FISCAL AGENT’S CERTIFICATE OF AUTHENTICATION  
TO APPEAR ON BONDS]

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated on \_\_\_\_\_.

U.S. Bank National Association,  
as Fiscal Agent

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

[FORM OF ASSIGNMENT TO  
APPEAR ON BONDS]

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

\_\_\_\_\_

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

SIGNATURE GUARANTEED BY:

\_\_\_\_\_

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee:

\_\_\_\_\_

ITEM 23C

Form of Local Obligation Purchase Contract

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**

**COMMUNITY FACILITIES DISTRICT NO. 94-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 94-3  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 95-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 95-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-3  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**and**

**COMMUNITY FACILITIES DISTRICT NO. 03-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018**

**LOCAL OBLIGATION PURCHASE CONTRACT**

**dated as of October \_\_, 2018**

San Dieguito Union High School District  
710 Encinitas Blvd.  
Encinitas, CA 92024

Ladies and Gentlemen:

The undersigned San Dieguito School Facilities Financing Authority (the “Authority”) offers to enter into this Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) with you, the Board of Trustees (the “Board of Trustees”) of the San Dieguito Union High School District, acting as the legislative body of the above named community facilities districts (the “District”), which, upon acceptance, will be binding upon the District and the Authority; and except as otherwise provided herein, all capitalized terms used herein shall have the meanings attributed to them in the Trust Agreement, dated as of December 1, 2016 (the “Original Trust Agreement”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented by that First Supplemental Trust Agreement, dated as of October 1, 2018, by and between the Authority and the Trustee (the “First Supplemental Trust Agreement” and, collectively with the Original Trust Agreement, the “Trust Agreement”). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Original Trust Agreement.

1. Purchase, Sale and Delivery of the Obligations.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Authority hereby agrees to purchase from the District, and the District hereby agrees to sell to the Authority, all (but not less than all) of the following securities:

(i) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 94-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 94-2 Local Obligations," and together with the CFD No. 03-1 Local Obligations, the "Local Obligations") issued under an Indenture, dated as of December 1, 2016, as supplemented and amended by a First Supplemental Indenture, dated as of October 1, 2018 (collectively, the "CFD No. 94-2 Indenture"), each by and between the District and U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent");

(ii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 94-3 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 94-3 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 94-3 Indenture");

(iii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 95-1 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 95-1 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 95-1 Indenture");

(iv) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 95-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 95-2 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 95-2 Indenture");

(v) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-1 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-1 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 99-1 Indenture");

(vi) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-2 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 99-2 Indenture");

(vii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-3 Local Obligations") issued under an



Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the “CFD No. 99-3 Indenture”); and

(viii) \$\_\_\_\_\_ aggregate principal amount of the District’s San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018 (the “CFD No. 03-1 Local Obligations” and together with the CFD No. 94-2 Local Obligations, the CFD No. 94-3 Local Obligations, the CFD No. 95-1 Local Obligations, the CFD No. 95-2 Local Obligations, the CFD No. 99-1 Local Obligations, the CFD No. 99-2 Local Obligations, and the CFD No. 99-3 Local Obligations, the “Local Obligations”) issued under an Indenture, dated as of December 1, 2016, as amended and supplemented pursuant to a First Supplemental Indenture, dated as of October 1, 2018, each by and between the District and U.S. Bank National Association, as Fiscal Agent (collectively, the “CFD No. 03-1 Indenture”, and together with the CFD No. 94-2 Indenture, the CFD No. 94-3 Indenture, the CFD No. 95-1 Indenture, the CFD No. 95-2 Indenture, the CFD No. 99-1 Indenture, the CFD No. 99-2 Indenture, and the CFD No. 99-3 Indenture, the “Indentures”);

all dated the date of their initial delivery, bearing interest payable on the dates and at the interest rates, and maturing on the dates and in the amounts and subject to the optional and mandatory redemption provisions, as set forth in Exhibit A attached hereto and incorporated herein.

The purchase prices for the Local Obligations shall be paid from the proceeds of sale of the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018, issued under the Trust Agreement (the “Authority Bonds”), and such purchase prices shall be:

(i) for the CFD No. 94-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(ii) for the CFD No. 94-3 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(iii) for the CFD No. 95-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(iv) for the CFD No. 95-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(v) for the CFD No. 99-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(vi) for the CFD No. 99-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

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(vii) for the CFD No. 99-3 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_); and

(viii) for the CFD No. 03-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_).

The Local Obligations shall be substantially in the forms described in, shall be issued and secured under the provisions of, and shall be payable as provided in the Indentures, each of which provide for the issuance of the Local Obligations and the registration thereof in the name of the Trustee.

(b) At 9:00 a.m., Pacific Daylight Time, on October \_\_, 2018, or at such earlier or later time or date as shall be agreed by the District and the Authority (such time and date being herein referred to as the “Closing Date”), the District will deliver to the Authority at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (or such other location as may be designated by the Authority and approved by the District) the Local Obligations in definitive forms, duly executed by the District and authenticated by the Fiscal Agent or the Trustee, as the case may be, for each of the Local Obligations, and will deliver to the Authority the other documents herein mentioned; and the Authority will accept such delivery and pay the total purchase price of the Local Obligations as set forth in paragraph (a) of this section as provided in the Trust Agreement (such delivery and payment being herein referred to as the “Closing”).

2. Representations, Warranties and Agreements of the District. The District represents and warrants to and agrees with the Authority that:

(a) The District is and will be at the Closing Date duly organized and existing as a school district under and by virtue of the Constitution and laws of the State of California, with full power and authority to issue the Local Obligations and to carry out and consummate the transactions contemplated by the Local Obligations, the Local Obligation Purchase Contract, the Trust Agreement, and the Indentures (collectively, the “Financing Documents”), and the Financing Documents are and will be at the Closing Date valid and binding obligations of the District;

(b) When delivered to and paid for by the Authority at the Closing in accordance with the provisions of the Local Obligation Purchase Contract, the Local Obligations will have been duly authorized, executed, issued and delivered and will constitute valid and binding obligations of the District in conformity with, and entitled to the benefit and security of, their respective Indentures;

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has authorized and approved the execution and delivery of the Financing Documents, and authorized and approved the performance by the District of the obligations on its part contained in the Financing Documents and has authorized and approved the consummation by the District of all other transactions contemplated by the Local Obligation Purchase Contract;

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(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the knowledge of the District, threatened against the District or its properties or operations (i) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Local Obligations, (ii) in any way contesting or affecting the validity or enforceability of any of the Financing Documents, any proceedings of the District taken concerning the issuance or sale of the Local Obligations, the collection of the special taxes securing the Local Obligations or the existence or powers of the District relating to the issuance of the Local Obligations or (iii) which, if determined adversely to the District or its interests, would have a material and adverse effect on the consummation of the transactions contemplated by or the validity of the Financing Documents or on the operations of the District with respect to the Local Obligations;

(e) The execution and delivery of the Financing Documents, and the consummation of the transactions therein and herein contemplated, and the fulfillment of or compliance with the terms and conditions thereof and hereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents or the operations of the District with respect to the Local Obligations;

(f) The District is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default may have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default under any such instrument;

(g) All approvals, consents, authorizations, certifications and other orders of any governmental authority, board, agency or commission having jurisdiction, and all filings with any such entities, which would constitute conditions precedent to or the failure to obtain which would materially adversely affect the performance by the District of its obligations under the Financing Documents have been duly obtained, and no further consent, approval, authorization or other action or filing with or by any governmental or regulatory authority having jurisdiction over the District is or will be required for the issue and sale of the Local Obligations or the consummation by the District of the other transactions described in the Financing Documents;

(h) The special taxes constituting the security for the Local Obligations have been duly and lawfully authorized under and pursuant to the Mello-Roos Community Facilities

## ITEM 23C

District Act of 1982 (the “Act”) and such special taxes are secured by a valid and legally binding continuing lien on the land subject to the special taxes as provided in the Act;

(i) The District has authorized and will annually levy and collect special taxes, in addition to amounts necessary to pay debt service on the Local Obligations, in an amount sufficient (subject to any maximum special tax permitted by law) to pay the Expenses (as defined in the Indentures) arising directly from the administration or enforcement of the Local Obligations.

The execution and delivery of the Local Obligation Purchase Contract by the District shall constitute a representation by the District to the Authority that the representations, warranties and agreements contained in this Section 2 are true as of the date hereof; provided, that as to all matters of law the District is relying on the advice of counsel to the District; and provided further, that no member of the Board of Trustees of the District shall be individually liable for the breach of any representation, warranty or agreement contained herein.

3. Conditions to the Purchase of the Local Obligations by the Authority. The obligation of the Authority to accept delivery of and pay for the Local Obligations on the Closing Date shall be subject, at the option of the Authority, to the accuracy in all material respects of the representations, warranties and agreements on the part of the District contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the District made in any certificates, or other documents furnished pursuant to the provisions hereof, and to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Financing Documents shall be in full force and effect in the form heretofore submitted to the Authority and there shall have been taken in connection with the issuance of the Local Obligations and with the transactions contemplated thereby and by the Local Obligation Purchase Contract, all such actions as, in the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”), shall be necessary and appropriate;

(b) At the Closing Date, the Financing Documents shall not have been amended, modified or supplemented, except as may have been agreed to by the Authority;

(c) At or prior to the Closing Date, the Authority and the Trustee shall have received the following documents, in each case satisfactory in form and substance to the Authority:

(1) An executed copy of each of the Financing Documents;

(2) An unqualified approving opinion of Bond Counsel, dated the Closing Date and addressed to the District, as to the validity of the Local Obligations;

(3) An opinion of the District Counsel, dated the Closing Date and addressed to the District and the Authority, in substantially the form attached hereto as Exhibit B; and

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(4) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Authority or Bond Counsel may reasonably request to evidence compliance by the District with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the District contained herein, and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

If the District shall be unable to satisfy the conditions to the Authority's obligations contained in the Local Obligation Purchase Contract, the Local Obligation Purchase Contract shall terminate and neither the Authority nor the District shall have any further obligation hereunder.

4. Expenses. All expenses and costs of the District and the Authority incident to the authorization, issuance and sale of the Local Obligations and the Authority Bonds, including fees and expenses of consultants, the Trustee, Bond Counsel and counsel for the District and the fees and expenses incurred by the Authority in connection with the sale of the Authority Bonds shall be paid by the District and the District agrees that it will pay, from the proceeds of the Local Obligations.

5. Notices. Any notice or other communication to be given to the District under the Local Obligation Purchase Contract may be given by delivering the same in writing at the District's address set forth above, Attention: Executive Director of Planning Services, and any such notice or other communications required to be given to the Authority may be given by delivering the same in writing to the Authority at 710 Encinitas Blvd., Encinitas, CA 92024, Attention: Treasurer. The approval of the Authority when required hereunder or the determination of their satisfaction as to any document referred to herein shall be in writing signed by the Authority and delivered to the District.

6. Parties In Interest; Governing Law. The Local Obligation Purchase Contract is made solely for the benefit of the District, the Authority and the Trustee and no other persons, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. The Local Obligation Purchase Contract shall be governed by the laws of the State of California.

7. Pledge; Assignment. The District hereby approves the pledge and assignment of all of the Authority's right, title and interest in the Local Obligations to the Trustee under the Trust Agreement for the benefit of the Owners of the Authority Bonds.

8. Limitation on Liability. The Authority shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereby, and shall be under no obligation to purchase the Local Obligations hereunder, except from proceeds of the Authority Bonds available therefor held by the Trustee under, and subject to the conditions set forth in, the Trust Agreement. The District shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereunder, except as otherwise provided in Sections 4 and 5 hereof, or be obligated to make any payments with respect to the Local Obligations, except from amounts pledged to the payment of the Local Obligations (including special taxes levied and collected in the applicable community facilities districts) pursuant to the terms thereof.

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9. Counterparts. The Local Obligation Purchase Contract may be signed in two or more counterparts; all such counterparts, when signed by all parties, shall constitute but one single agreement.

SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY

By \_\_\_\_\_  
Treasurer

ACCEPTED AND AGREED TO:

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT

By \_\_\_\_\_  
Executive Director of Planning Services

Exhibit A

LOCAL OBLIGATIONS MATURITY SCHEDULES AND REDEMPTION PROVISIONS

**CFD No. 94-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
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2036			
2037			
2038			
2039			
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2041			

**CFD No. 94-3 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
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2026			
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2036			
2037			
2038			
2039			
2040			



**CFD No. 95-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
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2025			
2026			
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**CFD No. 95-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
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2025			
2026			
2027			
2028			
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**CFD No. 99-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
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**CFD No. 99-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
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**CFD No. 99-3 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
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2027			
2028			
2029			
2030			
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2046			

**CFD No. 03-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
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### **Local Obligation Redemption Provisions**

(a) Optional Redemption. The Local Obligations maturing on or after March 1, 2030 are subject to optional redemption by the District prior to their respective maturity dates as a whole or in part on any Interest Payment Date on or after March 1, 2029, from money derived by the District from any source other than such prepayments of the Special Tax, upon mailed notice as provided in the applicable Indenture, at a redemption price equal to 100% of the principal amount of the Local Obligations or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, without premium.

[Remainder of page intentionally left blank]

Exhibit B

[Form of District Counsel Opinion]

October \_\_, 2018

Governing Board  
San Dieguito School Facilities Financing Authority  
Encinitas, California

Board of Trustees  
San Dieguito Union High School District  
Encinitas, California

U.S. Bank National Association  
San Francisco, California

San Dieguito Union High School District  
Community Facilities District No. 94-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 94-3  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 95-1  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 95-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-1  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-3  
Special Tax Revenue Bonds; and

San Dieguito Union High School District  
Community Facilities District No. 03-1  
Special Tax Revenue Bonds

Ladies and Gentlemen:

I have served as counsel to the San Dieguito Union High School District (the “District”) in connection with the issuance, sale and delivery of the above-reference securities (collectively, the “Local Obligations”), and this letter is being delivered pursuant to the Local Obligation Purchase Contract dated as of October \_\_, 2018 (the “Local Obligation Purchase



Contract”) by and between the San Dieguito School Facilities Financing Authority (the “Authority”) and the Board of Trustees of the District, acting as the legislative body for each of the above-referenced community facilities districts of the District, and all capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Local Obligation Purchase Contract.

As such counsel, I have examined and am familiar with (i) those documents relating to the existence, organization and operation of the District; and (ii) all necessary documentation of the District relating to the authorization, execution and delivery of the Local Obligations and all of the Financing Documents.

Based on the foregoing, I am of the opinion that:

1. The District is a school district located in San Diego County (the “County”), duly organized and existing under and by virtue of the Constitution and laws of the State of California.

2. The District has the full legal right, power and authority to execute, deliver and perform its obligations and duties under the Financing Documents, and the District has complied with the provisions of applicable law in all matters relating to the transactions contemplated by the Financing Documents.

3. The Financing Documents have each been duly authorized, executed and delivered by the District, are each in full force and effect and, assuming due authorization, execution and delivery by the other parties thereto, each constitutes a legal, valid and binding agreement of the District enforceable against the District in accordance with its terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the District of the Financing Documents or the performance by the District of its respective obligations thereunder.

5. The execution and delivery of the Financing Documents by the District, and compliance with the provisions thereof, will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the District, or any commitment, agreement or other instrument to which the District is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the District (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the District and its affairs.

6. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body pending or threatened against or affecting the District or any of its officers in their respective capacities as such which questions the powers of the District referred to in paragraph 2 above or in connection with the transactions contemplated by the Financing Documents, or the validity of the proceedings taken by the District in connection with the authorization, execution or delivery of the Financing Documents, wherein any unfavorable decision, ruling or finding would adversely

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affect the transactions contemplated thereby or by the Official Statement, or which, in any way, would adversely affect the validity or enforceability of the Financing Documents or, in any material respect, the ability of the District to perform its obligations under the Financing Documents.

Very truly yours,

District Counsel

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Form of Continuing Disclosure Agreement

## CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (“Disclosure Agreement”), dated as of [\_\_\_\_\_ 1, 2018], is executed and delivered by the SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY (the “Issuer”), and Willdan Financial Services, as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of \$ aggregate principal amount of the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement, dated as of December 1, 2016, as amended and supplemented by the First Supplemental Trust Agreement, dated as of [\_\_\_\_\_ 1, 2018] (together, the “Trust Agreement”), between the Issuer and U.S. Bank National Association (the “Trustee”). The proceeds of the Bonds will be used to acquire the Local Obligations (as defined below) and refund certain outstanding bonds of the Authority and the Districts (as defined below), to fund the reserve funds securing the Bonds and to pay costs of issuance of the Bonds. The Issuer and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income purposes.

“Disclosure Representative” shall mean the Executive Director of the Issuer, or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Willdan Financial Services, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee and the Issuer a written acceptance of such designation.

“Districts” shall mean San Dieguito Union High School District Community Facilities District No. 94-2, San Dieguito Union High School District Community Facilities District No. 94-3, San Dieguito Union High School District Community Facilities District No. 95-1, San Dieguito Union High School District Community Facilities District No. 95-2, San Dieguito Union High School District Community Facilities District No. 99-1, San Dieguito Union High

School District Community Facilities District No. 99-2, San Dieguito Union High School District Community Facilities District No. 99-3 and San Dieguito Union High School District Community Facilities District No. 03-1.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“Local Obligations” shall mean, collectively, the San Dieguito Union High School District Community Facilities District No. 94-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 94-3 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 95-1 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 95-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-1 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018 and San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018.

“MSRB” shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

“Official Statement” means the Official Statement for the Bonds dated \_\_\_\_\_, 2016.

“Owners” shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

“Participating Underwriter” shall mean Piper Jaffray & Co.

“Repository” shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Rule” shall mean 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.

“School District” shall mean the San Dieguito Union High School District.

### Section 3. Provision of Annual Reports.

(a) The Issuer shall, or upon written direction shall cause the Dissemination Agent to, not later than April 1 after the end of the Issuer’s Fiscal Year (currently June 30) commencing

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with the report due by April 1, 2019, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer and the School District, if any exist, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the fiscal year of the Issuer or the School District changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(d). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) Not later than (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to inquire if the Issuer is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent in a timely manner shall send a notice to the Repository, in the form required by the Repository.

(d) The Dissemination Agent shall:

- (i) determine each year prior to date for providing the Annual Report the name and address of the Repository if other than the MSRB; and
- (ii) file a report with the Issuer certifying that the Annual Report has been sent to the Repository and the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Agreement, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the Issuer and the School District for the prior fiscal year, if any have been prepared and which, if prepared, shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board; provided, however, that the Issuer and the School District may, from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Issuer or the School District shall modify the basis upon which its financial statements are prepared, the Issuer or the School District, as applicable, shall provide the information referenced in Section 8 below. If the Issuer or the School District are preparing

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audited financial statements and such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following: [UPDATE]

- (i) the principal amount of Bonds outstanding as of the September 2 preceding the filing of the Annual Report;
- (ii) the balance in each fund under the Trust Agreement and the Reserve Requirement as of the September 2 preceding the filing of the Annual Report;
- (iii) any changes to the Rates and Methods of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a description of any parcels for which the Special Taxes have been prepaid in the Fiscal Year for which the Annual Report is being prepared;
- (iv) an update of Tables [\_\_\_\_\_] in the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the current fiscal year;
- (v) the status of any foreclosure actions being pursued by the Districts with respect to delinquent Special Taxes; and
- (vi) any information not already included under (i) through (v) above that the Districts are required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

- (i) principal and interest payment delinquencies;

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- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
- (vi) tender offers;
- (vii) defeasances;
- (viii) ratings changes; and
- (ix) bankruptcy, insolvency, receivership or similar proceedings.

Note: for the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) unless described in paragraph 5(a)(v) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (ii) the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;



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- (iii) appointment of a successor or additional trustee or the change of the name of a trustee;
- (iv) nonpayment related defaults;
- (v) modifications to the rights of Owners of the Bonds;
- (vi) notices of redemption; and
- (vii) release, substitution or sale of property securing repayment of the Bonds.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under Section 5(b) above, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file a notice of such occurrence with the Repository in a timely manner not more than 10 business days after the event.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Issuer and that the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent shall be Willdan Financial Services. The Dissemination Agent may resign by providing thirty (30) days written notice to the Issuer and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver related to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in

legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking hereunder, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment related to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful

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misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

Issuer: San Dieguito School Facilities Financing  
Authority  
710 Encinitas Boulevard  
Encinitas, California 92024  
Attention: Executive Director

Dissemination Agent: Willdan Financial Services

Participating Underwriter: Piper Jaffray & Co.  
One Montgomery Street, 35th Floor  
San Francisco, California 94104  
Attention: Ralph Holmes

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notice or communications should be sent.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

WILLDAN FINANCIAL SERVICES, as  
Dissemination Agent

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

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**RESOLUTION OF THE BOARD OF TRUSTEES OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 95-1 OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$30,000,000 AGGREGATE PRINCIPAL AMOUNT OF BONDED INDEBTEDNESS OF SUCH COMMUNITY FACILITIES DISTRICT NO. 95-1, PRESCRIBING THE TERMS OF SALE, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A LOCAL OBLIGATION PURCHASE CONTRACT, AND A CONTINUING DISCLOSURE CERTIFICATE, AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS**

**WHEREAS**, the Board of Trustees (the “Board of Trustees”) of the San Dieguito Union High School District (the “District”) has heretofore established Community Facilities District No. 95-1 (“CFD 95-1”) along with eight other community facilities districts (collectively, the “CFDs”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, consisting of Sections 53311, et seq., of the California Government Code (the “Act”) (collectively with CFD 95-1, the “CFDs”) in order to finance and reimburse the construction of various public facilities benefitting the CFDs; and

**WHEREAS**, pursuant to a resolution adopted on October 3, 1996, and concurrent with the formation of CFD 95-1, the District authorized the levy of special taxes within CFD 95-1 and CFD 95-1’s ability to incur indebtedness not to exceed \$50,000,000 to finance the costs of acquiring, leasing and/or constructing various public facilities for the benefit of CFD 95-1; and

**WHEREAS**, in order to assist the CFDs in financing and reimbursing the acquisition and construction of various public facilities (the “CFD Projects”), the San Dieguito Public Facilities Authority (the “Prior JPA”) previously issued its Revenue Bonds, 1998 Series A (Tax Exempt), Revenue Bonds 1998 Series B (Taxable) and Revenue Bonds, Series 2004, each refunded in whole by \$91,125,000 aggregate principal amount of its Revenue Refunding Bonds, Series 2006 (the “Prior JPA Bonds”) pursuant to an Indenture of Trust, dated as of July 1, 2006 (as amended, the “Prior Indenture”), by and between the Prior JPA and U.S. Bank National Association, as trustee; and

**WHEREAS**, the CFDs entered into a loan agreement, dated July 1, 2006 (as amended, the “Prior Loan Agreement”), by and between the CFDs and the Prior JPA, whereby the Prior JPA agreed to lend the CFDs certain funds for the CFD Projects; and

**WHEREAS**, CFD 95-1 entered into that certain Installment Purchase Agreement, dated as of July 1, 2006, by and between CFD 95-1 and the Prior JPA, pursuant to which certain facilities were financed; and

**WHEREAS**, the District has determined to authorize the issuance of additional indebtedness of CFD 95-1 for the purpose of acquiring and constructing various public facilities benefitting CFD 95-1 and prepaying certain obligations under the Prior Loan Agreement and the Installment Purchase Agreement (collectively, the “Prior CFD Loans”), allowing for the defeasance of certain of the Prior JPA Bonds; and

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**WHEREAS**, at this time, the Board of Trustees deems it necessary and desirable to authorize and consummate the sale of a series of bonds designated the “San Dieguito Union High School District Community Facilities District 95-1 Special Tax Revenue Bonds, Series 2018” (the “Local Obligations”) in an aggregate initial principal amount not exceeding \$30,000,000; and

**WHEREAS**, the District has heretofore authorized the formation of the San Dieguito School Facilities Financing Authority (the “Authority”); and

**WHEREAS**, the District desires to sell the Local Obligations to the Authority pursuant to a Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”), and, pursuant to Section 53360.4 of the Act, hereby finds and determines that such sale will result in lower overall cost; and

**WHEREAS**, the Authority is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code to issue its bonds for the purpose of purchasing various local obligations issued by certain local agencies, including the Local Obligations; and

**WHEREAS**, the Authority desires to issue its San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Authority Bonds”), pursuant to a Trust Agreement (the “Trust Agreement”), by and between the Authority and U.S. Bank National Association; and

**WHEREAS**, the District has determined pursuant to Section 6588(v) of the Government Code to sell the Local Obligations to the Authority pursuant to a Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) by and between the District and the Authority, and hereby finds and determines that such sale will result in significant public benefits including demonstrable savings in effective interest rate, bond preparation, bond underwriting discount, original issue discount or bond issuance costs, and a form of Local Obligation Purchase Contract has been prepared; and

**WHEREAS**, in order to provide for the authentication and delivery of the Local Obligations, to establish and declare the terms and conditions upon which the Local Obligations are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the District proposes to enter into an Indenture (the “Indenture”) with U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”), and a form of Indenture has been prepared; and

**WHEREAS**, in order to satisfy the disclosure requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”), the District desires to execute and deliver a Continuing Disclosure Certificate (such Continuing Disclosure Certificate, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Continuing Disclosure Certificate”), a form of which has been prepared; and

**WHEREAS**, the form of a Preliminary Official Statement (the “Preliminary Official Statement”) to be used in connection with the offering and sale of the Authority Bonds has been prepared and is on file with the Board of Trustees; and

**WHEREAS**, the Board of Trustees has been presented with the form of each document referred to herein relating to the financing contemplated hereby, and the Board of Trustees has examined each document and desires to approve, authorize and direct the execution of the forms of Local Obligation Purchase Contract, Indenture, and Continuing Disclosure Agreement and the consummation of such financing; and

**WHEREAS**, the Board of Trustees desires to proceed to issue and sell the Local Obligations and to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the offering, sale and issuance of the Local Obligations;

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

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Trustees of the San Dieguito Union High School District, acting as the legislative body of CFD 95-1, as follows:

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

**Section 2. Authority for Issuance.** The Local Obligations described herein are authorized to be issued pursuant to the Act and other applicable provisions of law, including applicable provisions of the Education Code, in an aggregate principal amount not to exceed \$30,000,000.

**Section 3. Designation of Local Obligations.** The Local Obligations shall be sold in one or more series, to be designated the “San Dieguito Union High School District Community Facilities District 95-1 Special Tax Revenue Bonds, Series 2018,” with such additional designations as may be necessary to distinguish between bonds of different payment mechanisms or features, as authorized hereby.

**Section 4. Sale of Local Obligations; Local Obligation Purchase Contract.** The Superintendent of the District, the Associate Superintendent, Business Services of the District, the Executive Director of Planning Services, or such other officer of the District designated for the purpose (each an “Authorized District Representative”), each alone, are hereby authorized, upon consultation with the Municipal Advisor, to sell all or any portion or series of the Local Obligations to the Authority. The Local Obligation Purchase Contract, in substantially the form on file with the Clerk of this Board, is hereby approved, and the Authorized District Representatives, each alone, are hereby authorized and directed to execute and deliver the Local Obligation Purchase Contract with the Authority, on behalf of the Community Facilities District and the District, subject to such changes or revisions therein as may be acceptable to the Authorized District Representative executing the same, and the District’s approval of all such changes shall be conclusively evidenced by the execution and delivery of the Local Obligation Purchase Contract. The Local Obligation Purchase Contract shall provide: (i) that the aggregate purchase price of the Local Obligations sold thereunder shall be no less than the principal amount of such Local Obligations; and (ii) that the Local Obligations sold thereunder shall otherwise conform to the limitations specified in this Resolution, including specifically those terms prescribed by Section 5 hereof.

**Section 5. Terms of the Local Obligations and Interest Payment.** The Local Obligations shall be issued in the form of current interest bonds. The Board hereby determines that: (1) it is anticipated that the prepayment of the Prior CFD Loans will occur on or about October 26, 2018, or such other date as is described in the Local Obligation Purchase Contract, (2) the Local Obligations shall bear the date, be in the denominations, have the maturity dates (which, in the case of Local Obligations the proceeds of which are used to prepay Prior CFD Loans, do not exceed the latest maturity date of such Prior CFD Loans), and be payable at the place and be in the form specified in the Indenture, (3) the Local Obligations will bear interest at a rate no less than 0.5 percent per annum, and (4) the designated costs of issuing the Local Obligations being used to refund the Prior CFD Loans, as defined by Section 53363.8 of the Act, shall include all of the costs specified in Section 53363.8(a), (b)(2) and (c) of the Act. The Local Obligation Purchase Contract shall recite the terms of the Local Obligations sold under such document in accordance with this section as determined in the sale thereof, and such terms shall be memorialized in the Indenture described in Section 7 hereof. In satisfaction of the requirements contained in Section 53364.2 of the Act, the Board hereby determines that any savings achieved through the issuance of the Local Obligations shall be used to finance additional facilities authorized to be financed by CFD 95-1.

**Section 6. Tax Treatment of Local Obligations.** All or any portion of the Local Obligations shall be issued as exempt from federal income tax, as an Authorized District Representative shall determine upon consultation with the Municipal Advisor, and according to the terms and conditions as Bond Counsel to the District shall advise are appropriate to and necessary for the issuance of tax-exempt bonds.

**Section 7. Approval of Indenture.** The Indenture relating to the Local Obligations between the District and U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent"), in substantially the form submitted to this Board, including the form of Local Obligations included therein, is hereby approved. The Authorized District Representatives, each alone, are hereby authorized to execute and deliver an instrument in substantially said form, completed with the terms of the Local Obligations determined upon the sale thereof, and with such other changes thereto as the Authorized District Representative executing the same may require or approve, and the District's approval of the Indenture shall be conclusively evidenced by the execution and delivery thereof.

**Section 8. Approval of Continuing Disclosure Certificate.** The Continuing Disclosure Certificate relating to the Local Obligations, in substantially the form on file with the Clerk of this Board, is hereby approved. The Authorized District Representatives, or the designee thereof, each alone, are hereby authorized on behalf of Community Facilities District and the District to execute and deliver the Continuing Disclosure Certificates in substantially the form submitted to this Board, with such changes thereto as deemed necessary in order to permit the purchaser of the Local Obligations to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificates as finally executed and delivered.

**Section 9. Approval of Actions.** The President of this Board of Trustees, the Clerk of this Board of Trustees, the Superintendent of the District, the Associate Superintendent, Business Services of the District, the Executive Director of Planning Services, and any other officer of the District to whom authority is delegated by one of the named officers for the purposes of the Local Obligations, are hereby authorized and directed to execute and deliver any and all certificates and representations, including signature certificates, no-litigation certificates, representation letters to The Depository Trust Company, the Tax Certificate and any other certificates proposed to be distributed



## ITEM 23D

in connection with the sale of the Local Obligations, and to enter into any agreements, including depository agreements, commitment letters and agreements with bond insurers, agreements providing for payment of costs of issuance of Local Obligations, and any other agreements, letters, or representations, which any of them deem necessary or desirable to accomplish the transactions authorized herein. If in order to sell the Local Obligations in separate series or to separate purchasers as authorized herein, the District is required to prepare and deliver additional official statements, Indentures, Local Obligation Purchase Contracts, continuing disclosure certificates, or other authorized documents, the preparation and delivery of such additional documents is hereby authorized. Actions of the Authorized District Representative heretofore taken to accomplish the purposes of this Resolution and consistent herewith are hereby ratified.

**Section 10. Retention of Services.** This Board hereby appoints Piper Jaffray & Co. as Underwriter, Fieldman, Rolapp & Associates, Inc., as Municipal Advisor, and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel, all with respect to the issuance of the Local Obligations. The Authorized District Representatives, each alone, are hereby authorized to execute an agreement with any of the foregoing in order to provide for the provision of the specified services and for payment in respect thereof, together with payment for other costs of issuance of the Bonds or the Local Obligations from proceeds deposited pursuant to the Indenture.

**Section 11. Value of Property.** In accordance with the requirements of Section 53345.8 of the Act, this Board hereby determines that the value of the real property in CFD 95-1 subject to the special tax to pay debt service on the Local Obligations is at least three times the principal amount of the Local Obligations and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within CFD 95-1.

**Section 12. Notice to California Debt and Investment Advisory Commission.** The Authorized District Representative is hereby authorized and directed to cause notices of the proposed sale and final sale of the Local Obligations to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to California Government Code Section 8855 and Section 53359.5.

**Section 13. Good Faith Estimates.** In accordance with California Government Code Section 5852.1, certain estimates are presented in Exhibit A to this Resolution.

**Section 14. Effective Date.** This Resolution shall take effect from and after its date of adoption.

**PASSED AND ADOPTED** this day, September 13, 2018.

ATTEST:

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President of the Board of Trustees of the  
San Dieguito Union High School District

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Clerk of the Board of Trustees of the  
San Dieguito Union High School District

**CLERK'S CERTIFICATE**

I, Joyce Dalessandro, Clerk of the Board of Trustees of the San Dieguito Union High School District, County of San Diego, California, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Trustees of said District duly and regularly held at the regular meeting place thereof on September 13, 2018, and entered in the minutes thereof, of which meeting all of the members of the Board of Trustees had due notice and at which a quorum thereof was present, and that at said meeting the resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

An agenda of the meeting was posted at least 72 hours before the meeting at 710 Encinitas Boulevard, Encinitas, California, a location freely accessible to members of the public, and a brief description of the resolution appeared on the agenda.

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: September 13, 2018.

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Clerk of the Board of Trustees of the  
San Dieguito Union High School District

**EXHIBIT A****GOOD FAITH ESTIMATES – CFD NO. 95-1 LOCAL OBLIGATIONS**

The good faith estimates for the CFD No. 95-1 Local Obligations (the “Local Obligations”) set forth herein are provided in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the School District by the Underwriter.

Principal Amount. The Underwriter has informed the School District that, based on the School District’s financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the CFD No. 95-1 Local Obligations to be sold is \$27,830,000 (the “Estimated Principal Amount”). Based on the Estimated Principal Amount, the following good faith estimates are provided:

a) True Interest Cost of the CFD No. 95-1 Local Obligations. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 95-1 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the CFD No. 95-1 Local Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the CFD No. 95-1 Local Obligations, is 4.13%.

b) Finance Charge of the CFD No. 95-1 Local Obligations. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 95-1 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the CFD No. 95-1 Local Obligations, which means the sum of all fees and charges paid to third parties, is \$141,872.17.

c) Amount of Proceeds to be Received. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 95-1 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the School District for sale of the CFD No. 95-1 Local Obligations, less the finance charge of the CFD No. 95-1 Local Obligations paid from CFD No. 95-1 Local Obligations proceeds, and any reserves or capitalized interest to be paid or funded with proceeds of the CFD No. 95-1 Local Obligations, if any, is \$29,647,078.38.

a) Total Payment Amount. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 95-1 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the School District will make to pay debt service on the CFD No. 95-1 Local Obligations, plus the finance charge for the CFD No. 95-1 Local Obligations as described in (b) above not paid with the proceeds of the CFD No. 95-1 Local Obligations, if any, calculated to the final maturity of the CFD No. 95-1 Local Obligations, is \$44,144,915.00.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Local Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ

## ITEM 23D

from such good faith estimates due to (a) the actual date of the sale of the Local Obligations being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Local Obligations sold being different from the Estimated Principal Amounts, (c) the actual amortization of the Local Obligations being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Local Obligations being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the School District's financing plan, or a combination of such factors. The actual date of sale of the Local Obligations and the actual principal amount of Local Obligations sold will be determined by the School District based on the timing of the need for proceeds of the Local Obligations and other factors. The actual interest rates borne by the Local Obligations will depend on market interest rates at the time of sale thereof. The actual amortization of the Local Obligations will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the School District.

ITEM 23D

Form of Indenture

CFD No. 95-1

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**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**

**and**

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

**INDENTURE**

**Dated as of October 1, 2018**

**Relating to the**

**[\$Par Amount]  
San Dieguito Union High School District  
Community Facilities District 95-1  
Special Tax Revenue Bonds, Series 2018**

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## INDENTURE

This Indenture (the “Indenture”) is made and entered into as of October 1, 2018, by and between the SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, a school district located in San Diego County (the “County”), duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “District”), and U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, as Fiscal Agent (the “Fiscal Agent”);

### WITNESSETH:

WHEREAS, on October 3, 1996, the District duly adopted a Resolution establishing the San Dieguito Union High School District Community Facilities District 95-1 (the “Community Facilities District”) for the purpose of financing certain public facilities and public services in and for the Community Facilities District; and

WHEREAS, in order to assist the Community Facilities District in financing and reimbursing the acquisition and construction of various public facilities, among other purposes, the San Dieguito Public Facilities Authority (the “Prior JPA”) previously issued its Revenue Bonds, 1998 Series A (Tax Exempt), Revenue Bonds 1998 Series B (Taxable) and Revenue Bonds, Series 2004, each refunded in whole by \$91,125,000 aggregate principal amount of its Revenue Refunding Bonds, Series 2006 pursuant to an Indenture of Trust dated as of July 1, 2006 by and between the Prior JPA and U.S. Bank National Association, as Fiscal Agent (the “Prior JPA Bonds”); and

WHEREAS, the Community Facilities District entered into a loan agreement, dated July 1, 2006, by and between the Community Facilities District, along with eight other Community Facilities Districts of the San Dieguito Union High School District (collectively, the “CFDs”), and the Prior JPA (the “Prior Loan Agreement”), whereby the Prior JPA agreed to lend the CFDs certain funds; and

WHEREAS, the District has determined to authorize the issuance of additional indebtedness of Community Facilities District for the purpose of acquiring and constructing school facilities benefitting the CFDs and prepaying certain obligations under the Prior Loan Agreement and Installment Purchase Agreements entered into by each of two CFDs with the Prior JPA (collectively, the “Prior CFD Loans”), allowing for the prepayment of certain of the Prior JPA Bonds; and

WHEREAS, the District has heretofore authorized the formation of the San Dieguito School Facilities Financing Authority (the “Authority”); and

WHEREAS, for the purpose of financing the acquisition and construction of various public school facilities benefitting the CFDs and prepaying the Prior CFD Loans and thereby a portion of the Prior JPA Bonds, the District has determined to issue the San Dieguito Union High School District Community Facilities District 95-1 Special Tax Revenue Bonds, Series 2018 (the “Local Obligations”) in the aggregate principal amount of [\$Par Amount] pursuant to and secured by this Indenture; and

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WHEREAS, the Authority has agreed to purchase the Local Obligations pursuant to a Local Obligation Purchase Contract between the Authority and the District, dated as of October \_\_, 2018, with a portion of the proceeds of the Authority's Special Tax Revenue Bonds, Series 2018 (collectively, the "Authority Bonds"); and

WHEREAS, all things necessary to cause the Local Obligations, when executed by the District and authenticated by the Fiscal Agent and delivered as provided herein, to be legal special tax obligations of the District, enforceable in accordance with their terms, and to constitute the Indenture a valid agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery hereof and the execution and delivery of the Local Obligations, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THE INDENTURE WITNESSETH, that in order to secure the payment of the interest on and principal of and redemption premium, if any, on all Local Obligations at any time issued and outstanding hereunder according to their tenor, and to secure the observance and performance of all the agreements, conditions, covenants and terms therein and herein set forth, and to declare the conditions and terms upon and subject to which the Local Obligations are to be issued and received, and in consideration of the premises and of the mutual agreements and covenants herein contained and of the purchase and acceptance of the Local Obligations by the respective owners thereof from time to time, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby agree and covenant with the Fiscal Agent, for the benefit of the respective owners from time to time of the Local Obligations, as follows:

## ARTICLE I

### DEFINITIONS; EQUAL SECURITY

**Section 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Indenture and of the Local Obligations and of any certificate, opinion, report, request or other document mentioned herein or therein have the meanings defined herein. The following definitions shall be equally applicable to both the singular and plural forms of any of the terms defined herein.

#### Additional Parity Obligations

"Additional Parity Obligations" means Local Obligations issued pursuant to Section 2.08 hereof.

#### Annual Special Tax

"Annual Special Tax" has the meaning given to that term set forth in the Rate and Method of Apportionment.

#### Associate Superintendent, Business Services

"Associate Superintendent, Business Services" means the Associate Superintendent, Business Services of the District.

Authority

“Authority” means the San Dieguito School Facilities Financing Authority.

Authority Bonds

“Authority Bonds” means, collectively, the San Dieguito School Facilities Financing Authority Subordinate Special Tax Revenue Bonds, Series 2016, and the the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018, and any additional bonds issued by the Authority.

Authority Bonds Trust Agreement

“Authority Bonds Trust Agreement” means the Trust Agreement, dated as of December 1, 2016, between the Authority and the Authority Bonds Trustee providing for the issuance of the Authority Bonds.

Authority Bonds Trustee

“Authority Bonds Trustee” means U.S. Bank National Association, as Trustee under the Authority Bonds Trust Agreement.

Authority Capital Improvement Fund

“Authority Capital Improvement Fund” means the Capital Improvement Fund established pursuant to Section 5.01 of the Authority Bonds Trust Agreement.

Authority Expense Fund

“Authority Expense Fund” means the Expense Fund established pursuant to Section 5.01 of the Authority Bonds Trust Agreement.

Average Annual Debt Service

“Average Annual Debt Service” means, as of any date of calculation, the average Annual Debt Service during the period from the date of such calculation through the final maturity date of any Outstanding bonds of the District.

Board

“Board” means the Board of Trustees of the District.

Bond Year

“Bond Year” means the twelve-month period ending on March 1 of each year except that the first Bond Year shall commence on the date of the initial delivery of the Local Obligations.

### Certificate of the District

“Certificate of the District” means an instrument in writing signed by the Superintendent or the Associate Superintendent, Business Services, or by any other officer of the District duly authorized by the Board of Trustees for that purpose.

### CFD

“CFD” means each of the Community Facilities District No. 03-1, Community Facilities District No. 94-2, Community Facilities District No. 94-1, Community Facilities District No. 95-1, Community Facilities District No. 95-2, Community Facilities District No. 99-1, Community Facilities District No. 99-2, and Community Facilities District No. 99-3 formed by the District, and collectively the “CFDs.”

### Code

“Code” means the Internal Revenue Code of 1986 and the regulations issued thereunder from time to time, and in this regard reference to any particular section of the Code shall include reference to any successor to such section of the Code.

### Community Facilities District

“Community Facilities District” means the San Dieguito Union High School District Community Facilities District 95-1, a community facilities district duly organized and existing in the District under and by virtue of the Law.

### Community Facilities Fund

“Community Facilities Fund” means the San Dieguito Union High School District Community Facilities District 95-1 Special Tax Revenue Bonds, Series 2018 Community Facilities Fund established pursuant to Section 5.02.

### Closing Date

“Closing Date” means October \_\_, 2018, the date upon which the Local Obligations are delivered.

### Debt Service

“Debt Service” means, for any period, the sum of (1) the interest payable during such period on all Outstanding Local Obligations, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid as scheduled at the times of and in amounts equal to the sum of all Mandatory Sinking Account Payments (but excluding the amount of any such interest funded from the proceeds of the sale of Local Obligations or investment earnings thereon), plus (2) the principal amount of all Outstanding Serial Bonds maturing by their terms in such period, plus (3) the aggregate amount of all Mandatory Sinking Account Payments required to be deposited in all Sinking Accounts in such period. For purposes of any test for the issuance of Refunding Local Obligations, Debt Service shall be deemed to include Debt Service on the proposed Refunding Local Obligations but shall not include Debt Service on any Local Obligations proposed to be defeased concurrently.

District

“District” means the San Dieguito Union High School District, a public school district located in San Diego County and validly existing under and by virtue of the Constitution and laws of the State of California.

District Clerk

“District Clerk” means the Clerk of the Board of the District.

Expense Fund

“Expense Fund” means the San Dieguito Union High School District Community Facilities District 95-1 Special Tax Revenue Bonds, Series 2018 Expense Fund established pursuant to Section 5.02 and maintained by the Fiscal Agent.

Expenses

“Expenses” means all expenses paid or incurred by the District for the cost of planning and designing the Improvements or the financing of the fees, including the cost of environmental evaluations of the Improvements and the costs associated with the creation of the Community Facilities District, the issuance of the Local Obligations, the determination of the amount of the Special Tax, the collection of the Special Tax and the payment of the Special Tax, or costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District; all as determined in accordance with Generally Accepted Accounting Principles.

Federal Securities

“Federal Securities” means (a) any securities now or hereafter authorized both the interest on and principal of which are guaranteed by the full faith and credit of the United States of America, and (b) any of the following obligations of federal agencies not guaranteed by the United States of America: (1) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation, (2) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act and bonds of any federal home loan bank established under such act, and (3) stocks, bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association or the Federal Home Loan Mortgage Corporation, as and to the extent that such securities or obligations are eligible for the legal investment of District funds, together with any repurchase agreements which are secured by any of such securities or obligations that (1) have a fair market value (determined at least daily) at least equal to one hundred two percent (102%) of the amount invested in the repurchase agreement, (2) are in the possession of the Fiscal Agent or a third party acting solely as agent for the Fiscal Agent who holds a perfected first lien therein, and (3) are free from all third party claims.

Fiscal Agent

“Fiscal Agent” means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, at its Principal Corporate Trust Office, or any other bank or trust company having a corporate trust office in Los Angeles or

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San Francisco, California, which may at any time be substituted in its place as provided in Section 7.01 at its Principal Corporate Trust Office.

Fiscal Year

“Fiscal Year” means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the District as its Fiscal Year in accordance with applicable law.

Generally Accepted Accounting Principles

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

Holder

“Holder” means any person who shall be the registered owner of any Outstanding Local Obligation, as shown on the registration books maintained by the Fiscal Agent pursuant to Section 2.05.

Indenture

“Indenture” means this Indenture and all Supplemental Indentures.

Independent Certified Public Accountant

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the District, and who, or each of whom:

- (1) is in fact independent and not under the domination of the District;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the District; and
- (3) is not connected with the District as an officer or employee of the District, but who may be regularly retained to audit the accounting records of and make reports thereon to the District.

Interest Payment Date

“Interest Payment Date” means March 1 and September 1 of each year, commencing September 1, 2019.

Law

“Law” means the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 *et seq.* of the Government Code of the State of California) and all laws amendatory thereof or supplemental thereto.

Legal Investments

“Legal Investments” means any securities in which funds of the District may be legally invested in accordance with the applicable law in effect at the time of such investment and in accordance with the then current investment policy of the District as determined by the Board, including without limitation the California Asset Management Program pooled investment fund.

Local Obligation Purchase Contract

“Local Obligation Purchase Contract” means the Local Obligation Purchase Contract, dated as of October \_\_, 2018, by and between the Authority and the District providing for the purchase of the Local Obligations by the Authority.

Local Obligations, Serial Bonds, Term Bonds

“Local Obligations” means the principal amount of special tax bonds of the District at any time Outstanding hereunder that are executed, issued and delivered in accordance with the provisions hereof, including the [\$Par Amount] San Dieguito Union High School District Community Facilities District 95-1 Special Tax Revenue Bonds, Series 2018. “Serial Bonds” means the Local Obligations for which no Mandatory Sinking Account Payments are established. “Term Bonds” means the Local Obligations which are redeemable or payable on or before their specified maturity date or dates from the Mandatory Sinking Account Payments established for the purpose of redeeming or paying such Local Obligations on or before their specified maturity date or dates.

Mandatory Sinking Account Payments

“Mandatory Sinking Account Payments” means the payments required by all Supplemental Indentures to be deposited in all Sinking Accounts established for the payment of all Term Bonds.

Maximum Annual Debt Service

“Maximum Annual Debt Service” means the greatest Debt Service in any Bond Year during the period beginning with the then current Bond Year and ending with the Bond Year in which the last Outstanding Local Obligations mature by their terms.

Moody’s

“Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.



### Opinion of Counsel

“Opinion of Counsel” means a written opinion of counsel retained or employed by the District (including, without limitation, the appointed attorney of the District).

### Outstanding

“Outstanding,” when used as of any particular time with reference to Local Obligations, means (subject to the provisions of Section 8.02) all Local Obligations except:

- (1) Local Obligations cancelled and destroyed by the Fiscal Agent or delivered to the Fiscal Agent for cancellation and destruction;
- (2) Local Obligations paid or deemed to have been paid within the meaning of Section 10.01; and
- (3) Local Obligations in lieu of or in substitution for which other Local Obligations shall have been executed by the District and authenticated and delivered by the Fiscal Agent pursuant to Section 2.06.

### Principal Corporate Trust Office

“Principal Corporate Trust Office” means the corporate trust office of the original Fiscal Agent in Los Angeles, California, or such other office designated by the Fiscal Agent from time to time as its Principal Corporate Trust Office.

### Prior JPA Bonds

“Prior JPA Bonds” means the Prior JPA’s Revenue Refunding Bonds, Series 2006.

### Prior Loan Agreement

“Prior Loan Agreement” means that certain Loan Agreement by and between the Community Facilities District, along with eight other community facilities districts of the District, and the Prior JPA, dated July 1, 2006 (as amended), related to the Prior CFD Loans and the Prior JPA Bonds.

### Rate and Method of Apportionment

“Rate and Method of Apportionment” means the Rate and Method of Apportionment of Special Taxes for Community Facilities District No. 95-1 of the San Dieguito Union High School District, attached as Exhibit B to the Resolution of Formation of the Board of Trustees of the San Dieguito Union High School District Establishing Community Facilities District No. 95-1 of the San Dieguito Union High School District, Authorizing the Levy of a Special Tax, the Incurrence of Bonded Indebtedness not to exceed \$50,000,000 within Proposed Community Facilities District No. 95-1 and Calling an Election, adopted on October 3, 1996 by the Board of Trustees of the District.

### Redemption Fund

“Redemption Fund” means the San Dieguito Union High School District Community Facilities District 95-1 Special Tax Revenue Bonds, Series 2018 Redemption Fund established pursuant to Section 5.02 and maintained by the Fiscal Agent.

### Redemption Premium

“Redemption Premium,” with respect to the Local Obligations, means such amount in excess of the principal amount of Local Obligations being redeemed as may be necessary to generate sufficient funds to redeem the corresponding maturities of the applicable Authority Bonds on the redemption date.

### Refunding Local Obligations

“Refunding Local Obligations” means Local Obligations issued pursuant to Section 2.02 hereof.

### Resolution of Formation

“Resolution of Formation” means that certain Resolution of Formation of the Community Facilities District, adopted by the District on October 3, 1996.

### Senior Obligations

“Senior Obligations” means the obligations of the Community Facilities District under the Prior Loan Agreement; provided that, for purposes of Sections 2.08 and 2.09, Senior Obligations includes only scheduled obligations due and payable thereunder.

### Special Tax

“Special Tax” means the special tax authorized to be levied and collected annually on all Taxable Land in the Community Facilities District under and pursuant to the Law at the special election held in the Community Facilities District on January 28, 1997 (and at each subsequent election related to annexation of territory into the Community Facilities District, if any), less Senior Obligations, if any.

### Special Tax Fund

“Special Tax Fund” means the San Dieguito Union High School District Community Facilities District 95-1 Special Tax Revenue Bonds, Series 2018 Special Tax Fund established pursuant to Section 5.01.

### Standard & Poor’s

“Standard & Poor’s” or “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC Business, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term

“Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

#### Superintendent

“Superintendent” means the Superintendent of the District or person appointed by the governing board of the District to act in that capacity.

#### Supplemental Indenture

“Supplemental Indenture” means any indenture then in full force and effect that has been made and entered into by the District and the Fiscal Agent, amendatory of or supplemental hereto; but only to the extent that such Supplemental Indenture is specifically authorized hereunder.

#### Tax Certificate

“Tax Certificate” means the certificate delivered upon the issuance of the Local Obligations relating to Section 148 of the Code.

#### Taxable Land

“Taxable Land” means all land within the Community Facilities District taxable under the Law in accordance with the proceedings for the authorization of the issuance of the Local Obligations and the levy and collection of the Special Tax.

#### Written Request of the District

“Written Request of the District” means an instrument in writing signed by the Superintendent or the Associate Superintendent, Business Services, or by any other officer of the District duly authorized by the District for that purpose.

**Section 1.02 Equal Security.** In consideration of the acceptance of the Local Obligations by the Holders thereof, the Indenture shall be deemed to be and shall constitute a contract between the District and the Holders from time to time to secure the full and final payment of the interest on and principal of and Redemption Premium, if any, on all Local Obligations which may from time to time be authorized, sold, executed, authenticated and delivered hereunder, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the District shall be for the equal and proportionate benefit, security and protection of all Holders without distinction, preference or priority as to security or otherwise of any Local Obligations over any other Local Obligations by reason of the number thereof or the time of execution, authentication or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF LOCAL OBLIGATIONS

#### Section 2.01 Authorization and Purpose of Local Obligations.

(a) The Board has reviewed all proceedings heretofore taken relative to the authorization of the Local Obligations and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Local Obligations do exist, have happened and have been performed in due time, form and manner as required by the Law, and the District is now authorized, pursuant to each and every requirement of the Law and hereof, to issue the Local Obligations in the aggregate principal amount of [\$Par Amount] in the form and manner provided herein. The Local Obligations shall be entitled to the benefit, protection and security of the provisions hereof, shall be designated as the "San Dieguito Union High School District Community Facilities District 95-1 Special Tax Refunding Bonds, Series 2018," shall be issued by the District under and pursuant to the Law and under and pursuant hereto. The Local Obligations may contain or have endorsed thereon such other descriptive provisions, specifications and words not inconsistent with the provisions hereof as may be desirable or necessary to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the District prior to the delivery thereof.

(b) The purpose for which the Local Obligations are to be issued is to provide funds to finance or refinance the acquisition and construction of school facilities benefiting the Community Facilities District and to refinance and defease the Prior CFD Loans.

**Section 2.02 Refunding Local Obligations.** The District may at any time after the issuance and delivery of the Local Obligations issue (and the Fiscal Agent shall upon a Written Request of the District authenticate and deliver) Refunding Local Obligations payable from the Special Tax and other assets pledged hereunder and secured by a lien and charge upon the Special Tax and other assets pledged hereunder equal to and on a parity with the lien and charge securing the Outstanding Local Obligations theretofore issued under the Indenture, but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Refunding Local Obligations:

(a) The District shall have delivered or caused to be delivered to the Fiscal Agent the following:

(i) A copy of the resolution adopted by the Board approving the Supplemental Indenture required by subsection (b) of this Section 2.02, and the execution and delivery by the District of such Supplemental Indenture, duly certified by the District Clerk to have been duly adopted by the Board and to be in full force and effect on the date of such certification;

(ii) A Written Request of the District directing that the Fiscal Agent authenticate the Refunding Local Obligations and containing instructions as to the delivery of the Refunding Local Obligations;

(iii) The proceeds of sale of the Refunding Local Obligations;

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(iv) A Certificate of the District stating that the District is not in default in the performance of any of the agreements, conditions, covenants or terms contained in the Indenture;

(v) An original, executed counterpart of the Supplemental Indenture required by subsection (b) of this Section 2.02;

(vi) Directions as to the use of proceeds of the Refunding Local Obligations to refund Local Obligations Outstanding hereunder or to fund capitalized interest; and

(vii) An Opinion of Counsel nationally recognized in the field of municipal finance addressing the validity and tax exempt status of the Refunding Local Obligations, subject to said exceptions as may be reasonable and appropriate.

(b) The issuance of such Refunding Local Obligations shall have been duly authorized under all applicable laws, and the issuance of such Refunding Local Obligations shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(i) The use of proceeds of such Refunding Local Obligations;

(ii) The authorized principal amount of such Refunding Local Obligations;

(iii) The date and the maturity date or dates of such Refunding Local Obligations; provided that (A) maturing principal and Mandatory Sinking Account Payments on the Refunding Local Obligations may occur only on March 1, (B) all such Refunding Local Obligations of like maturity shall be identical in all respects, except as to number, and (C) fixed serial maturities or Mandatory Sinking Account Payments, or any combination thereof, shall be established to provide for the retirement of all such Refunding Local Obligations on or before their respective maturity dates;

(iv) The interest payment dates shall be on March 1 and September 1; provided, that such Refunding Local Obligations may provide for compounding of interest in lieu of payment of interest on such dates;

(v) The authorized denominations of such Refunding Local Obligations to refund Local Obligations Outstanding hereunder or to fund capitalized interest;

(vi) The Redemption Premium, if any, and the redemption terms, if any, for such Refunding Local Obligations;

(vii) The amount and due date of each Mandatory Sinking Account Payment, if any, for such Refunding Local Obligations;

(viii) The amount, if any, of interest to be paid on such Refunding Local Obligations from the proceeds thereof;

(ix) The form of such Refunding Local Obligations; and

(x) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) The Refunding Local Obligations shall be purchased by the Authority.

**Section 2.03 Terms of Local Obligations.**

(a) The interest on and principal of and Redemption Premium, if any, on the Local Obligations shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office of the Fiscal Agent.

(b) The Local Obligations shall be issued as fully registered bonds in such denominations as may be authorized herein and shall be dated as provided herein and shall be numbered as determined by the Fiscal Agent.

(c) Each Local Obligation shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event it shall bear interest from its dated date. Payment of interest on the Local Obligations due on or before the maturity or prior redemption thereof shall be made only to the Holder whose name appears in the registration books required to be kept by the Fiscal Agent pursuant to Section 2.05 at the close of business as of the 15th day of the calendar month preceding the month in which the applicable Interest Payment Date falls, such interest to be paid by check mailed by first class mail on each such Interest Payment Date to such registered owner at his address as it appears on such books, except that in the case of a Holder of one million dollars (\$1,000,000) or more in principal amount of Local Obligations then Outstanding, payment shall be made at such Holder's option by wire transfer on any Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such Holder to the Fiscal Agent at least fifteen (15) days before each such Interest Payment Date. Payment of the principal of and Redemption Premium, if any, on the Local Obligations shall be made only to the Holder whose name appears in the registration books required to be kept by the Fiscal Agent pursuant to Section 2.05, such principal and Redemption Premium, if any, to be paid only on the surrender of the Local Obligations at the Principal Corporate Trust Office of the Fiscal Agent at maturity or on redemption prior to maturity. All such payments of interest and principal and Redemption Premium, if any, on any Local Obligation shall be valid and effectual to satisfy and discharge the liability on such Local Obligation to the extent of the sum or sums so paid.

(d) The Local Obligations shall recite in substance that the interest on and principal of and Redemption Premium, if any, on the Local Obligations are payable solely from the proceeds of the Special Tax, and that the District is not obligated to pay the Local Obligations except from the proceeds of the Special Tax; that the General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, and that no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or Redemption Premium, if any, on the Local Obligations; that the Local Obligations are not secured by a legal or

equitable pledge of or charge, lien or encumbrance upon any of the property of the District or any of its income or receipts except the money in the Special Tax Fund; and that neither the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations is a general debt, liability or obligation of the District.

(e) From and after the issuance of the Local Obligations the findings and determinations of the Board related to the Local Obligations shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such Local Obligations is at issue, and no bona fide purchaser of any of such Local Obligations shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance or to the application of the purchase price paid for such Local Obligations. The validity of the issuance of the of Local Obligations shall not be dependent on or affected in any way by (i) any proceedings taken by the District for the acquisition or construction of any Improvements, or (ii) any contracts made by the District in connection therewith, or (iii) the failure to complete the acquisition or construction of any Improvements. The recital contained in the Local Obligations that the Local Obligations are issued under and pursuant to the Law and under and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance and all Local Obligations shall be incontestable from and after their issuance. The Local Obligations shall be deemed to be issued, within the meaning hereof, whenever the definitive Local Obligations (or any temporary Local Obligations exchangeable therefor) have been delivered to the purchaser thereof and the purchase price thereof received.

**Section 2.04 Execution of Local Obligations.** The Local Obligations shall be signed on behalf of the District by the manual or facsimile signature of the President of the Board and countersigned by the manual or facsimile signature of the Secretary of the Board. In case any officer of the District who shall have signed any of the Local Obligations shall cease to be such officer before the Local Obligations so signed shall have been delivered to the purchaser by the Fiscal Agent, such Local Obligations may nevertheless be delivered and issued and, upon such delivery and issuance, shall be as binding upon the District as though such officer who signed the same had continued to be such officer until such delivery and issuance. Also, any Local Obligation may be signed on behalf of the District by any person who on the actual date of the execution of such Local Obligation shall be the proper officer of the District, although on the nominal date of such Local Obligation such person shall not have been such officer of the District. Only those Local Obligations that bear thereon a certificate of authentication manually executed by the Fiscal Agent shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Fiscal Agent shall be conclusive evidence that the Local Obligations so authenticated have been duly authorized, sold, executed, authenticated and delivered hereunder and are entitled to the benefits hereof.

**Section 2.05 Transfer and Exchange of Local Obligations.** The Fiscal Agent shall keep at its Principal Corporate Trust Office sufficient books for the transfer and exchange of the Local Obligations, which books shall at all times during normal business hours with reasonable prior notice be open to inspection by the District or by any Holder. Any Local Obligation may, in accordance with its terms, be transferred or exchanged on such books by the person in whose name it is registered, in person or by his duly authorized attorney, upon payment by the Holder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange and upon surrender of such Local Obligation for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form acceptable to the Fiscal Agent. Whenever any bond or bonds shall be surrendered for transfer or exchange, the

District shall execute and the Fiscal Agent shall authenticate and deliver a new bond or bonds of the same maturity date and of authorized denominations for the same aggregate principal amount, except that neither the District nor the Fiscal Agent shall be required (i) to transfer or exchange any Local Obligations during the fifteen-day period prior to the selection of any Local Obligations for redemption under Article IV, or (ii) to transfer or exchange any Local Obligation which has been selected for redemption in whole or in part, except the unredeemed portion of such Local Obligation selected for redemption in part, from and after the day that such Local Obligation has been selected for redemption in whole or in part under Article IV.

**Section 2.06 Mutilated, Destroyed, Stolen or Lost Local Obligations.** In case any Local Obligation shall become mutilated in respect of the body of such Local Obligation or shall be believed by the District to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the District and the Fiscal Agent and upon the surrender of such mutilated Local Obligation at the Principal Corporate Trust Office of the Fiscal Agent, or upon the receipt of evidence satisfactory to the District and the Fiscal Agent of such destruction, theft or loss and upon receipt of indemnity satisfactory to the District and the Fiscal Agent, and also upon payment of all expenses incurred by the District and the Fiscal Agent in the premises, the District shall execute and the Fiscal Agent shall authenticate and deliver at its Principal Corporate Trust Office a new bond or bonds of the same maturity date for the same aggregate principal amount in authorized denominations of like tenor and date and bearing such numbers and notations as the Fiscal Agent shall determine in exchange and substitution for and upon cancellation of the mutilated Local Obligation or in lieu of and in substitution for the Local Obligation so destroyed, stolen or lost.

If any such destroyed, stolen or lost Local Obligation shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the Fiscal Agent upon receipt of like proof, indemnity and payment of expenses.

Any replacement Local Obligations issued pursuant to this section shall be entitled to equal and proportionate benefits with all other Local Obligations issued hereunder, and the District and the Fiscal Agent shall not be required to treat both the original Local Obligation and any replacement Local Obligation as being Outstanding for the purpose of determining the principal amount of Local Obligations which may be issued hereunder or for the purpose of determining any percentage of Local Obligations Outstanding hereunder, but both the original and the replacement Local Obligation shall be treated as one and the same.

**Section 2.07 Temporary Local Obligations.** Any Local Obligations may be initially issued in temporary form exchangeable for definitive Local Obligations when ready for delivery. The temporary Local Obligations shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the District, shall be issued in fully registered form, shall contain such reference to any of the provisions hereof as may be appropriate and shall be executed by the District upon the same conditions and in substantially the same manner as the definitive Local Obligations. If the District issues temporary Local Obligations, it shall execute and furnish definitive Local Obligations without delay, and thereupon the temporary Local Obligations may be surrendered in exchange therefor at the Principal Corporate Trust Office of the Fiscal Agent, and the Fiscal Agent shall deliver in exchange for such temporary Local Obligations an equal aggregate principal amount of definitive Local Obligations of authorized denominations of the same maturity date or dates, and until so exchanged, the temporary Local Obligations shall be entitled to the same benefits as definitive Local Obligations issued hereunder.



**Section 2.08 Additional Parity Obligations.** The District covenants that it will not issue any additional obligations on a parity with the Local Obligations hereunder, except as provided below.

(a) the District may issue Refunding Local Obligations pursuant to Section 2.02 hereof;

(b) to the extent permitted by applicable law, the District may issue Additional Parity Obligations if the following conditions have been satisfied: (i) the Maximum Special Tax (as defined in the Rate and Method of Apportionment related to the Community Facilities District) related to the Local Obligations derived from Special Taxes collected from all property within the Community Facilities District is estimated to cover one hundred percent (100%) of the sum of: (x) the debt service in each Fiscal Year of all Senior Obligations, plus (y) the debt service in each Fiscal Year of all Local Obligations (including all proposed Additional Parity Obligations), and; (ii) the assessed property value of all property within the Community Facilities District for the Fiscal Year in which additional parity debt is proposed is at least twenty (20) times the sum of the principal amount of outstanding Senior Obligations and Local Obligations (including any proposed Additional Parity Obligations) plus any assessment liens or special tax liens secured by such property.

(c) the District shall have delivered or caused to be delivered to the Fiscal Agent the following:

(i) A copy of the resolution adopted by the Board approving the Supplemental Indenture required by subsection (d) of this Section 2.08, and the execution and delivery by the District of such Supplemental Indenture, duly certified by the District Clerk to have been duly adopted by the Board and to be in full force and effect on the date of such certification;

(ii) A Written Request of the District directing that the Fiscal Agent authenticate the Additional Parity Obligations and containing instructions as to the delivery of the Additional Parity Obligations;

(iii) The proceeds of sale of the Additional Parity Obligations;

(iv) A Certificate of the District stating that the District is not in default in the performance of any of the agreements, conditions, covenants or terms contained in the Indenture;

(v) An original, executed counterpart of the Supplemental Indenture required by subsection (d) of this Section 2.08;

(vi) Directions as to the use of proceeds to finance the acquisition and construction of school facilities benefitting the Community Facilities District; and

(vii) An Opinion of Counsel nationally recognized in the field of municipal finance addressing the validity and tax exempt status of the Additional Parity Obligations, subject to said exceptions as may be reasonable and appropriate.

(d) The issuance of such Additional Parity Obligations shall have been duly authorized under all applicable laws, and the issuance of such Additional Parity Obligations shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

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- (i) The use of proceeds of such Additional Parity Obligations;
- (ii) The authorized principal amount of such Additional Parity Obligations;
- (iii) The date and the maturity date or dates of such Additional Parity Obligations; provided that (A) maturing principal and Mandatory Sinking Account Payments on the Additional Parity Obligations may occur only on March 1, (B) all such Additional Parity Obligations of like maturity shall be identical in all respects, except as to number, and (C) fixed serial maturities or Mandatory Sinking Account Payments, or any combination thereof, shall be established to provide for the retirement of all such Additional Parity Obligations on or before their respective maturity dates;
- (iv) The interest payment dates shall be on March 1 and September 1; provided, that such Additional Parity Obligations may provide for compounding of interest in lieu of payment of interest on such dates;
- (v) The authorized denominations of such Additional Parity Obligations hereunder or to fund capitalized interest;
- (vi) The Redemption Premium, if any, and the redemption terms, if any, for such Additional Parity Obligations;
- (vii) The amount and due date of each Mandatory Sinking Account Payment, if any, for such Additional Parity Obligations;
- (viii) The amount, if any, of interest to be paid on such Additional Parity Obligations from the proceeds thereof;
- (ix) The form of such Additional Parity Obligations; and
- (x) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

**ARTICLE III**

**THE LOCAL OBLIGATIONS**

**Section 3.01 Authorization and Designation of Local Obligations.** The District has reviewed all proceedings heretofore taken relative to the authorization of the Local Obligations and has found, as a result of such review, and hereby finds and determines, that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Local Obligations do exist, have happened and have been performed in due time, form and manner as required by the Law, and the District is now authorized, pursuant to each and every requirement of the Law and hereof, to issue the Local Obligations in the aggregate principal amount of [SPar Amount] in the form and manner provided herein, which Local Obligations shall be entitled to the benefit, protection and security of the provisions hereof.

**Section 3.02 Denominations of Local Obligations.** The Local Obligations shall be issued as fully registered bonds in denominations of five thousand dollars (\$5,000) or any integral multiple

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of five thousand dollars (\$5,000) (not exceeding the principal amount of Local Obligations maturing at any one time).

**Section 3.03 Date and Maturity Dates of and Interest Rates on Local Obligations.** The Local Obligations shall be dated October \_\_, 2018. The Local Obligations shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum as set forth in the following schedule:

<i>Maturity Date</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>
<i>March 1</i>			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			

**Section 3.04 Interest Payment Dates of Local Obligations.** Interest on the Local Obligations shall be computed on the basis of a 360-day year of twelve (12) 30-day calendar months, and shall be payable semiannually on March 1 and September 1 in each year, commencing on September 1, 2019. The Local Obligations shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) they are authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event they shall bear interest from such Interest Payment Date, or (ii) they are authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event they shall bear interest from their

dated date; provided, that if at the time of authentication of any Local Obligation interest is then in default on the Outstanding Local Obligations, such Local Obligations shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Local Obligations.

**Section 3.05 Redemption Prices and Terms of Local Obligations.** The Local Obligations maturing on or after [March 1, 2030] are subject to optional redemption by the District prior to their respective maturity dates as a whole or in part on or after [March 1, 2029], from money derived by the District from any source other than prepayments of the Special Tax under the Law, upon mailed notice as provided herein, at a redemption price equal to 100% of the principal amount of the Local Obligations or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, plus Redemption Premium.

**Section 3.06 Form of Local Obligations.** The Local Obligations and the authentication endorsement and the form of assignment to appear thereon shall be substantially in the forms set forth in Exhibit A hereto.

**Section 3.07 Registration of Local Obligations.** The Local Obligations shall be registered in the name of the Authority Bonds Trustee and delivered to the Authority Bonds Trustee upon the issuance thereof in accordance with the provisions of the Local Obligation Purchase Contract.

**Section 3.08 Application of Proceeds of Sale of Local Obligations and Other Available Moneys.** On the Closing Date, the Fiscal Agent shall set aside and deposit the net proceeds of sale of the Local Obligations in the amount of \$\_\_\_\_\_ in the following funds, which the Fiscal Agent shall establish and maintain, in the following order:

(i) The Fiscal Agent shall transfer to U.S. Bank National Association, as trustee for the San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006A (Senior Bonds) and San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006B (Subordinate Bonds) (collectively, the "Prior Bonds"), the sum of \$\_\_\_\_\_ for redemption of such Prior Bonds;

(ii) The Fiscal Agent shall deposit in the Authority Capital Improvement Fund established pursuant to the Authority Bonds Trust Agreement the sum of \$\_\_\_\_\_; and

(iii) The Fiscal Agent shall deposit in the Authority Expense Fund established pursuant to the Authority Bonds Trust Agreement the sum of \$\_\_\_\_\_ for payment of the costs of issuance of the Local Obligations and the Authority Bonds.

## ARTICLE IV

### REDEMPTION OF LOCAL OBLIGATIONS

**Section 4.01 Privilege of Redemption of Local Obligations.** Any Local Obligations subject to redemption prior to maturity pursuant hereto shall be redeemable, upon notice being given as provided in this article, at such times, upon payment of such Redemption Premium, if any, and upon such terms (in addition to and consistent with the terms contained in this article) as may be specified herein or in the Supplemental Indenture authorizing the issuance of the Local Obligations;

provided, that redemption of Local Obligations other than from Mandatory Sinking Account Payments or from the application of refunding bond proceeds shall be made only from and to the extent of funds on deposit with the Fiscal Agent and available for such purpose on the date such notice is given. Any Local Obligation shall only be subject to redemption hereunder upon the concurrent redemption of the corresponding maturity of the applicable Authority Bonds.

**Section 4.02 Selection of Local Obligations for Redemption.** If less than all the Outstanding Local Obligations are to be redeemed at any one time pursuant to Section 3.05 hereof, the District shall select the maturity dates from which the Local Obligations shall be redeemed, and if less than all the Outstanding Local Obligations of any one maturity date are to be redeemed at any one time, the District shall notify the Fiscal Agent in writing at least fifteen (15) days prior to the date fixed for the selection of any such Local Obligations for redemption and the Fiscal Agent shall select the Local Obligations or the portions thereof of Local Obligations of such maturity date to be redeemed in integral multiples of five thousand dollars (\$5,000) by lot in any manner that it deems appropriate.

**Section 4.03 Notice of Redemption of Local Obligations.** The Fiscal Agent shall mail by first class mail a notice of redemption, not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, and otherwise pursuant to Section 11.09, to the respective Holders of all Local Obligations selected for redemption in whole or in part and to all securities depositories and securities information services selected by the District to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the District in its sole discretion and to the original underwriter of the Local Obligations, but neither failure to receive any such mailed notice nor any immaterial defect contained therein shall affect the sufficiency or validity of any such proceedings for redemption. Such notice shall state the date of such notice, the Local Obligations to be redeemed, the date of issue of such Local Obligations, the redemption date, the redemption price, the place of redemption (including the name and appropriate address of the Fiscal Agent), the CUSIP number of the maturity or maturities and, if less than all of any such maturity, the numbers of the Local Obligations of such maturity to be redeemed and, in the case of Local Obligations to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall give notice that further interest on such Local Obligations or the portions thereof to be redeemed will not accrue from and after the redemption date, and shall require that such Local Obligations be then surrendered for redemption at the Principal Corporate Trust Office of the Fiscal Agent so designated; provided, that neither the District nor the Fiscal Agent shall have any responsibility for any defect in the CUSIP number that appears on any Local Obligation or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the District nor the Fiscal Agent shall be liable for any inaccuracy in such numbers. If any Local Obligation so chosen for redemption shall not be redeemable in whole, such notice shall also state that such Local Obligation is to be redeemed in part only and that upon presentation of such Local Obligation for redemption there will be issued in lieu of the unredeemed portion of principal thereof a new Local Obligation or Local Obligations of the same maturity date of authorized denominations equal in aggregate principal amount to such unredeemed portion.

**Section 4.04 Partial Redemption of Local Obligations.** Upon surrender of any Local Obligation redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner thereof at the expense of the District a new Local Obligation or

Local Obligations of the same maturity date and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Local Obligation surrendered.

**Section 4.05 Effect of Redemption of Local Obligations.** If notice of redemption has been duly given as aforesaid and money for the payment of the principal of and Redemption Premium, if any, on, together with interest to the redemption date on, the Local Obligations or portions thereof so called for redemption is held by the Fiscal Agent, then on the redemption date designated in such notice such Local Obligations or such portions thereof shall become due and payable, and from and after the date so designated interest on the Local Obligations or such portions thereof so called for redemption shall cease to accrue and the Holders of such Local Obligations shall have no rights in respect thereof except to receive payment of the principal or such portions thereof and the Redemption Premium, if any, thereon and the interest accrued thereon to the redemption date.

## ARTICLE V

### SPECIAL TAX

#### **Section 5.01 Deposit of Proceeds of the Special Tax in the Special Tax Fund.**

(a) The District agrees and covenants that all proceeds of the Special Tax (including any amounts, net of any costs of collection and enforcement, received as a result of foreclosure of the lien securing the Special Taxes or other actions by the District to collect delinquent Special Taxes), when and as received, shall be immediately transferred by it to the Fiscal Agent, and the Fiscal Agent shall deposit such proceeds as and when received in the San Dieguito Union High School District Community Facilities District 95-1 Special Tax Revenue Bonds, Series 2018 Special Tax Fund, which fund the Fiscal Agent shall establish, and all money in such fund shall be held by the Fiscal Agent in trust hereunder and shall be disbursed, allocated and applied solely to the uses and purposes hereinafter set forth in this article.

(b) The Special Taxes, all funds and accounts established hereunder and any investment earnings thereon are hereby pledged to the payment of, and shall constitute a trust fund for, the principal of and interest on the Local Obligations. So long as the principal of and interest on such bonds remains unpaid, the Special Taxes, such funds and accounts, and any investment earnings thereon shall not be used for any other purpose, except as otherwise permitted by the Indenture, and shall be held in trust for the benefit of the owners thereof and shall be applied pursuant to the Indenture.

**Section 5.02 Allocation of Money in the Special Tax Fund.** All money in the Special Tax Fund shall be set aside by the Fiscal Agent in the following respective funds in the following order of priority, and all money in each of such funds shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section, namely:

- (i) Redemption Fund,
- (ii) Expense Fund, and
- (iii) Community Facilities Fund.

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(1) Redemption Fund. There is hereby established a fund to be known as the “San Dieguito Union High School District Community Facilities District 95-1 Special Tax Revenue Bonds, Series 2018 Redemption Fund,” which fund shall be held and maintained in trust hereunder by the Fiscal Agent. At least fifteen (15) Business Days prior to each March 1 and September 1, commencing September 1, 2019, the Associate Superintendent, Business Services shall, from the money in the Special Tax Fund, transfer to the Fiscal Agent for deposit in the Redemption Fund an amount of money equal to the aggregate amount of interest becoming due and payable on all Outstanding Local Obligations on such dates, except no such transfer need be made to the extent amounts have previously been deposited in the Redemption Fund and set aside therein for the payment of such interest, including without limitation sale proceeds of Local Obligations deposited in such fund for such purpose. At least fifteen (15) Business Days prior to March 1 of each year, commencing March 1, 2020, the Associate Superintendent, Business Services shall, from the then remaining money in the Special Tax Fund, transfer to the Fiscal Agent for deposit in the Redemption Fund an amount of money equal to the aggregate amount of principal becoming due and payable on all Outstanding Serial Bonds on such date plus the aggregate of the Mandatory Sinking Account Payments required by the Indenture and by all Supplemental Indentures to be made on such date into the Sinking Accounts; provided, that all of the aforesaid Mandatory Sinking Account Payments shall be made without priority of the payment of any one Mandatory Sinking Account Payment over the payment of any other Mandatory Sinking Account Payment, and in the event that the money in the Redemption Fund on any March 1 is not equal to the amount of principal to become due and payable on the Outstanding Serial Bonds on such March 1 plus the principal of and Redemption Premium, if any, on the Outstanding Term Bonds required to be redeemed or paid at maturity on such March 1, then such money shall be applied pro rata in such proportion as such Serial Bonds and the portion of such Term Bonds then required to be redeemed or paid at maturity shall bear to each other, after first deducting for such purposes for such Term Bonds any of such Term Bonds as shall have been redeemed or purchased during the twelve-month period ending on such March 1 and commencing on the immediately preceding March 2.

No deposit need be made into the Redemption Fund if the amount of money contained therein is at least equal to the amount required by the terms of the preceding paragraph to be deposited therein at the times and in the amounts provided herein.

All money in the Redemption Fund shall be used and withdrawn by the Fiscal Agent solely to pay the interest on the Local Obligations as it shall become due and payable (including accrued interest on any Local Obligations purchased or redeemed prior to maturity) plus the principal of the Local Obligations as they shall mature or upon the prior redemption thereof, except that any money in any Sinking Account shall be used only to purchase or redeem or retire the Term Bonds for which such Sinking Account was established as provided in the Indenture or in any Supplemental Indenture.

(2) Expense Fund. The Fiscal Agent shall establish and maintain a fund to be known as the “San Dieguito Union High School District Community Facilities District 95-1 Special Tax Revenue Bonds, Series 2018 Expense Fund,” which fund shall be held and maintained in trust hereunder by the Fiscal Agent. On or before each March 1 and September 1, commencing September 1, 2019, the Associate Superintendent, Business Services shall, from the then remaining money in the Special Tax Fund, transfer to and deposit in the Expense Fund a sum equal to the amount required by the District for the payment of budgeted Expenses during the six-month period beginning on such date (or required by the District to reimburse it for the payment of unbudgeted Expenses during the prior six-month period). All money in the Expense Fund shall be used and

withdrawn by the Fiscal Agent only to pay budgeted Expenses as provided herein (or to reimburse the District for the payment of unbudgeted Expenses as provided herein), or to be transferred to the Redemption Fund to pay interest on or principal of or Redemption Premium, if any, on the Local Obligations in the event that no other money is available therefor. Amounts in the Expense Fund shall be applied by the Fiscal Agent solely as directed in a Written Request of the District, each of which shall be separately numbered as “Requisition No. \_\_,” and each of which shall state (i) the amount, purpose and payee of the disbursement, (ii) that the disbursement is a proper charge against the Expense Fund as provided in the Indenture and (iii) that the disbursement has not previously been paid from the Expense Fund.

(3) Community Facilities Fund. There is hereby established in the treasury of the District a fund to be known as the “San Dieguito Union High School District Community Facilities District 95-1 Special Tax Revenue Bonds, Series 2018 Community Facilities Fund,” which fund shall be held and maintained in trust hereunder by the Associate Superintendent, Business Services, and all money remaining in the Special Tax Fund on March 1 of each year, after transferring all of the sums required to be transferred therefrom on or prior to such date by the provisions of Sections 5.02(1), (2) and (3), shall be deposited by the Associate Superintendent, Business Services in the Community Facilities Fund. All money in the Community Facilities Fund shall be used and withdrawn by the Associate Superintendent, Business Services solely for the benefit of the Community Facilities District in accordance with the Law.

## ARTICLE VI

### COVENANTS OF THE DISTRICT

**Section 6.01 Punctual Payment and Performance.** The District will punctually pay the interest on and principal of and Redemption Premium, if any, to become due on every Local Obligation issued hereunder in strict conformity with the terms of the Law and hereof and of the Local Obligations, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein and in the Local Obligations required to be observed and performed by it.

**Section 6.02 Against Indebtedness and Encumbrances; Priority of Payment.**

(a) The District will not issue any evidences of indebtedness payable from the proceeds of the Special Tax except as provided herein, and will not create, nor permit the creation of, any pledge, lien, charge or other encumbrance upon any money in the Special Tax Fund other than as provided herein; provided, that the District may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose of the Community Facilities District which are payable from any money in the Community Facilities Fund as may from time to time be deposited therein (as provided in Section 5.02) so long as any payments due thereunder shall be subordinate in all respects to the use of the proceeds of the Special Tax as provided herein.

(b) The District will not issue or incur any pledge, lien, security interest, encumbrance or charge of any kind which is senior in priority and superior to the lien of the Indenture, including any Senior Obligations (new money or refunding obligations). In addition, the District will not issue or incur, or cause to be issued or incurred by any community facilities district that is a party to the Prior Loan Agreement, any additional obligations thereunder (new money or refunding obligations).



(c) In any Fiscal Year, prior to making any transfer of Annual Special Tax revenues to the Administrative Expense Fund pursuant to the Prior Loan Agreement for the Community Facilities District for which Local Obligations have been issued hereunder, the District shall first transfer the Special Taxes as provided in Section 5.02 hereof.

(d) The District will not amend or supplement the Prior Loan Agreement in any manner that (in the reasonable opinion of the District) adversely affects the interests of the Holders.

**Section 6.03 Against Federal Income Taxation.**

(a) The District covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would result in the interest on the Authority Bonds or the Local Obligations not being excluded from gross income for federal income tax purposes under Section 103 of the Code.

(b) The provisions of this Section 6.03 shall survive the defeasance of the Local Obligations.

**Section 6.04 Payment of Claims.** The District will pay and discharge any and all lawful claims which, if unpaid, might become payable from the proceeds of the Special Tax or any part thereof or upon any funds in the hands of the Associate Superintendent, Business Services or the Fiscal Agent allocated to the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, or which might impair the security of the Local Obligations.

**Section 6.05 Expense Budgets.** The Associate Superintendent, Business Services will, on or before March 1 in each year, prepare and approve a budget setting forth the estimated Expenses for the period from such March 1 through the next succeeding February 28 or February 29, as applicable. Any budget approved in accordance with this section may be amended at any time.

**Section 6.06 Accounting Records; Financial Statements and Other Reports.**

(a) The District will keep, or in the case of transactions made by the Fiscal Agent, it will cause the Fiscal Agent to keep, appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the proceeds of the Special Tax and of the proceeds of the Local Obligations, which accounting records shall at all times during business hours with reasonable prior notice be subject to the inspection of any Holder (or his representative authorized in writing) and (upon the prior written consent of the District) of any investment banker, security dealer or other person interested in the Local Obligations.

(b) The District will prepare annually within two hundred seventy (270) days after the close of each Fiscal Year financial statements of the District for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles. The District will furnish a copy of such financial statements to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Local Obligations requesting copies thereof, but in any event only upon payment to the District of the reasonable costs incurred by the District in complying with such request.

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(c) The District will prepare annually not more than two hundred seventy (270) days after the close of each Fiscal Year a summary report showing in reasonable detail the proceeds of the Special Tax levied and collected and the Expenses for the preceding Fiscal Year and containing a general statement of the physical condition of the Improvements. The District will furnish a copy of such summary report without charge to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Local Obligations requesting a copy thereof.

(d) The District will prepare annually not later than October 31 of each year and file with the California Debt and Investment Advisory Commission by mail, postage prepaid, all necessary information required to be filed under the Law, including:

(1) The principal amount of the Local Obligations Outstanding;

(2) The balance in the Redemption Fund constituting capitalized interest, if any;

(3) The number of parcels securing the Local Obligations which are delinquent with respect to their Special Tax payments, the amount that each delinquent parcel is delinquent, the length of time that each delinquent parcel has been delinquent and when foreclosure was commenced for each delinquent parcel; and

(4) The assessed value of all parcels subject to the levy of the Special Tax to repay the Local Obligations, as shown on the most equalized assessment roll of the County of San Diego.

Additionally, the District will notify the California Debt and Investment Advisory Commission by mail, postage prepaid, within ten (10) days if the District or the Fiscal Agent fails to pay any interest on or principal of any of the Local Obligations on any scheduled payment date to pay any interest on or principal of the Local Obligations.

**Section 6.07 Protection of Security and Rights of Holders.** The District will preserve and protect the security of the Local Obligations and the rights of the Holders and will warrant and defend their rights against all claims and demands of all persons.

**Section 6.08 Payment of Governmental Charges and Compliance with Governmental Regulations.** The District will pay and discharge all taxes or payments in lieu of taxes, assessments and other governmental charges or liens that may be levied, assessed or charged upon the Improvements or any part thereof promptly as and when the same shall become due and payable, except that the District shall not be required to pay any such governmental charges so long as the application or validity thereof shall be contested in good faith and the District shall have set aside reserves to cover such charges. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Improvements or any part thereof, except that the District shall not be required to comply with any such regulations or requirements so long as the application or validity thereof shall be contested in good faith.

**Section 6.09 Levy and Collection of the Special Tax.** The District, so long as any Local Obligations are Outstanding, will annually levy the Special Tax against all Taxable Land in the Community Facilities District and make provision for the collection of the Special Tax in amounts

which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained herein, and which in any event will be sufficient to pay the interest on and principal of and all Mandatory Sinking Account Payments for and Redemption Premium, if any, on the Local Obligations as they become due and payable and to pay all current Expenses as they become due and payable in accordance with the provisions and terms hereof. The Special Tax shall be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as otherwise provided in Section 6.10 and in the Law, shall be subject to the same penalties and the same collection procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes.

**Section 6.10 Foreclosure of Special Tax Liens.** The District will annually on or before August 1 of each year review the public records of the County of San Diego relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and if the District determines on the basis of such review that the amount so collected is deficient by more than five percent (5%) of the total amount of the Special Tax levied in such Fiscal Year, it will within sixty (60) days thereafter institute foreclosure proceedings as authorized by the Law in order to enforce the lien of the delinquent installments of the Special Tax against each lot or parcel of land in the Community Facilities District, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that irrespective of the foregoing if the District determines on the basis of such review that property owned by any single property owner in the Community Facilities District is delinquent by more than five thousand dollars (\$5,000) with respect to the Special Tax due and payable by such property owner by such delinquency date, then the District will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided herein against such property owner; and provided further, that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Government Code of the State of California.

**Section 6.11 Further Assurances.** The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Holders of the rights and benefits provided herein.

## ARTICLE VII

### THE FISCAL AGENT

**Section 7.01 The Fiscal Agent.** U.S. Bank National Association at its Principal Corporate Trust Office is hereby appointed Fiscal Agent for the purpose of receiving all money which the District is required to transfer to it hereunder and for applying and using such money as provided herein for the purpose of paying the interest on and principal of and Redemption Premium, if any, on the Local Obligations. The District agrees that it will at all times maintain a Fiscal Agent having a corporate trust office in Los Angeles or San Francisco, California.

The District may remove the Fiscal Agent initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, that any such successor shall be a bank or trust company doing business and having a corporate trust office in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and subject to supervision or

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examination by a federal or state banking authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Fiscal Agent may at any time resign by giving written notice of such resignation to the District and by giving notice of such resignation by mail pursuant to Section 11.09 to the Holders, and upon receiving such notice of resignation, the District shall promptly appoint a successor Fiscal Agent by an instrument in writing having the qualifications required hereby. Any resignation or removal of a Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon the acceptance of appointment by the successor Fiscal Agent. If within thirty (30) days after notice of the removal or resignation of the Fiscal Agent no successor Fiscal Agent shall have been appointed by the District and shall have accepted such appointment, the removed or resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Fiscal Agent having the qualifications required hereby.

The Fiscal Agent is hereby authorized to pay interest on the Local Obligations due on or before the maturity or prior redemption thereof to the Holders as their names appear, at the close of business as of the fifteenth day of the calendar month preceding the calendar month in which the applicable Interest Payment Date falls, on the registration books required to be kept by it pursuant to Section 2.05 as the registered owners thereof, such interest to be paid by check mailed by first class mail to the Holders at their addresses appearing on such books, except that in the case of a Holder of one million dollars (\$1,000,000) or more in principal amount of Local Obligations then Outstanding, payment shall be made at such Holder's option by wire transfer on each such Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such Holder to the Fiscal Agent at least fifteen (15) days before each such Interest Payment Date, and to pay to the Holders the principal of and Redemption Premium, if any, on the Local Obligations upon presentation and surrender of the Local Obligations to the Fiscal Agent at maturity or on redemption prior to maturity. The Fiscal Agent shall cancel and destroy all Local Obligations paid by it at maturity or on redemption prior to maturity and all Local Obligations surrendered to it by the District, and shall deliver to the District a certificate of such destruction, and the Fiscal Agent shall keep accurate records of all Local Obligations cancelled and destroyed by it hereunder. All money held by or on behalf of the Fiscal Agent for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, whether at maturity or upon prior redemption, shall be held in trust for the account of the Holders thereof, and the Fiscal Agent shall not be required to pay Holders or the District any interest on, or be liable to the District, the Holders or any other person for any interest earned on, any money so held.

The District shall from time to time, subject to any agreement between the District and the Fiscal Agent then in force, pay the Fiscal Agent compensation for its services, reimburse the Fiscal Agent for all its advances and expenditures, including but not limited to advances to and fees and expenses by independent accountants, counsel and engineers or other experts employed by it in the exercise and performance of its rights and obligations hereunder, and indemnify and save the Fiscal Agent harmless against loss, expenses, costs, claims and liabilities (including without limitation those of its attorneys and agents) not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its rights and obligations hereunder, which obligation shall survive the resignation or removal of any Fiscal Agent or the defeasance of the Local Obligations.

**Section 7.02 Duties, Immunities and Liability of the Fiscal Agent.**

(a) The recitals of facts, agreements and covenants contained herein and in the Local Obligations shall be taken as statements, agreements and covenants of the District, and the Fiscal Agent does not assume any responsibility for the correctness of the same and does not make any representation as to the sufficiency or validity hereof or of the Local Obligations or of the Special Tax, or as to the financial or technical feasibility of the Improvements, and shall not incur any responsibility in respect thereof other than in connection with the rights and obligations expressly assigned to or imposed upon it herein or in the Local Obligations, and shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. The Fiscal Agent shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts, and no provision hereof shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any liability for the performance of its duties hereunder, or in the exercise of any of its rights or powers hereunder.

(b) The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts. The Fiscal Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, but the Fiscal Agent shall be answerable for the negligence or misconduct of any such attorney, agent, or receiver selected by it; provided that the Fiscal Agent shall not be answerable for the negligence or misconduct of any attorney or certified public accountant selected by it with due care.

(c) The Fiscal Agent shall perform only those duties expressly set forth in the Indenture and no implied duties or obligations shall be read into the Indenture against the Fiscal Agent.

(d) The Fiscal Agent shall not have any responsibility with respect to any information, statement or recital contained in any official statement, offering memorandum or any other disclosure material prepared or distributed by the District with respect to any of the Local Obligations.

(e) No provision in this Indenture shall require the Fiscal Agent to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder. The Fiscal Agent shall be entitled to interest on all moneys advanced by it hereunder at its prime rate then in effect plus two percent.

(f) In accepting the trust hereby created, the Fiscal Agent acts solely as Fiscal Agent for the Owners and not in its individual capacity, and under no circumstances shall the Fiscal Agent be liable in its individual capacity for the obligations evidenced by the Local Obligations.

(g) The Fiscal Agent makes no representation or warranty, express or implied, as to the compliance with legal requirements of the use contemplated by the Issuer of the funds under this Indenture.

(h) The Fiscal Agent shall not be responsible for the validity or effectiveness or value of any collateral or security securing the Local Obligations. The Fiscal Agent shall not be

responsible for the recording or filing of any document relating to this Agreement or the Local Obligations or of financing statements (or continuation statements in connection therewith) or mortgage or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests or lien on or in any collateral or security securing the Local Obligations. The Fiscal Agent shall not be deemed to have made representations as to the security afforded thereby or as to the validity or sufficiency of any such document, collateral or security.

(i) The Fiscal Agent shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof at its corporate trust office in San Francisco, California.

(j) The Fiscal Agent shall not be accountable for the use or application by the Issuer or any other party of any funds which the Fiscal Agent has released under this Indenture.

(k) The Fiscal Agent shall provide a monthly accounting of all Funds held pursuant to this Indenture (and all funds held by the Fiscal Agent as Fiscal Agent or fiscal agent pursuant to the Local Obligations) to the Issuer within fifteen (15) Business Days after the end of such month and shall provide statements of account for each annual period beginning July 1 and ending June 30, within 90 days after the end of such period. Such accounting shall show in reasonable detail all financial transactions during the accounting period and the balance in any Funds and accounts created under this Indenture as of the beginning and close of such accounting period.

(l) The Fiscal Agent makes no representations with respect to any information, statement, or recital in, and shall have no liability with respect to, any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Local Obligations.

**Section 7.03 Notice to the Fiscal Agent.** The Fiscal Agent shall be protected in acting upon any bond, Certificate of the District, consent, notice, opinion, report, resolution, Written Request of the District or other document or paper believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, including, without limitation, counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection with respect to any action taken or suffered hereunder in good faith and in accordance therewith.

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

**Section 7.04 Merger or Consolidation.** Any company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Fiscal

Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under Section 7.01 hereof, shall succeed to the rights and obligations of such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

**Section 7.05 Right to Rely on Documents.** The Fiscal Agent may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, who may be counsel of or to the Issuer, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by this Indenture the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officer's Certificate, and such Officer's Certificate shall be full warrant to the Fiscal Agent for any action taken or suffered or omitted in good faith under the provisions of this Indenture in reliance upon such Officer's Certificate, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Fiscal Agent shall be entitled to advice of counsel and other professionals or agents concerning all matters of trust and its duty hereunder, but the Fiscal Agent shall not be answerable for the acts or omissions of any agent, attorney-at-law, certified public accountant, or other professional if such agent, attorney-at-law, certified public accountant or other professional was selected by the Fiscal Agent with due care.

**Section 7.06 Preservation and Inspection of Documents.** All documents received by the Fiscal Agent under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon prior notice to the inspection of the Issuer, the Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Local Obligations, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

**Section 7.07 Indemnity for Fiscal Agent.** Before taking any action or exercising any rights or powers under this Indenture, the Fiscal Agent may require that satisfactory indemnity be furnished to it for the reimbursement of all costs and expenses which it may incur and to indemnify it against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

## ARTICLE VIII

### AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE

**Section 8.01 Amendment or Supplement by Consent of Holders.** The Indenture and the rights and obligations of the District and of the Holders may be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the District and the Fiscal Agent, which Supplemental Indenture shall become binding when the written consents of the Holders of

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sixty percent (60%) or more in aggregate principal amount of the Local Obligations then Outstanding, exclusive of Local Obligations disqualified as provided in Section 8.02, are filed with the Fiscal Agent. For this purpose, the purchase and acceptance of Additional Parity Obligations or Refunding Local Obligations shall be deemed to be the written consent of the Holders thereof to any such amendment or supplement provided that the terms thereof are disclosed to such Holders prior to the effectiveness of any binding agreement to purchase such Additional Parity Obligations or Refunding Local Obligations. No such amendment or supplement shall (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the District to pay the interest on or principal of or Mandatory Sinking Account Payment for or Redemption Premium, if any, on any Local Obligation at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the Holder of such Local Obligation, or (2) permit the issuance by the District of any obligations payable from the proceeds of the Special Tax other than the Local Obligations (including Refunding Local Obligations and Additional Parity Obligations) as provided herein, or jeopardize the ability of the District to levy and collect the Special Tax, or (3) reduce the percentage of Local Obligations required for the written consent to any such amendment or supplement, or (4) modify any rights or obligations of the Fiscal Agent without its prior written assent thereto.

The Indenture and the rights and obligations of the District and of the Holders may also be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the District and the Fiscal Agent, which Supplemental Indenture shall become binding upon execution without the prior written consent of any Holders, but only to the extent permitted by law and after receiving an approving Opinion of Counsel and only for any one or more of the following purposes:

(a) To add to the agreements and covenants required herein to be performed by the District other agreements and covenants thereafter to be performed by the District which shall not (in the opinion of the District) adversely affect the interests of the Holders, or to surrender any right or power reserved herein to or conferred herein upon the District which shall not (in the opinion of the District) adversely affect the interests of the Holders;

(b) To make such provisions for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein or in regard to questions arising hereunder which the District may deem desirable or necessary and not inconsistent herewith and which shall not (in the opinion of the District) adversely affect the interests of the Holders;

(c) To authorize the issuance under and subject to the Law of any refunding Local Obligations for any of the Local Obligations and to provide the conditions and terms under which such refunding Local Obligations may be issued subject to Section 2.02;

(d) To authorize the issuance under and subject to the Law of Additional Parity Obligations and to provide the conditions and terms under which such bonds may be issued subject to Section 2.08;

(e) To make such additions, deletions or modifications as may be necessary or appropriate to ensure exclusion from gross income for purposes of federal income taxation of the interest on the Local Obligations; or



(f) To make such additions, deletions or modifications as may be necessary or appropriate to maintain any then current rating on the Local Obligations.

**Section 8.02 Disqualified Local Obligations.** Local Obligations owned or held for the account of the District shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Local Obligations provided for in this article or in Article VIII, and shall not be entitled to consent to or take any other action provided for in this article or in Article X.

**Section 8.03 Endorsement or Replacement of Local Obligations After Amendment or Supplement.** After the effective date of any action taken as hereinabove provided, the District may determine that the Local Obligations may bear a notation by endorsement in form approved by it as to such action, and in that case upon demand of the Holder of any Local Obligation Outstanding on such effective date and presentation of his Local Obligation for such purpose at the Principal Corporate Trust Office of the Fiscal Agent a suitable notation as to such action shall be made on such Local Obligation. If the District shall so determine, new Local Obligations so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Holder of any Local Obligation Outstanding on such effective date such new Local Obligations shall, upon surrender of such Outstanding Local Obligations, be exchanged at the Principal Corporate Trust Office of the Fiscal Agent, without cost to each Holder, for Local Obligations then Outstanding.

**Section 8.04 Amendment or Supplement by Mutual Consent.** The provisions of this article shall not prevent any Holder from accepting any amendment or supplement as to any particular Local Obligations held by him; provided, that due notation thereof is made on such Local Obligations.

## ARTICLE IX

### REMEDIES OF HOLDERS

**Section 9.01 Remedies of Holders.** Any Holder shall have the right for the equal benefit and protection of all Holders similarly situated:

(a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the District, its Board of Trustees, or any of the officers or employees of the District, and to compel the District, its Board of Trustees, or any such officers or employees to perform and carry out their duties under the Law and the agreements and covenants with the Holders contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Holders; or

(c) by suit in equity upon the nonpayment of the Local Obligations to require the District, its Board of Trustees or its officers and employees to account as the Fiscal Agent of an express trust.

**Section 9.02 Non-waiver.** Nothing in this article or in any other provision herein or in the Local Obligations shall affect or impair the obligation of the District, which is absolute and

unconditional, to pay the interest on and principal of and Redemption Premium, if any, on the Local Obligations to the respective Holders of the Local Obligations at the respective dates of maturity or upon redemption prior to maturity as provided herein from the proceeds of the Special Tax and the other funds provided herein, or shall affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Local Obligations.

A waiver of any default or breach of duty or contract by any Holder shall not affect any subsequent default or breach of duty or contract and shall not impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right and remedy conferred upon the Holders by the Law or hereby may be enforced and exercised from time to time and as often as shall be deemed expedient by the Holders.

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

**Section 9.03 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and 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 without exhausting and without regard to any other remedy conferred by the Law or any other law.

## ARTICLE X

### DEFEASANCE

#### **Section 10.01 Discharge of the Local Obligations.**

(a) If the District shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding Local Obligations the interest thereon and the principal thereof and the Redemption Premium, if any, thereon at the times and in the manner stipulated therein and herein, then all agreements, covenants and other obligations of the District to the Holders of such Local Obligations hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Fiscal Agent shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Fiscal Agent shall pay over or deliver to the District for deposit in the Community Facilities Fund all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and Redemption Premium, if any, on such Local Obligations.

(b) Any Outstanding Local Obligations shall on the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall be on deposit with the Fiscal Agent money which is sufficient to pay the interest due on such Local Obligations on such date and the principal and Redemption Premium, if any, due on such Local Obligations on such date.

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(c) Any Outstanding Local Obligations shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this section if (1) in case any of such Local Obligations are to be redeemed on any date prior to their maturity date, the District shall have agreed to mail pursuant to Section 11.09 a notice of redemption to the respective Holders of all such Outstanding Local Obligations and to such securities depositories or securities information services selected by it pursuant to Section 4.03, (2) there shall have been deposited with an escrow agent or the Fiscal Agent either money in an amount which shall be sufficient or Federal Securities which are not subject to redemption except by the holder thereof prior to maturity (including any Federal Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or municipal obligations which have been defeased with Federal Securities and which are rated in the highest rating category by either Moody's or Standard & Poor's, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with such escrow agent or the Fiscal Agent at the same time, shall be sufficient to pay when due the interest to become due on such Local Obligations on and prior to the maturity dates or redemption dates thereof, as the case may be, and the principal of and Redemption Premium, if any, on such Local Obligations on and prior to the maturity dates or the redemption dates thereof, as the case may be, as evidenced by a report of an Independent Certified Public Accountant or nationally recognized, independent municipal finance consultant, on file with the District and the Fiscal Agent, and (3) in the event such Local Obligations are not by their terms subject to redemption within the next succeeding ninety (90) days, the District shall have agreed to mail pursuant to Section 11.09 a notice to the Holders of such Local Obligations and to such securities depositories and securities information services selected by it pursuant to Section 4.03 that the deposit required by clause (2) above has been made with such escrow agent or the Fiscal Agent and that such Local Obligations are deemed to have been paid in accordance with this section and stating the maturity dates or redemption dates, as the case may be, upon which money is to be available for the payment of the principal of and Redemption Premium, if any, on such Local Obligations.

**Section 10.02 Unclaimed Money.** Anything contained herein to the contrary notwithstanding, any money held by the Fiscal Agent in trust for the payment and discharge of any of the Local Obligations or any interest thereon which remains unclaimed for two (2) years after the date when such Local Obligations or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Fiscal Agent on such date, or for two (2) years after the date of deposit of such money if deposited with the Fiscal Agent after the date when such Local Obligations or interest thereon became due and payable, shall be repaid by the Fiscal Agent to the District as its absolute property free from trust for deposit in the Community Facilities Fund and for use in accordance with the Law, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Holders shall look only to the District for the payment of such Local Obligations and interest thereon; provided, that before the Fiscal Agent shall be required to make any such repayment the District shall mail pursuant to Section 11.09 a notice to the Holders of all Outstanding Local Obligations and to such securities depositories and securities information services selected pursuant to Section 4.03 that such money remains unclaimed and that after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District for deposit in the Community Facilities Fund.

## ARTICLE XI

### MISCELLANEOUS

**Section 11.01 Liability of District Limited to Proceeds of the Special Tax.** Notwithstanding anything contained herein, the District shall not be required to advance any money derived from any source of income other than the proceeds of the Special Tax and the other funds as provided herein for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations.

The Local Obligations are special tax obligations of the District and the interest on and principal of and Redemption Premium, if any, on the Local Obligations are payable solely from the proceeds of the Special Tax and such other funds, and the District is not obligated to pay them except from the proceeds of the Special Tax and such other funds. The General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or Redemption Premium, if any, on the Local Obligations. The Local Obligations are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the District or any of its income or receipts except the proceeds of the Special Tax and such other funds, and neither the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations is a general debt, liability or obligation of the District. The Local Obligations do not constitute an indebtedness of the District within the meaning of any constitutional or statutory debt limitation or restriction, and neither the Board of Trustees nor the District nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations otherwise than from the proceeds of the Special Tax and the other funds as provided herein.

**Section 11.02 Benefits of the Indenture Limited to Certain Parties.** Nothing contained herein, express or implied, is intended to give to any person other than the Board of Trustees, the District, the Fiscal Agent and the Holders any right, remedy or claim under or by reason hereof, and any agreement or covenant required herein to be performed by or on behalf of the Board of Trustees or the District or any officer or employee thereof shall be for the sole and exclusive benefit of the Fiscal Agent and the Holders.

**Section 11.03 Successor is Deemed Included in All References to Predecessor.** Whenever either the Board of Trustees or the District or any officer or employee thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions with respect to the administration, control and management of the affairs of the Board of Trustees and the District that are presently vested in the Board of Trustees or the District or such officer or employee, and all agreements and covenants required herein to be performed by or on behalf of the Board of Trustees or the District or any officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

**Section 11.04 Execution of Documents by Holders.** Any declaration, request or other instrument which is permitted or required herein to be executed by Holders may be in one or more instruments of similar tenor, and may be executed by Holders in person or by their attorneys duly authorized in writing. The fact and date of the execution by any Holder or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by

the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness to such execution duly sworn to before such notary public or other officer. The ownership of Local Obligations and the amount, maturity, number and date of holding the same shall be proved by the registration books required to be kept by the Fiscal Agent pursuant to Section 2.05.

Any declaration, request or other instrument or writing of the Holder of any Local Obligation shall bind all future Holders of such Local Obligation with respect to anything done or suffered to be done by the District in good faith and in accordance therewith.

**Section 11.05 Deposit and Investment of Moneys in Funds.** All money held by the Associate Superintendent, Business Services in any fund established herein shall be deposited by the Associate Superintendent, Business Services in Legal Investments, and shall be secured at all times by such obligations as are required by law to the fullest extent required by law. All money held by the Fiscal Agent in the Redemption Fund and Expense Fund shall be invested by the Fiscal Agent in Legal Investments upon the written direction of the District. In the absence of a written investment direction of the District, the Fiscal Agent shall invest such moneys in a taxable money market portfolio composed of or fully secured by U.S. government securities. The Fiscal Agent may rely upon any investment direction from the District as a certification to the Fiscal Agent that such investment constitutes a Legal Investment. The Fiscal Agent (or any of its affiliates) may act as principal or agent or as sponsor, advisor or manager in connection with the making of any investment by the Fiscal Agent hereunder and may impose its customary charges therefor, and the Fiscal Agent shall not be responsible for any loss suffered in connection with any investment made in accordance herewith.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law; provided, that the Fiscal Agent will furnish the District periodic cash transaction statements which include details for all investment transactions made by the Fiscal Agent hereunder.

All interest received on any such money so deposited or invested which exceeds the requirements of the fund from which such money was deposited or invested shall (subject to the requirements of Section 6.03) be deposited in the Redemption Fund, and all losses on any such money so deposited or invested shall be borne by the fund from which the deposit or investment was made.

**Section 11.06 Waiver of Personal Liability.** No member of the Board of Trustees or officer or employee of the District shall be individually or personally liable for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, but nothing herein contained shall relieve any member of the Board of Trustees or officer or employee of the District from the performance of any official duty provided hereby or by the Law or by any other applicable provisions of law.

**Section 11.07 Acquisition of Local Obligations by District.** All Local Obligations acquired by the District, whether by purchase or gift or otherwise, shall be surrendered to the Fiscal Agent for cancellation and destruction by it.

**Section 11.08 Content of Certificates and Reports.** Every certificate or report with respect to compliance with an agreement, condition, covenant or term provided herein shall include (a) a statement that the person or persons making or giving such certificate or report have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the opinion contained in such certificate or report is based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any such certificate made or given by an officer of the District may be based, insofar as it relates to legal matters, upon a representation made in an Opinion of Counsel unless such officer knows that the representation with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any such Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the District, upon a representation by an officer or officers of the District unless the counsel giving such Opinion of Counsel knows that the representation with respect to the matters upon which his representation may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

**Section 11.09 Notice by Mail.** Any notice required to be given by mail to any Holders or to any securities depositories or securities information services shall be given by mailing a copy of such notice, first class postage prepaid, to such Holders at their addresses appearing in the books required to be kept by the Fiscal Agent pursuant to the provisions of Section 2.05 or to such securities depositories or securities information services not less than thirty (30) days nor more than sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given; provided, that neither failure to receive any such notice nor any immaterial defect contained therein shall affect the sufficiency or validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

**Section 11.10 Maintenance of Funds.** Any fund required herein to be established and maintained by the Associate Superintendent, Business Services or the Fiscal Agent may be maintained by the Associate Superintendent, Business Services or the Fiscal Agent, as the case may be, in its accounting records in its customary manner either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any financial reports or statements with respect thereto, be treated either as an account or as a fund; but all such accounting records with respect to all such accounts and funds shall at all times be maintained by the Associate Superintendent, Business Services and the Fiscal Agent in accordance with industry standards and with due regard for the protection of the security of the Local Obligations and the rights of the Holders.

**Section 11.11 Article and Section Headings, Gender and References.** The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the construction, effect or meaning hereof,

and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding articles, sections or subdivisions hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular article, section or subdivision hereof.

**Section 11.12 Partial Invalidity.** If any one or more of the agreements, conditions, covenants or terms or portions thereof required hereby to be observed or performed by the District or the Fiscal Agent should be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants or terms or portions thereof and shall in no way affect the validity hereof or of the Local Obligations; and the Holders shall retain all the rights and benefits accorded to them under the Law or any other applicable provisions of law. The District hereby declares that it would have executed the Indenture and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Local Obligations pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**Section 11.13 Execution in Counterparts.** The Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument

**Section 11.14 Governing Law.** The Indenture shall be governed by and construed and interpreted in accordance with the laws of the State of California.

**Section 11.15 Notices.** All written notices to be given hereunder shall be given by first class mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the District:                    San Dieguito Union High School District  
710 Encinitas Blvd.  
Encinitas, California 92024  
Attention: Associate Superintendent, Business Services

If to the Fiscal Agent:            U.S. Bank National Association  
633 W. 5th Street, 24th Floor  
Los Angeles, California 90071  
Attention: Global Corporate Trust Services

**Section 11.16 Effective Date of the Indenture.** The Indenture shall take effect from and after its execution and delivery.

IN WITNESS WHEREOF, the San Dieguito Union High School District has caused the Indenture to be signed in its name by its Associate Superintendent, Business Services and to be attested by the Clerk of the Board of Trustees of the District, and U.S. Bank National Association, as Fiscal Agent, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be signed in its corporate name by its officer thereunto duly authorized and attested by one of its authorized officers, all as of the date and year first above written.

**SAN DIEGUITO UNION HIGH SCHOOL  
DISTRICT**

By \_\_\_\_\_  
Associate Superintendent, Business Services

ATTEST:

\_\_\_\_\_  
President of the Board of Trustees of the District

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

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



**EXHIBIT A****FORMS OF BOND, FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION AND  
ASSIGNMENT**

[FORM OF BOND]

No. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF SAN DIEGOSAN DIEGUITO UNION HIGH SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 95-1  
SPECIAL TAX REVENUE BOND, SERIES 2018***Interest Rate******Maturity Date******Bond Date***

%

March 1, 20\_\_

October \_\_, 2018

REGISTERED OWNER: U.S. Bank National Association as Trustee for the San Dieguito  
School Facilities Financing Authority Special Tax Revenue Bonds,  
Series 2018

PRINCIPAL AMOUNT:

DOLLARS

The San Dieguito Union High School District, a municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "District"), for value received, hereby promises to pay (but only out of the proceeds of the Special Tax hereinafter referred to and certain other funds as described herein) to the registered owner set forth above on the maturity date set forth above (subject to any right of prior redemption hereinafter provided for) the principal amount set forth above, together with interest thereon computed on the basis of a 360-day year of twelve (12) 30-day calendar months from the Interest Payment Date next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event it shall bear interest from the Bond Date shown above until the principal hereof shall have been paid, at the interest rate per annum set forth above, payable semiannually on March 1 and September 1 in each year, commencing on September 1, 2019. The interest on and principal of and redemption premium, if any, on this Bond are payable in lawful money of the United States of America at the Principal Corporate Trust Office (as that term is defined in the Indenture hereinafter referred to, and herein the "Principal Corporate Trust Office") of U.S. Bank National Association, as Fiscal Agent for the Bonds, or any other bank or trust company at its principal corporate trust office which may at any time be substituted in its place as provided in the Indenture hereinafter referred to (the "Fiscal Agent"). The interest on this Bond due on or before the maturity or prior redemption hereof shall be payable only to the person whose name appears in the registration books required to be kept by the Fiscal Agent as the

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registered owner hereof at the close of business as of the fifteenth (15th) day of the calendar month preceding the month in which the applicable Interest Payment Date falls, such interest to be paid by check mailed by first class mail on each such Interest Payment Date to such registered owner at his address as it appears on such books, except that in the case of a registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds then outstanding, payment shall be made at such owner's option by wire transfer on each such Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such owner to the Fiscal Agent at least fifteen (15) days before such Interest Payment Date. The principal of and redemption premium, if any, on this Bond shall be payable only to the person whose name appears in such registration books as the registered owner hereof, such principal and redemption premium, if any, to be paid only on the surrender of this Bond at the Principal Corporate Trust Office of the Fiscal Agent at maturity or on redemption prior to maturity.

This Bond is one of a duly authorized issue of Bonds in the aggregate principal amount of [\$Par Amount] issued by the District for the San Dieguito Union High School District Community Facilities District 95-1 (the "Community Facilities District") located in Encinitas, California, designated the "San Dieguito Union High School District Community Facilities District 95-1 Special Tax Revenue Bonds, Series 2018" (the "Bonds"), which Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 *et seq.* of the Government Code of the State of California) and all laws amendatory thereof or supplemental thereto (the "Law") and under and pursuant to the provisions of an Indenture, dated as of October 1, 2018 (the "Indenture") between the District and U.S. Bank National Association, as Fiscal Agent, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, denominations, maturities, interest rates or redemption provisions). All Bonds, including the Bonds, are equally and ratably secured in accordance with the terms and conditions of the Indenture (copies of which are on file at the office of the Clerk of the District and at the above-mentioned office of the Fiscal Agent), and reference is hereby made to the Law and to the Indenture and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued and for the rights of the registered owners of the Bonds; and all the terms of the Law and the Indenture are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond, to all the provisions of which the registered owner of this Bond, by his acceptance hereof, agrees and consents; and each subsequent registered owner hereof shall have recourse to all the provisions of the Law and the Indenture and shall be bound by all the terms and conditions thereof.

The Bonds are issued to provide funds to refinance and defease the Prior CFD Loans (as that term is defined in the Indenture). The Bonds are special tax obligations of the District and the interest on and principal of and redemption premium, if any, on the Bonds are payable solely from the proceeds of the Special Tax (as that term is defined in the Indenture, and herein the "Special Tax") and certain other funds, as provided in the Indenture, and the District is not obligated to pay them except from the proceeds of the Special Tax and such other funds as so provided. The General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or redemption premium, if any, on the Bonds, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or redemption premium, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the District or any of its income or receipts except the proceeds of the Special Tax and such other funds, as provided in the

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Indenture, and neither the payment of the interest on or principal of or redemption premium, if any, on the Bonds is a general debt, liability or obligation of the District.

The Bonds are subject to redemption by the District prior to their respective maturity dates as a whole or in part on the dates, at the prices and subject to the terms provided in the Indenture.

If less than all outstanding Bonds are to be redeemed at the option of the District at any one time, the District shall select the maturity dates from which the Bonds shall be redeemed, and if less than all the outstanding Bonds of any one maturity date are to be redeemed at any one time, the Fiscal Agent shall select the Bonds or portions thereof of such maturity date to be redeemed in integral multiples of five thousand dollars (\$5,000) by lot in any manner that it deems appropriate.

Notice of redemption of this Bond or any portion hereof shall be mailed by the Fiscal Agent not less than thirty (30) days nor more than sixty (60) days before the redemption date by first class mail to the registered owner hereof and to those securities depositories and securities information services selected by the District in accordance with the Indenture and to the original underwriter of the Bonds, but neither failure to receive any such mailed notice nor any immaterial defect contained therein shall affect the sufficiency or validity of such proceedings for redemption. If notice of redemption has been duly given as aforesaid, then this Bond or the portion thereof to be redeemed shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on this Bond or the portion thereof to be redeemed shall cease to accrue and the registered owner of this Bond shall have no rights in respect hereof except to receive payment of the redemption price of this Bond or the portion thereof to be redeemed, and upon surrender of this Bond if redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner hereof at the expense of the District a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of this Bond so surrendered.

The District has covenanted that, so long as any Bonds are outstanding, it will annually levy against all Taxable Land (as that term is defined in the Indenture) in the Community Facilities District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Indenture, and which in any event will be sufficient to pay the interest on and principal of and redemption premium, if any, on the Bonds as they become due and payable and to pay all current Expenses (as that term is defined in the Indenture) as they become due and payable in accordance with the provisions and terms of the Indenture.

The Bonds are issuable in the form of fully registered Bonds in the denomination of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Bonds maturing at any one time). The registered owner of any Bond or Bonds may surrender the same (together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney) in exchange for an equal aggregate principal amount of Bonds of the same maturity date of any other authorized denominations in the manner, subject to the conditions and upon payment of the charges provided in the Indenture.

The registration of this Bond is transferable on the registration books kept by the Fiscal Agent by the registered owner hereof or by his duly authorized attorney upon surrender of this Bond

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together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity date of authorized denominations in the same aggregate principal amount will be issued to the transferee in exchange therefor in the manner, subject to the conditions and terms and upon payment of the charges provided in the Indenture. The District and the Fiscal Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture, and in certain circumstances without the consent of such registered owners, but no such amendment shall (1) extend the maturity of this Bond or reduce the interest rate hereon or otherwise alter or impair the obligation of the District to pay the interest hereon or principal hereof or redemption premium, if any, hereon at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the registered owner of this Bond, or (2) permit the issuance by the District of any obligations payable from the proceeds of the Special Tax other than the Bonds as provided in the Indenture, or jeopardize the ability of the District to levy and collect the Special Tax, or (3) reduce the percentage of Bonds required for the written consent to an amendment of the Indenture, or (4) codify any rights or obligations of the Fiscal Agent without its prior written assent thereto; all as more fully set forth in the Indenture.

The Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory debt limitation or restriction, and neither the San Dieguito Union High School District nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or redemption premium, if any, on the Bonds other than from the proceeds of the Special Tax and such other funds as may be pledged therefor, as provided in the Indenture.

This Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by an authorized signatory of the Fiscal Agent.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and 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 the amount of this Bond, together with all other obligations of the District and the Community Facilities District, does not exceed any limit prescribed by the laws of the State of California and is not in excess of the principal amount of the Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, the San Dieguito Union High School District has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the President of the Board of the District and countersigned by the manual or facsimile signature of the District Clerk, and has caused this Bond to be dated as of the Bond Date set forth above.

SAN DIEGUITO UNION HIGH SCHOOL  
DISTRICT

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

Countersigned:

\_\_\_\_\_  
Clerk of the Board of Trustees

[FORM OF FISCAL AGENT’S CERTIFICATE OF AUTHENTICATION  
TO APPEAR ON BONDS]

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated on \_\_\_\_\_.

U.S. Bank National Association,  
as Fiscal Agent

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

[FORM OF ASSIGNMENT TO  
APPEAR ON BONDS]

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

\_\_\_\_\_

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

SIGNATURE GUARANTEED BY:

\_\_\_\_\_

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee:

\_\_\_\_\_

ITEM 23D

Form of Local Obligation Purchase Contract

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**

**COMMUNITY FACILITIES DISTRICT NO. 94-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 94-3  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 95-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 95-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-3  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**and**

**COMMUNITY FACILITIES DISTRICT NO. 03-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018**

**LOCAL OBLIGATION PURCHASE CONTRACT**

**dated as of October \_\_, 2018**

San Dieguito Union High School District  
710 Encinitas Blvd.  
Encinitas, CA 92024

Ladies and Gentlemen:

The undersigned San Dieguito School Facilities Financing Authority (the “Authority”) offers to enter into this Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) with you, the Board of Trustees (the “Board of Trustees”) of the San Dieguito Union High School District, acting as the legislative body of the above named community facilities districts (the “District”), which, upon acceptance, will be binding upon the District and the Authority; and except as otherwise provided herein, all capitalized terms used herein shall have the meanings attributed to them in the Trust Agreement, dated as of December 1, 2016 (the “Original Trust Agreement”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented by that First Supplemental Trust Agreement, dated as of October 1, 2018, by and between the Authority and the Trustee (the “First Supplemental Trust Agreement” and, collectively with the Original Trust Agreement, the “Trust Agreement”). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Original Trust Agreement.



1. Purchase, Sale and Delivery of the Obligations.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Authority hereby agrees to purchase from the District, and the District hereby agrees to sell to the Authority, all (but not less than all) of the following securities:

(i) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 94-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 94-2 Local Obligations," and together with the CFD No. 03-1 Local Obligations, the "Local Obligations") issued under an Indenture, dated as of December 1, 2016, as supplemented and amended by a First Supplemental Indenture, dated as of October 1, 2018 (collectively, the "CFD No. 94-2 Indenture"), each by and between the District and U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent");

(ii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 94-3 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 94-3 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 94-3 Indenture");

(iii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 95-1 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 95-1 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 95-1 Indenture");

(iv) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 95-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 95-2 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 95-2 Indenture");

(v) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-1 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-1 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 99-1 Indenture");

(vi) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-2 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 99-2 Indenture");

(vii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-3 Local Obligations") issued under an

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Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the “CFD No. 99-3 Indenture”); and

(viii) \$\_\_\_\_\_ aggregate principal amount of the District’s San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018 (the “CFD No. 03-1 Local Obligations” and together with the CFD No. 94-2 Local Obligations, the CFD No. 94-3 Local Obligations, the CFD No. 95-1 Local Obligations, the CFD No. 95-2 Local Obligations, the CFD No. 99-1 Local Obligations, the CFD No. 99-2 Local Obligations, and the CFD No. 99-3 Local Obligations, the “Local Obligations”) issued under an Indenture, dated as of December 1, 2016, as amended and supplemented pursuant to a First Supplemental Indenture, dated as of October 1, 2018, each by and between the District and U.S. Bank National Association, as Fiscal Agent (collectively, the “CFD No. 03-1 Indenture”, and together with the CFD No. 94-2 Indenture, the CFD No. 94-3 Indenture, the CFD No. 95-1 Indenture, the CFD No. 95-2 Indenture, the CFD No. 99-1 Indenture, the CFD No. 99-2 Indenture, and the CFD No. 99-3 Indenture, the “Indentures”);

all dated the date of their initial delivery, bearing interest payable on the dates and at the interest rates, and maturing on the dates and in the amounts and subject to the optional and mandatory redemption provisions, as set forth in Exhibit A attached hereto and incorporated herein.

The purchase prices for the Local Obligations shall be paid from the proceeds of sale of the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018, issued under the Trust Agreement (the “Authority Bonds”), and such purchase prices shall be:

(i) for the CFD No. 94-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(ii) for the CFD No. 94-3 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(iii) for the CFD No. 95-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(iv) for the CFD No. 95-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(v) for the CFD No. 99-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(vi) for the CFD No. 99-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

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(vii) for the CFD No. 99-3 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_); and

(viii) for the CFD No. 03-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_).

The Local Obligations shall be substantially in the forms described in, shall be issued and secured under the provisions of, and shall be payable as provided in the Indentures, each of which provide for the issuance of the Local Obligations and the registration thereof in the name of the Trustee.

(b) At 9:00 a.m., Pacific Daylight Time, on October \_\_, 2018, or at such earlier or later time or date as shall be agreed by the District and the Authority (such time and date being herein referred to as the “Closing Date”), the District will deliver to the Authority at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (or such other location as may be designated by the Authority and approved by the District) the Local Obligations in definitive forms, duly executed by the District and authenticated by the Fiscal Agent or the Trustee, as the case may be, for each of the Local Obligations, and will deliver to the Authority the other documents herein mentioned; and the Authority will accept such delivery and pay the total purchase price of the Local Obligations as set forth in paragraph (a) of this section as provided in the Trust Agreement (such delivery and payment being herein referred to as the “Closing”).

2. Representations, Warranties and Agreements of the District. The District represents and warrants to and agrees with the Authority that:

(a) The District is and will be at the Closing Date duly organized and existing as a school district under and by virtue of the Constitution and laws of the State of California, with full power and authority to issue the Local Obligations and to carry out and consummate the transactions contemplated by the Local Obligations, the Local Obligation Purchase Contract, the Trust Agreement, and the Indentures (collectively, the “Financing Documents”), and the Financing Documents are and will be at the Closing Date valid and binding obligations of the District;

(b) When delivered to and paid for by the Authority at the Closing in accordance with the provisions of the Local Obligation Purchase Contract, the Local Obligations will have been duly authorized, executed, issued and delivered and will constitute valid and binding obligations of the District in conformity with, and entitled to the benefit and security of, their respective Indentures;

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has authorized and approved the execution and delivery of the Financing Documents, and authorized and approved the performance by the District of the obligations on its part contained in the Financing Documents and has authorized and approved the consummation by the District of all other transactions contemplated by the Local Obligation Purchase Contract;

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(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the knowledge of the District, threatened against the District or its properties or operations (i) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Local Obligations, (ii) in any way contesting or affecting the validity or enforceability of any of the Financing Documents, any proceedings of the District taken concerning the issuance or sale of the Local Obligations, the collection of the special taxes securing the Local Obligations or the existence or powers of the District relating to the issuance of the Local Obligations or (iii) which, if determined adversely to the District or its interests, would have a material and adverse effect on the consummation of the transactions contemplated by or the validity of the Financing Documents or on the operations of the District with respect to the Local Obligations;

(e) The execution and delivery of the Financing Documents, and the consummation of the transactions therein and herein contemplated, and the fulfillment of or compliance with the terms and conditions thereof and hereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents or the operations of the District with respect to the Local Obligations;

(f) The District is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default may have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default under any such instrument;

(g) All approvals, consents, authorizations, certifications and other orders of any governmental authority, board, agency or commission having jurisdiction, and all filings with any such entities, which would constitute conditions precedent to or the failure to obtain which would materially adversely affect the performance by the District of its obligations under the Financing Documents have been duly obtained, and no further consent, approval, authorization or other action or filing with or by any governmental or regulatory authority having jurisdiction over the District is or will be required for the issue and sale of the Local Obligations or the consummation by the District of the other transactions described in the Financing Documents;

(h) The special taxes constituting the security for the Local Obligations have been duly and lawfully authorized under and pursuant to the Mello-Roos Community Facilities

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District Act of 1982 (the “Act”) and such special taxes are secured by a valid and legally binding continuing lien on the land subject to the special taxes as provided in the Act;

(i) The District has authorized and will annually levy and collect special taxes, in addition to amounts necessary to pay debt service on the Local Obligations, in an amount sufficient (subject to any maximum special tax permitted by law) to pay the Expenses (as defined in the Indentures) arising directly from the administration or enforcement of the Local Obligations.

The execution and delivery of the Local Obligation Purchase Contract by the District shall constitute a representation by the District to the Authority that the representations, warranties and agreements contained in this Section 2 are true as of the date hereof; provided, that as to all matters of law the District is relying on the advice of counsel to the District; and provided further, that no member of the Board of Trustees of the District shall be individually liable for the breach of any representation, warranty or agreement contained herein.

3. Conditions to the Purchase of the Local Obligations by the Authority. The obligation of the Authority to accept delivery of and pay for the Local Obligations on the Closing Date shall be subject, at the option of the Authority, to the accuracy in all material respects of the representations, warranties and agreements on the part of the District contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the District made in any certificates, or other documents furnished pursuant to the provisions hereof, and to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Financing Documents shall be in full force and effect in the form heretofore submitted to the Authority and there shall have been taken in connection with the issuance of the Local Obligations and with the transactions contemplated thereby and by the Local Obligation Purchase Contract, all such actions as, in the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”), shall be necessary and appropriate;

(b) At the Closing Date, the Financing Documents shall not have been amended, modified or supplemented, except as may have been agreed to by the Authority;

(c) At or prior to the Closing Date, the Authority and the Trustee shall have received the following documents, in each case satisfactory in form and substance to the Authority:

(1) An executed copy of each of the Financing Documents;

(2) An unqualified approving opinion of Bond Counsel, dated the Closing Date and addressed to the District, as to the validity of the Local Obligations;

(3) An opinion of the District Counsel, dated the Closing Date and addressed to the District and the Authority, in substantially the form attached hereto as Exhibit B; and

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(4) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Authority or Bond Counsel may reasonably request to evidence compliance by the District with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the District contained herein, and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

If the District shall be unable to satisfy the conditions to the Authority's obligations contained in the Local Obligation Purchase Contract, the Local Obligation Purchase Contract shall terminate and neither the Authority nor the District shall have any further obligation hereunder.

4. Expenses. All expenses and costs of the District and the Authority incident to the authorization, issuance and sale of the Local Obligations and the Authority Bonds, including fees and expenses of consultants, the Trustee, Bond Counsel and counsel for the District and the fees and expenses incurred by the Authority in connection with the sale of the Authority Bonds shall be paid by the District and the District agrees that it will pay, from the proceeds of the Local Obligations.

5. Notices. Any notice or other communication to be given to the District under the Local Obligation Purchase Contract may be given by delivering the same in writing at the District's address set forth above, Attention: Executive Director of Planning Services, and any such notice or other communications required to be given to the Authority may be given by delivering the same in writing to the Authority at 710 Encinitas Blvd., Encinitas, CA 92024, Attention: Treasurer. The approval of the Authority when required hereunder or the determination of their satisfaction as to any document referred to herein shall be in writing signed by the Authority and delivered to the District.

6. Parties In Interest; Governing Law. The Local Obligation Purchase Contract is made solely for the benefit of the District, the Authority and the Trustee and no other persons, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. The Local Obligation Purchase Contract shall be governed by the laws of the State of California.

7. Pledge; Assignment. The District hereby approves the pledge and assignment of all of the Authority's right, title and interest in the Local Obligations to the Trustee under the Trust Agreement for the benefit of the Owners of the Authority Bonds.

8. Limitation on Liability. The Authority shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereby, and shall be under no obligation to purchase the Local Obligations hereunder, except from proceeds of the Authority Bonds available therefor held by the Trustee under, and subject to the conditions set forth in, the Trust Agreement. The District shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereunder, except as otherwise provided in Sections 4 and 5 hereof, or be obligated to make any payments with respect to the Local Obligations, except from amounts pledged to the payment of the Local Obligations (including special taxes levied and collected in the applicable community facilities districts) pursuant to the terms thereof.

9. Counterparts. The Local Obligation Purchase Contract may be signed in two or more counterparts; all such counterparts, when signed by all parties, shall constitute but one single agreement.

SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY

By \_\_\_\_\_  
Treasurer

ACCEPTED AND AGREED TO:

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT

By \_\_\_\_\_  
Executive Director of Planning Services

Exhibit A

LOCAL OBLIGATIONS MATURITY SCHEDULES AND REDEMPTION PROVISIONS

**CFD No. 94-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
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2036			
2037			
2038			
2039			
2040			
2041			



**CFD No. 94-3 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
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2036			
2037			
2038			
2039			
2040			

**CFD No. 95-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
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2041			

**CFD No. 95-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
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2047			

**CFD No. 99-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
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2047			

**CFD No. 99-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
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**CFD No. 99-3 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
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2046			

**CFD No. 03-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
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### **Local Obligation Redemption Provisions**

(a) Optional Redemption. The Local Obligations maturing on or after March 1, 2030 are subject to optional redemption by the District prior to their respective maturity dates as a whole or in part on any Interest Payment Date on or after March 1, 2029, from money derived by the District from any source other than such prepayments of the Special Tax, upon mailed notice as provided in the applicable Indenture, at a redemption price equal to 100% of the principal amount of the Local Obligations or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, without premium.

[Remainder of page intentionally left blank]



Exhibit B

[Form of District Counsel Opinion]

October \_\_, 2018

Governing Board  
San Dieguito School Facilities Financing Authority  
Encinitas, California

Board of Trustees  
San Dieguito Union High School District  
Encinitas, California

U.S. Bank National Association  
San Francisco, California

San Dieguito Union High School District  
Community Facilities District No. 94-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 94-3  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 95-1  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 95-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-1  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-3  
Special Tax Revenue Bonds; and

San Dieguito Union High School District  
Community Facilities District No. 03-1  
Special Tax Revenue Bonds

Ladies and Gentlemen:

I have served as counsel to the San Dieguito Union High School District (the “District”) in connection with the issuance, sale and delivery of the above-reference securities (collectively, the “Local Obligations”), and this letter is being delivered pursuant to the Local Obligation Purchase Contract dated as of October \_\_, 2018 (the “Local Obligation Purchase

Contract”) by and between the San Dieguito School Facilities Financing Authority (the “Authority”) and the Board of Trustees of the District, acting as the legislative body for each of the above-referenced community facilities districts of the District, and all capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Local Obligation Purchase Contract.

As such counsel, I have examined and am familiar with (i) those documents relating to the existence, organization and operation of the District; and (ii) all necessary documentation of the District relating to the authorization, execution and delivery of the Local Obligations and all of the Financing Documents.

Based on the foregoing, I am of the opinion that:

1. The District is a school district located in San Diego County (the “County”), duly organized and existing under and by virtue of the Constitution and laws of the State of California.

2. The District has the full legal right, power and authority to execute, deliver and perform its obligations and duties under the Financing Documents, and the District has complied with the provisions of applicable law in all matters relating to the transactions contemplated by the Financing Documents.

3. The Financing Documents have each been duly authorized, executed and delivered by the District, are each in full force and effect and, assuming due authorization, execution and delivery by the other parties thereto, each constitutes a legal, valid and binding agreement of the District enforceable against the District in accordance with its terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the District of the Financing Documents or the performance by the District of its respective obligations thereunder.

5. The execution and delivery of the Financing Documents by the District, and compliance with the provisions thereof, will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the District, or any commitment, agreement or other instrument to which the District is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the District (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the District and its affairs.

6. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body pending or threatened against or affecting the District or any of its officers in their respective capacities as such which questions the powers of the District referred to in paragraph 2 above or in connection with the transactions contemplated by the Financing Documents, or the validity of the proceedings taken by the District in connection with the authorization, execution or delivery of the Financing Documents, wherein any unfavorable decision, ruling or finding would adversely

ITEM 23D

affect the transactions contemplated thereby or by the Official Statement, or which, in any way, would adversely affect the validity or enforceability of the Financing Documents or, in any material respect, the ability of the District to perform its obligations under the Financing Documents.

Very truly yours,

District Counsel

ITEM 23D

Form of Continuing Disclosure Agreement

## CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (“Disclosure Agreement”), dated as of [\_\_\_\_\_ 1, 2018], is executed and delivered by the SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY (the “Issuer”), and Willdan Financial Services, as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of \$ aggregate principal amount of the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement, dated as of December 1, 2016, as amended and supplemented by the First Supplemental Trust Agreement, dated as of [\_\_\_\_\_ 1, 2018] (together, the “Trust Agreement”), between the Issuer and U.S. Bank National Association (the “Trustee”). The proceeds of the Bonds will be used to acquire the Local Obligations (as defined below) and refund certain outstanding bonds of the Authority and the Districts (as defined below), to fund the reserve funds securing the Bonds and to pay costs of issuance of the Bonds. The Issuer and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income purposes.

“Disclosure Representative” shall mean the Executive Director of the Issuer, or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Willdan Financial Services, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee and the Issuer a written acceptance of such designation.

“Districts” shall mean San Dieguito Union High School District Community Facilities District No. 94-2, San Dieguito Union High School District Community Facilities District No. 94-3, San Dieguito Union High School District Community Facilities District No. 95-1, San Dieguito Union High School District Community Facilities District No. 95-2, San Dieguito Union High School District Community Facilities District No. 99-1, San Dieguito Union High

School District Community Facilities District No. 99-2, San Dieguito Union High School District Community Facilities District No. 99-3 and San Dieguito Union High School District Community Facilities District No. 03-1.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“Local Obligations” shall mean, collectively, the San Dieguito Union High School District Community Facilities District No. 94-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 94-3 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 95-1 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 95-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-1 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018 and San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018.

“MSRB” shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

“Official Statement” means the Official Statement for the Bonds dated \_\_\_\_\_, 2016.

“Owners” shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

“Participating Underwriter” shall mean Piper Jaffray & Co.

“Repository” shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Rule” shall mean 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.

“School District” shall mean the San Dieguito Union High School District.

### Section 3. Provision of Annual Reports.

(a) The Issuer shall, or upon written direction shall cause the Dissemination Agent to, not later than April 1 after the end of the Issuer’s Fiscal Year (currently June 30) commencing

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with the report due by April 1, 2019, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer and the School District, if any exist, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the fiscal year of the Issuer or the School District changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(d). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) Not later than (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to inquire if the Issuer is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent in a timely manner shall send a notice to the Repository, in the form required by the Repository.

(d) The Dissemination Agent shall:

- (i) determine each year prior to date for providing the Annual Report the name and address of the Repository if other than the MSRB; and
- (ii) file a report with the Issuer certifying that the Annual Report has been sent to the Repository and the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Agreement, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the Issuer and the School District for the prior fiscal year, if any have been prepared and which, if prepared, shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board; provided, however, that the Issuer and the School District may, from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Issuer or the School District shall modify the basis upon which its financial statements are prepared, the Issuer or the School District, as applicable, shall provide the information referenced in Section 8 below. If the Issuer or the School District are preparing

audited financial statements and such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following: [UPDATE]

- (i) the principal amount of Bonds outstanding as of the September 2 preceding the filing of the Annual Report;
- (ii) the balance in each fund under the Trust Agreement and the Reserve Requirement as of the September 2 preceding the filing of the Annual Report;
- (iii) any changes to the Rates and Methods of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a description of any parcels for which the Special Taxes have been prepaid in the Fiscal Year for which the Annual Report is being prepared;
- (iv) an update of Tables [\_\_\_\_\_] in the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the current fiscal year;
- (v) the status of any foreclosure actions being pursued by the Districts with respect to delinquent Special Taxes; and
- (vi) any information not already included under (i) through (v) above that the Districts are required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

#### Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

- (i) principal and interest payment delinquencies;



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- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
- (vi) tender offers;
- (vii) defeasances;
- (viii) ratings changes; and
- (ix) bankruptcy, insolvency, receivership or similar proceedings.

Note: for the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) unless described in paragraph 5(a)(v) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (ii) the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

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- (iii) appointment of a successor or additional trustee or the change of the name of a trustee;
- (iv) nonpayment related defaults;
- (v) modifications to the rights of Owners of the Bonds;
- (vi) notices of redemption; and
- (vii) release, substitution or sale of property securing repayment of the Bonds.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under Section 5(b) above, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file a notice of such occurrence with the Repository in a timely manner not more than 10 business days after the event.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Issuer and that the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent shall be Willdan Financial Services. The Dissemination Agent may resign by providing thirty (30) days written notice to the Issuer and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver related to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in

legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking hereunder, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment related to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful

misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

Issuer: San Dieguito School Facilities Financing  
Authority  
710 Encinitas Boulevard  
Encinitas, California 92024  
Attention: Executive Director

Dissemination Agent: Willdan Financial Services

Participating Underwriter: Piper Jaffray & Co.  
One Montgomery Street, 35th Floor  
San Francisco, California 94104  
Attention: Ralph Holmes

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notice or communications should be sent.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

WILLDAN FINANCIAL SERVICES, as  
Dissemination Agent

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

ITEM 23D

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 95-2 OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$7,000,000 AGGREGATE PRINCIPAL AMOUNT OF BONDED INDEBTEDNESS OF SUCH COMMUNITY FACILITIES DISTRICT NO. 95-2, PRESCRIBING THE TERMS OF SALE, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A LOCAL OBLIGATION PURCHASE CONTRACT, AND A CONTINUING DISCLOSURE CERTIFICATE, AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS**

**WHEREAS**, the Board of Trustees (the “Board of Trustees”) of the San Dieguito Union High School District (the “District”) has heretofore established Community Facilities District No. 95-2 (“CFD 95-2”) along with eight other community facilities districts (collectively, the “CFDs”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, consisting of Sections 53311, et seq., of the California Government Code (the “Act”) (collectively with CFD 95-2, the “CFDs”) in order to finance and reimburse the construction of various public facilities benefitting the CFDs; and

**WHEREAS**, pursuant to a resolution adopted on March 21, 1996, and concurrent with the formation of CFD 95-2, the District authorized the levy of special taxes within CFD 95-2 and CFD 95-2’s ability to incur indebtedness not to exceed \$50,000,000 to finance the costs of acquiring, leasing and/or constructing various public facilities for the benefit of CFD 95-2; and

**WHEREAS**, in order to assist the CFDs in financing and reimbursing the acquisition and construction of various public facilities (the “CFD Projects”), the San Dieguito Public Facilities Authority (the “Prior JPA”) previously issued its Revenue Bonds, 1998 Series A (Tax Exempt), Revenue Bonds 1998 Series B (Taxable) and Revenue Bonds, Series 2004, each refunded in whole by \$91,125,000 aggregate principal amount of its Revenue Refunding Bonds, Series 2006 (the “Prior JPA Bonds”) pursuant to an Indenture of Trust, dated as of July 1, 2006 (as amended, the “Prior Indenture”), by and between the Prior JPA and U.S. Bank National Association, as trustee; and

**WHEREAS**, the CFDs entered into a loan agreement, dated July 1, 2006 (as amended, the “Prior Loan Agreement”), by and between the CFDs and the Prior JPA, whereby the Prior JPA agreed to lend the CFDs certain funds for the CFD Projects; and

**WHEREAS**, the District has determined to authorize the issuance of additional indebtedness of CFD 95-2 for the purpose of acquiring and constructing various public facilities benefitting CFD 95-2 and prepaying certain obligations under the Prior Loan Agreement (the “Prior CFD Loans”), allowing for the defeasance of certain of the Prior JPA Bonds; and

**WHEREAS**, at this time, the Board of Trustees deems it necessary and desirable to authorize and consummate the sale of a series of bonds designated the “San Dieguito Union High School District Community Facilities District 95-2 Special Tax Revenue Bonds, Series 2018” (the “Local Obligations”) in an aggregate initial principal amount not exceeding \$7,000,000; and

**WHEREAS**, the District has heretofore authorized the formation of the San Dieguito School Facilities Financing Authority (the “Authority”); and

**WHEREAS**, the District desires to sell the Local Obligations to the Authority pursuant to a Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”), and, pursuant to Section 53360.4 of the Act, hereby finds and determines that such sale will result in lower overall cost; and

**WHEREAS**, the Authority is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code to issue its bonds for the purpose of purchasing various local obligations issued by certain local agencies, including the Local Obligations; and

**WHEREAS**, the Authority desires to issue its San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Authority Bonds”), pursuant to a Trust Agreement (the “Trust Agreement”), by and between the Authority and U.S. Bank National Association; and

**WHEREAS**, the District has determined pursuant to Section 6588(v) of the Government Code to sell the Local Obligations to the Authority pursuant to a Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) by and between the District and the Authority, and hereby finds and determines that such sale will result in significant public benefits including demonstrable savings in effective interest rate, bond preparation, bond underwriting discount, original issue discount or bond issuance costs, and a form of Local Obligation Purchase Contract has been prepared; and

**WHEREAS**, in order to provide for the authentication and delivery of the Local Obligations, to establish and declare the terms and conditions upon which the Local Obligations are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the District proposes to enter into an Indenture (the “Indenture”) with U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”), and a form of Indenture has been prepared; and

**WHEREAS**, in order to satisfy the disclosure requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”), the District desires to execute and deliver a Continuing Disclosure Certificate (such Continuing Disclosure Certificate, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Continuing Disclosure Certificate”), a form of which has been prepared; and

**WHEREAS**, the form of a Preliminary Official Statement (the “Preliminary Official Statement”) to be used in connection with the offering and sale of the Authority Bonds has been prepared and is on file with the Board of Trustees; and

**WHEREAS**, the Board of Trustees has been presented with the form of each document referred to herein relating to the financing contemplated hereby, and the Board of Trustees has examined each document and desires to approve, authorize and direct the execution of the forms of Local Obligation Purchase Contract, Indenture, and Continuing Disclosure Agreement and the consummation of such financing; and

**WHEREAS**, the Board of Trustees desires to proceed to issue and sell the Local Obligations and to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the offering, sale and issuance of the Local Obligations;

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

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Trustees of the San Dieguito Union High School District, acting as the legislative body of CFD 95-2, as follows:

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

**Section 2. Authority for Issuance.** The Local Obligations described herein are authorized to be issued pursuant to the Act and other applicable provisions of law, including applicable provisions of the Education Code, in an aggregate principal amount not to exceed \$7,000,000.

**Section 3. Designation of Local Obligations.** The Local Obligations shall be sold in one or more series, to be designated the “San Dieguito Union High School District Community Facilities District 95-2 Special Tax Revenue Bonds, Series 2018,” with such additional designations as may be necessary to distinguish between bonds of different payment mechanisms or features, as authorized hereby.

**Section 4. Sale of Local Obligations; Local Obligation Purchase Contract.** The Superintendent of the District, the Associate Superintendent, Business Services of the District, the Executive Director of Planning Services, or such other officer of the District designated for the purpose (each an “Authorized District Representative”), each alone, are hereby authorized, upon consultation with the Municipal Advisor, to sell all or any portion or series of the Local Obligations to the Authority. The Local Obligation Purchase Contract, in substantially the form on file with the Clerk of this Board, is hereby approved, and the Authorized District Representatives, each alone, are hereby authorized and directed to execute and deliver the Local Obligation Purchase Contract with the Authority, on behalf of the Community Facilities District and the District, subject to such changes or revisions therein as may be acceptable to the Authorized District Representative executing the same, and the District’s approval of all such changes shall be conclusively evidenced by the execution and delivery of the Local Obligation Purchase Contract. The Local Obligation Purchase Contract shall provide: (i) that the aggregate purchase price of the Local Obligations sold thereunder shall be no less than the principal amount of such Local Obligations; and (ii) that the Local Obligations sold thereunder shall otherwise conform to the limitations specified in this Resolution, including specifically those terms prescribed by Section 5 hereof.

**Section 5. Terms of the Local Obligations and Interest Payment.** The Local Obligations shall be issued in the form of current interest bonds. The Board hereby determines that: (1) it is anticipated that the prepayment of the Prior CFD Loans will occur on or about October 26, 2018, or such other date as is described in the Local Obligation Purchase Contract, (2) the Local Obligations shall bear the date, be in the denominations, have the maturity dates (which, in the case



of Local Obligations the proceeds of which are used to prepay Prior CFD Loans, do not exceed the latest maturity date of such Prior CFD Loans), and be payable at the place and be in the form specified in the Indenture, (3) the Local Obligations will bear interest at a rate no less than 0.5 percent per annum, and (4) the designated costs of issuing the Local Obligations being used to refund the Prior CFD Loans, as defined by Section 53363.8 of the Act, shall include all of the costs specified in Section 53363.8(a), (b)(2) and (c) of the Act. The Local Obligation Purchase Contract shall recite the terms of the Local Obligations sold under such document in accordance with this section as determined in the sale thereof, and such terms shall be memorialized in the Indenture described in Section 7 hereof. In satisfaction of the requirements contained in Section 53364.2 of the Act, the Board hereby determines that any savings achieved through the issuance of the Local Obligations shall be used to finance additional facilities authorized to be financed by CFD 95-2.

**Section 6. Tax Treatment of Local Obligations.** All or any portion of the Local Obligations shall be issued as exempt from federal income tax, as an Authorized District Representative shall determine upon consultation with the Municipal Advisor, and according to the terms and conditions as Bond Counsel to the District shall advise are appropriate to and necessary for the issuance of tax-exempt bonds.

**Section 7. Approval of Indenture.** The Indenture relating to the Local Obligations between the District and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent”), in substantially the form submitted to this Board, including the form of Local Obligations included therein, is hereby approved. The Authorized District Representatives, each alone, are hereby authorized to execute and deliver an instrument in substantially said form, completed with the terms of the Local Obligations determined upon the sale thereof, and with such other changes thereto as the Authorized District Representative executing the same may require or approve, and the District’s approval of the Indenture shall be conclusively evidenced by the execution and delivery thereof.

**Section 8. Approval of Continuing Disclosure Certificate.** The Continuing Disclosure Certificate relating to the Local Obligations, in substantially the form on file with the Clerk of this Board, is hereby approved. The Authorized District Representatives, or the designee thereof, each alone, are hereby authorized on behalf of Community Facilities District and the District to execute and deliver the Continuing Disclosure Certificates in substantially the form submitted to this Board, with such changes thereto as deemed necessary in order to permit the purchaser of the Local Obligations to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificates as finally executed and delivered.

**Section 9. Approval of Actions.** The President of this Board of Trustees, the Clerk of this Board of Trustees, the Superintendent of the District, the Associate Superintendent, Business Services of the District, the Executive Director of Planning Services, and any other officer of the District to whom authority is delegated by one of the named officers for the purposes of the Local Obligations, are hereby authorized and directed to execute and deliver any and all certificates and representations, including signature certificates, no-litigation certificates, representation letters to The Depository Trust Company, the Tax Certificate and any other certificates proposed to be distributed in connection with the sale of the Local Obligations, and to enter into any agreements, including depository agreements, commitment letters and agreements with bond insurers, agreements providing for payment of costs of issuance of Local Obligations, and any other agreements, letters, or representations, which any of them deem necessary or desirable to accomplish the transactions authorized herein. If in order to sell the Local Obligations in separate series or to separate purchasers

## ITEM 23E

as authorized herein, the District is required to prepare and deliver additional official statements, Indentures, Local Obligation Purchase Contracts, continuing disclosure certificates, or other authorized documents, the preparation and delivery of such additional documents is hereby authorized. Actions of the Authorized District Representative heretofore taken to accomplish the purposes of this Resolution and consistent herewith are hereby ratified.

**Section 10. Retention of Services.** This Board hereby appoints Piper Jaffray & Co. as Underwriter, Fieldman, Rolapp & Associates, Inc., as Municipal Advisor, and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel, all with respect to the issuance of the Local Obligations. The Authorized District Representatives, each alone, are hereby authorized to execute an agreement with any of the foregoing in order to provide for the provision of the specified services and for payment in respect thereof, together with payment for other costs of issuance of the Bonds or the Local Obligations from proceeds deposited pursuant to the Indenture.

**Section 11. Value of Property.** In accordance with the requirements of Section 53345.8 of the Act, this Board hereby determines that the value of the real property in CFD 95-2 subject to the special tax to pay debt service on the Local Obligations is at least three times the principal amount of the Local Obligations and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within CFD 95-2.

**Section 12. Notice to California Debt and Investment Advisory Commission.** The Authorized District Representative is hereby authorized and directed to cause notices of the proposed sale and final sale of the Local Obligations to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to California Government Code Section 8855 and Section 53359.5.

**Section 13. Good Faith Estimates.** In accordance with California Government Code Section 5852.1, certain estimates are presented in Exhibit A to this Resolution.

**Section 14. Effective Date.** This Resolution shall take effect from and after its date of adoption.

**PASSED AND ADOPTED** this day, September 13, 2018.

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President of the Board of Trustees of the  
San Dieguito Union High School District

ATTEST:

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Clerk of the Board of Trustees of the  
San Dieguito Union High School District

**CLERK'S CERTIFICATE**

I, Joyce Dalessandro, Clerk of the Board of Trustees of the San Dieguito Union High School District, County of San Diego, California, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Trustees of said District duly and regularly held at the regular meeting place thereof on September 13, 2018, and entered in the minutes thereof, of which meeting all of the members of the Board of Trustees had due notice and at which a quorum thereof was present, and that at said meeting the resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

An agenda of the meeting was posted at least 72 hours before the meeting at 710 Encinitas Boulevard, Encinitas, California, a location freely accessible to members of the public, and a brief description of the resolution appeared on the agenda.

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: September 13, \_\_\_\_\_ 2018.

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Clerk of the Board of Trustees of the  
San Dieguito Union High School District

**EXHIBIT A****GOOD FAITH ESTIMATES – CFD NO. 95-2 LOCAL OBLIGATIONS**

The good faith estimates for the CFD No. 95-2 Local Obligations (the “Local Obligations”) set forth herein are provided in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the School District by the Underwriter.

Principal Amount. The Underwriter has informed the School District that, based on the School District’s financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the CFD No. 95-2 Local Obligations to be sold is \$5,725,000 (the “Estimated Principal Amount”). Based on the Estimated Principal Amount, the following good faith estimates are provided:

a) True Interest Cost of the CFD No. 95-2 Local Obligations. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 95-2 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the CFD No. 95-2 Local Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the CFD No. 95-2 Local Obligations, is 4.17%.

b) Finance Charge of the CFD No. 95-2 Local Obligations. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 95-2 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the CFD No. 95-2 Local Obligations, which means the sum of all fees and charges paid to third parties, is \$29,184.99.

c) Amount of Proceeds to be Received. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 95-2 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the School District for sale of the CFD No. 95-2 Local Obligations, less the finance charge of the CFD No. 95-2 Local Obligations paid from CFD No. 95-2 Local Obligations proceeds, and any reserves or capitalized interest to be paid or funded with proceeds of the CFD No. 95-2 Local Obligations, if any, is \$6,071,600.01.

d) Total Payment Amount. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 95-2 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the School District will make to pay debt service on the CFD No. 95-2 Local Obligations, plus the finance charge for the CFD No. 95-2 Local Obligations as described in (b) above not paid with the proceeds of the CFD No. 95-2 Local Obligations, if any, calculated to the final maturity of the CFD No. 95-2 Local Obligations, is \$9,798,997.50.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Local Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Local Obligations being

## ITEM 23E

different than the date assumed for purposes of such estimates, (b) the actual principal amount of Local Obligations sold being different from the Estimated Principal Amounts, (c) the actual amortization of the Local Obligations being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Local Obligations being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the School District's financing plan, or a combination of such factors. The actual date of sale of the Local Obligations and the actual principal amount of Local Obligations sold will be determined by the School District based on the timing of the need for proceeds of the Local Obligations and other factors. The actual interest rates borne by the Local Obligations will depend on market interest rates at the time of sale thereof. The actual amortization of the Local Obligations will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the School District.

ITEM 23E

Form of Indenture

CFD No. 95-2

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**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**

**and**

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

**INDENTURE**

**Dated as of October 1, 2018**

**Relating to the**

**[\$Par Amount]  
San Dieguito Union High School District  
Community Facilities District 95-2  
Special Tax Revenue Bonds, Series 2018**

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## INDENTURE

This Indenture (the “Indenture”) is made and entered into as of October 1, 2018, by and between the SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, a school district located in San Diego County (the “County”), duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “District”), and U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, as Fiscal Agent (the “Fiscal Agent”);

### WITNESSETH:

WHEREAS, on March 21, 1996, the District duly adopted a Resolution establishing the San Dieguito Union High School District Community Facilities District 95-2 (the “Community Facilities District”) for the purpose of financing certain public facilities and public services in and for the Community Facilities District; and

WHEREAS, in order to assist the Community Facilities District in financing and reimbursing the acquisition and construction of various public facilities, among other purposes, the San Dieguito Public Facilities Authority (the “Prior JPA”) previously issued its Revenue Bonds, 1998 Series A (Tax Exempt), Revenue Bonds 1998 Series B (Taxable) and Revenue Bonds, Series 2004, each refunded in whole by \$91,125,000 aggregate principal amount of its Revenue Refunding Bonds, Series 2006 pursuant to an Indenture of Trust dated as of July 1, 2006 by and between the Prior JPA and U.S. Bank National Association, as Fiscal Agent (the “Prior JPA Bonds”); and

WHEREAS, the Community Facilities District entered into a loan agreement, dated July 1, 2006, by and between the Community Facilities District, along with eight other Community Facilities Districts of the San Dieguito Union High School District (collectively, the “CFDs”), and the Prior JPA (the “Prior Loan Agreement”), whereby the Prior JPA agreed to lend the CFDs certain funds; and

WHEREAS, the District has determined to authorize the issuance of additional indebtedness of Community Facilities District for the purpose of acquiring and constructing school facilities benefitting the CFDs and prepaying certain obligations under the Prior Loan Agreement and Installment Purchase Agreements entered into by each of two CFDs with the Prior JPA (collectively, the “Prior CFD Loans”), allowing for the prepayment of certain of the Prior JPA Bonds; and

WHEREAS, the District has heretofore authorized the formation of the San Dieguito School Facilities Financing Authority (the “Authority”); and

WHEREAS, for the purpose of financing the acquisition and construction of various public school facilities benefitting the CFDs and prepaying the Prior CFD Loans and thereby a portion of the Prior JPA Bonds, the District has determined to issue the San Dieguito Union High School District Community Facilities District 95-2 Special Tax Revenue Bonds, Series 2018 (the “Local Obligations”) in the aggregate principal amount of [\$Par Amount] pursuant to and secured by this Indenture; and

## ITEM 23E

WHEREAS, the Authority has agreed to purchase the Local Obligations pursuant to a Local Obligation Purchase Contract between the Authority and the District, dated as of October \_\_, 2018, with a portion of the proceeds of the Authority's Special Tax Revenue Bonds, Series 2018 (collectively, the "Authority Bonds"); and

WHEREAS, all things necessary to cause the Local Obligations, when executed by the District and authenticated by the Fiscal Agent and delivered as provided herein, to be legal special tax obligations of the District, enforceable in accordance with their terms, and to constitute the Indenture a valid agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery hereof and the execution and delivery of the Local Obligations, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THE INDENTURE WITNESSETH, that in order to secure the payment of the interest on and principal of and redemption premium, if any, on all Local Obligations at any time issued and outstanding hereunder according to their tenor, and to secure the observance and performance of all the agreements, conditions, covenants and terms therein and herein set forth, and to declare the conditions and terms upon and subject to which the Local Obligations are to be issued and received, and in consideration of the premises and of the mutual agreements and covenants herein contained and of the purchase and acceptance of the Local Obligations by the respective owners thereof from time to time, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby agree and covenant with the Fiscal Agent, for the benefit of the respective owners from time to time of the Local Obligations, as follows:

## ARTICLE I

### DEFINITIONS; EQUAL SECURITY

**Section 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Indenture and of the Local Obligations and of any certificate, opinion, report, request or other document mentioned herein or therein have the meanings defined herein. The following definitions shall be equally applicable to both the singular and plural forms of any of the terms defined herein.

#### Additional Parity Obligations

"Additional Parity Obligations" means Local Obligations issued pursuant to Section 2.08 hereof.

#### Annual Special Tax

"Annual Special Tax" has the meaning given to that term set forth in the Rate and Method of Apportionment.

#### Associate Superintendent, Business Services

"Associate Superintendent, Business Services" means the Associate Superintendent, Business Services of the District.

Authority

“Authority” means the San Dieguito School Facilities Financing Authority.

Authority Bonds

“Authority Bonds” means, collectively, the San Dieguito School Facilities Financing Authority Subordinate Special Tax Revenue Bonds, Series 2016, and the the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018, and any additional bonds issued by the Authority.

Authority Bonds Trust Agreement

“Authority Bonds Trust Agreement” means the Trust Agreement, dated as of December 1, 2016, between the Authority and the Authority Bonds Trustee providing for the issuance of the Authority Bonds.

Authority Bonds Trustee

“Authority Bonds Trustee” means U.S. Bank National Association, as Trustee under the Authority Bonds Trust Agreement.

Authority Capital Improvement Fund

“Authority Capital Improvement Fund” means the Capital Improvement Fund established pursuant to Section 5.01 of the Authority Bonds Trust Agreement.

Authority Expense Fund

“Authority Expense Fund” means the Expense Fund established pursuant to Section 5.01 of the Authority Bonds Trust Agreement.

Average Annual Debt Service

“Average Annual Debt Service” means, as of any date of calculation, the average Annual Debt Service during the period from the date of such calculation through the final maturity date of any Outstanding bonds of the District.

Board

“Board” means the Board of Trustees of the District.

Bond Year

“Bond Year” means the twelve-month period ending on March 1 of each year except that the first Bond Year shall commence on the date of the initial delivery of the Local Obligations.

### Certificate of the District

“Certificate of the District” means an instrument in writing signed by the Superintendent or the Associate Superintendent, Business Services, or by any other officer of the District duly authorized by the Board of Trustees for that purpose.

### CFD

“CFD” means each of the Community Facilities District No. 03-1, Community Facilities District No. 94-2, Community Facilities District No. 94-1, Community Facilities District No. 95-2, Community Facilities District No. 95-1, Community Facilities District No. 95-2, Community Facilities District No. 99-1, Community Facilities District No. 99-2, and Community Facilities District No. 99-3 formed by the District, and collectively the “CFDs.”

### Code

“Code” means the Internal Revenue Code of 1986 and the regulations issued thereunder from time to time, and in this regard reference to any particular section of the Code shall include reference to any successor to such section of the Code.

### Community Facilities District

“Community Facilities District” means the San Dieguito Union High School District Community Facilities District 95-2, a community facilities district duly organized and existing in the District under and by virtue of the Law.

### Community Facilities Fund

“Community Facilities Fund” means the San Dieguito Union High School District Community Facilities District 95-2 Special Tax Revenue Bonds, Series 2018 Community Facilities Fund established pursuant to Section 5.02.

### Closing Date

“Closing Date” means October \_\_, 2018, the date upon which the Local Obligations are delivered.

### Debt Service

“Debt Service” means, for any period, the sum of (1) the interest payable during such period on all Outstanding Local Obligations, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid as scheduled at the times of and in amounts equal to the sum of all Mandatory Sinking Account Payments (but excluding the amount of any such interest funded from the proceeds of the sale of Local Obligations or investment earnings thereon), plus (2) the principal amount of all Outstanding Serial Bonds maturing by their terms in such period, plus (3) the aggregate amount of all Mandatory Sinking Account Payments required to be deposited in all Sinking Accounts in such period. For purposes of any test for the issuance of Refunding Local Obligations, Debt Service shall be deemed to include Debt Service on the proposed Refunding Local Obligations but shall not include Debt Service on any Local Obligations proposed to be defeased concurrently.

District

“District” means the San Dieguito Union High School District, a public school district located in San Diego County and validly existing under and by virtue of the Constitution and laws of the State of California.

District Clerk

“District Clerk” means the Clerk of the Board of the District.

Expense Fund

“Expense Fund” means the San Dieguito Union High School District Community Facilities District 95-2 Special Tax Revenue Bonds, Series 2018 Expense Fund established pursuant to Section 5.02 and maintained by the Fiscal Agent.

Expenses

“Expenses” means all expenses paid or incurred by the District for the cost of planning and designing the Improvements or the financing of the fees, including the cost of environmental evaluations of the Improvements and the costs associated with the creation of the Community Facilities District, the issuance of the Local Obligations, the determination of the amount of the Special Tax, the collection of the Special Tax and the payment of the Special Tax, or costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District; all as determined in accordance with Generally Accepted Accounting Principles.

Federal Securities

“Federal Securities” means (a) any securities now or hereafter authorized both the interest on and principal of which are guaranteed by the full faith and credit of the United States of America, and (b) any of the following obligations of federal agencies not guaranteed by the United States of America: (1) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation, (2) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act and bonds of any federal home loan bank established under such act, and (3) stocks, bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association or the Federal Home Loan Mortgage Corporation, as and to the extent that such securities or obligations are eligible for the legal investment of District funds, together with any repurchase agreements which are secured by any of such securities or obligations that (1) have a fair market value (determined at least daily) at least equal to one hundred two percent (102%) of the amount invested in the repurchase agreement, (2) are in the possession of the Fiscal Agent or a third party acting solely as agent for the Fiscal Agent who holds a perfected first lien therein, and (3) are free from all third party claims.

Fiscal Agent

“Fiscal Agent” means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, at its Principal Corporate Trust Office, or any other bank or trust company having a corporate trust office in Los Angeles or

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San Francisco, California, which may at any time be substituted in its place as provided in Section 7.01 at its Principal Corporate Trust Office.

Fiscal Year

“Fiscal Year” means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the District as its Fiscal Year in accordance with applicable law.

Generally Accepted Accounting Principles

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

Holder

“Holder” means any person who shall be the registered owner of any Outstanding Local Obligation, as shown on the registration books maintained by the Fiscal Agent pursuant to Section 2.05.

Indenture

“Indenture” means this Indenture and all Supplemental Indentures.

Independent Certified Public Accountant

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the District, and who, or each of whom:

- (1) is in fact independent and not under the domination of the District;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the District; and
- (3) is not connected with the District as an officer or employee of the District, but who may be regularly retained to audit the accounting records of and make reports thereon to the District.

Interest Payment Date

“Interest Payment Date” means March 1 and September 1 of each year, commencing September 1, 2019.



Law

“Law” means the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 *et seq.* of the Government Code of the State of California) and all laws amendatory thereof or supplemental thereto.

Legal Investments

“Legal Investments” means any securities in which funds of the District may be legally invested in accordance with the applicable law in effect at the time of such investment and in accordance with the then current investment policy of the District as determined by the Board, including without limitation the California Asset Management Program pooled investment fund.

Local Obligation Purchase Contract

“Local Obligation Purchase Contract” means the Local Obligation Purchase Contract, dated as of October \_\_, 2018, by and between the Authority and the District providing for the purchase of the Local Obligations by the Authority.

Local Obligations, Serial Bonds, Term Bonds

“Local Obligations” means the principal amount of special tax bonds of the District at any time Outstanding hereunder that are executed, issued and delivered in accordance with the provisions hereof, including the [\$Par Amount] San Dieguito Union High School District Community Facilities District 95-2 Special Tax Revenue Bonds, Series 2018. “Serial Bonds” means the Local Obligations for which no Mandatory Sinking Account Payments are established. “Term Bonds” means the Local Obligations which are redeemable or payable on or before their specified maturity date or dates from the Mandatory Sinking Account Payments established for the purpose of redeeming or paying such Local Obligations on or before their specified maturity date or dates.

Mandatory Sinking Account Payments

“Mandatory Sinking Account Payments” means the payments required by all Supplemental Indentures to be deposited in all Sinking Accounts established for the payment of all Term Bonds.

Maximum Annual Debt Service

“Maximum Annual Debt Service” means the greatest Debt Service in any Bond Year during the period beginning with the then current Bond Year and ending with the Bond Year in which the last Outstanding Local Obligations mature by their terms.

Moody’s

“Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

### Opinion of Counsel

“Opinion of Counsel” means a written opinion of counsel retained or employed by the District (including, without limitation, the appointed attorney of the District).

### Outstanding

“Outstanding,” when used as of any particular time with reference to Local Obligations, means (subject to the provisions of Section 8.02) all Local Obligations except:

- (1) Local Obligations cancelled and destroyed by the Fiscal Agent or delivered to the Fiscal Agent for cancellation and destruction;
- (2) Local Obligations paid or deemed to have been paid within the meaning of Section 10.01; and
- (3) Local Obligations in lieu of or in substitution for which other Local Obligations shall have been executed by the District and authenticated and delivered by the Fiscal Agent pursuant to Section 2.06.

### Principal Corporate Trust Office

“Principal Corporate Trust Office” means the corporate trust office of the original Fiscal Agent in Los Angeles, California, or such other office designated by the Fiscal Agent from time to time as its Principal Corporate Trust Office.

### Prior JPA Bonds

“Prior JPA Bonds” means the Prior JPA’s Revenue Refunding Bonds, Series 2006.

### Prior Loan Agreement

“Prior Loan Agreement” means that certain Loan Agreement by and between the Community Facilities District, along with eight other community facilities districts of the District, and the Prior JPA, dated July 1, 2006 (as amended), related to the Prior CFD Loans and the Prior JPA Bonds.

### Rate and Method of Apportionment

“Rate and Method of Apportionment” means the Rate and Method of Apportionment of Special Taxes for Community Facilities District No. 95-2 of the San Dieguito Union High School District, attached as Exhibit B to the Resolution of Formation of the Board of Trustees of the San Dieguito Union High School District Establishing Community Facilities District No. 95-2 of the San Dieguito Union High School District, Authorizing the Levy of a Special Tax, the Incurrence of Bonded Indebtedness not to exceed \$50,000,000 within Proposed Community Facilities District No. 95-2 and Calling an Election, adopted on March 21, 1996 by the Board of Trustees of the District.

### Redemption Fund

“Redemption Fund” means the San Dieguito Union High School District Community Facilities District 95-2 Special Tax Revenue Bonds, Series 2018 Redemption Fund established pursuant to Section 5.02 and maintained by the Fiscal Agent.

### Redemption Premium

“Redemption Premium,” with respect to the Local Obligations, means such amount in excess of the principal amount of Local Obligations being redeemed as may be necessary to generate sufficient funds to redeem the corresponding maturities of the applicable Authority Bonds on the redemption date.

### Refunding Local Obligations

“Refunding Local Obligations” means Local Obligations issued pursuant to Section 2.02 hereof.

### Resolution of Formation

“Resolution of Formation” means that certain Resolution of Formation of the Community Facilities District, adopted by the District on March 21, 1996.

### Senior Obligations

“Senior Obligations” means the obligations of the Community Facilities District under the Prior Loan Agreement; provided that, for purposes of Sections 2.08 and 2.09, Senior Obligations includes only scheduled obligations due and payable thereunder.

### Special Tax

“Special Tax” means the special tax authorized to be levied and collected annually on all Taxable Land in the Community Facilities District under and pursuant to the Law at the special election held in the Community Facilities District on September 10, 1996 (and at any subsequent election related to annexation of territory into the Community Facilities District, if any), less Senior Obligations, if any.

### Special Tax Fund

“Special Tax Fund” means the San Dieguito Union High School District Community Facilities District 95-2 Special Tax Revenue Bonds, Series 2018 Special Tax Fund established pursuant to Section 5.01.

### Standard & Poor’s

“Standard & Poor’s” or “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC Business, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term

“Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

#### Superintendent

“Superintendent” means the Superintendent of the District or person appointed by the governing board of the District to act in that capacity.

#### Supplemental Indenture

“Supplemental Indenture” means any indenture then in full force and effect that has been made and entered into by the District and the Fiscal Agent, amendatory of or supplemental hereto; but only to the extent that such Supplemental Indenture is specifically authorized hereunder.

#### Tax Certificate

“Tax Certificate” means the certificate delivered upon the issuance of the Local Obligations relating to Section 148 of the Code.

#### Taxable Land

“Taxable Land” means all land within the Community Facilities District taxable under the Law in accordance with the proceedings for the authorization of the issuance of the Local Obligations and the levy and collection of the Special Tax.

#### Written Request of the District

“Written Request of the District” means an instrument in writing signed by the Superintendent or the Associate Superintendent, Business Services, or by any other officer of the District duly authorized by the District for that purpose.

**Section 1.02 Equal Security.** In consideration of the acceptance of the Local Obligations by the Holders thereof, the Indenture shall be deemed to be and shall constitute a contract between the District and the Holders from time to time to secure the full and final payment of the interest on and principal of and Redemption Premium, if any, on all Local Obligations which may from time to time be authorized, sold, executed, authenticated and delivered hereunder, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the District shall be for the equal and proportionate benefit, security and protection of all Holders without distinction, preference or priority as to security or otherwise of any Local Obligations over any other Local Obligations by reason of the number thereof or the time of execution, authentication or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF LOCAL OBLIGATIONS

#### Section 2.01 Authorization and Purpose of Local Obligations.

(a) The Board has reviewed all proceedings heretofore taken relative to the authorization of the Local Obligations and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Local Obligations do exist, have happened and have been performed in due time, form and manner as required by the Law, and the District is now authorized, pursuant to each and every requirement of the Law and hereof, to issue the Local Obligations in the aggregate principal amount of [\$Par Amount] in the form and manner provided herein. The Local Obligations shall be entitled to the benefit, protection and security of the provisions hereof, shall be designated as the "San Dieguito Union High School District Community Facilities District 95-2 Special Tax Refunding Bonds, Series 2018," shall be issued by the District under and pursuant to the Law and under and pursuant hereto. The Local Obligations may contain or have endorsed thereon such other descriptive provisions, specifications and words not inconsistent with the provisions hereof as may be desirable or necessary to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the District prior to the delivery thereof.

(b) The purpose for which the Local Obligations are to be issued is to provide funds to finance or refinance the acquisition and construction of school facilities benefiting the Community Facilities District and to refinance and defease the Prior CFD Loans.

**Section 2.02 Refunding Local Obligations.** The District may at any time after the issuance and delivery of the Local Obligations issue (and the Fiscal Agent shall upon a Written Request of the District authenticate and deliver) Refunding Local Obligations payable from the Special Tax and other assets pledged hereunder and secured by a lien and charge upon the Special Tax and other assets pledged hereunder equal to and on a parity with the lien and charge securing the Outstanding Local Obligations theretofore issued under the Indenture, but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Refunding Local Obligations:

(a) The District shall have delivered or caused to be delivered to the Fiscal Agent the following:

(i) A copy of the resolution adopted by the Board approving the Supplemental Indenture required by subsection (b) of this Section 2.02, and the execution and delivery by the District of such Supplemental Indenture, duly certified by the District Clerk to have been duly adopted by the Board and to be in full force and effect on the date of such certification;

(ii) A Written Request of the District directing that the Fiscal Agent authenticate the Refunding Local Obligations and containing instructions as to the delivery of the Refunding Local Obligations;

(iii) The proceeds of sale of the Refunding Local Obligations;

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(iv) A Certificate of the District stating that the District is not in default in the performance of any of the agreements, conditions, covenants or terms contained in the Indenture;

(v) An original, executed counterpart of the Supplemental Indenture required by subsection (b) of this Section 2.02;

(vi) Directions as to the use of proceeds of the Refunding Local Obligations to refund Local Obligations Outstanding hereunder or to fund capitalized interest; and

(vii) An Opinion of Counsel nationally recognized in the field of municipal finance addressing the validity and tax exempt status of the Refunding Local Obligations, subject to said exceptions as may be reasonable and appropriate.

(b) The issuance of such Refunding Local Obligations shall have been duly authorized under all applicable laws, and the issuance of such Refunding Local Obligations shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(i) The use of proceeds of such Refunding Local Obligations;

(ii) The authorized principal amount of such Refunding Local Obligations;

(iii) The date and the maturity date or dates of such Refunding Local Obligations; provided that (A) maturing principal and Mandatory Sinking Account Payments on the Refunding Local Obligations may occur only on March 1, (B) all such Refunding Local Obligations of like maturity shall be identical in all respects, except as to number, and (C) fixed serial maturities or Mandatory Sinking Account Payments, or any combination thereof, shall be established to provide for the retirement of all such Refunding Local Obligations on or before their respective maturity dates;

(iv) The interest payment dates shall be on March 1 and September 1; provided, that such Refunding Local Obligations may provide for compounding of interest in lieu of payment of interest on such dates;

(v) The authorized denominations of such Refunding Local Obligations to refund Local Obligations Outstanding hereunder or to fund capitalized interest;

(vi) The Redemption Premium, if any, and the redemption terms, if any, for such Refunding Local Obligations;

(vii) The amount and due date of each Mandatory Sinking Account Payment, if any, for such Refunding Local Obligations;

(viii) The amount, if any, of interest to be paid on such Refunding Local Obligations from the proceeds thereof;

(ix) The form of such Refunding Local Obligations; and

(x) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) The Refunding Local Obligations shall be purchased by the Authority.

**Section 2.03 Terms of Local Obligations.**

(a) The interest on and principal of and Redemption Premium, if any, on the Local Obligations shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office of the Fiscal Agent.

(b) The Local Obligations shall be issued as fully registered bonds in such denominations as may be authorized herein and shall be dated as provided herein and shall be numbered as determined by the Fiscal Agent.

(c) Each Local Obligation shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event it shall bear interest from its dated date. Payment of interest on the Local Obligations due on or before the maturity or prior redemption thereof shall be made only to the Holder whose name appears in the registration books required to be kept by the Fiscal Agent pursuant to Section 2.05 at the close of business as of the 15th day of the calendar month preceding the month in which the applicable Interest Payment Date falls, such interest to be paid by check mailed by first class mail on each such Interest Payment Date to such registered owner at his address as it appears on such books, except that in the case of a Holder of one million dollars (\$1,000,000) or more in principal amount of Local Obligations then Outstanding, payment shall be made at such Holder's option by wire transfer on any Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such Holder to the Fiscal Agent at least fifteen (15) days before each such Interest Payment Date. Payment of the principal of and Redemption Premium, if any, on the Local Obligations shall be made only to the Holder whose name appears in the registration books required to be kept by the Fiscal Agent pursuant to Section 2.05, such principal and Redemption Premium, if any, to be paid only on the surrender of the Local Obligations at the Principal Corporate Trust Office of the Fiscal Agent at maturity or on redemption prior to maturity. All such payments of interest and principal and Redemption Premium, if any, on any Local Obligation shall be valid and effectual to satisfy and discharge the liability on such Local Obligation to the extent of the sum or sums so paid.

(d) The Local Obligations shall recite in substance that the interest on and principal of and Redemption Premium, if any, on the Local Obligations are payable solely from the proceeds of the Special Tax, and that the District is not obligated to pay the Local Obligations except from the proceeds of the Special Tax; that the General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, and that no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or Redemption Premium, if any, on the Local Obligations; that the Local Obligations are not secured by a legal or

equitable pledge of or charge, lien or encumbrance upon any of the property of the District or any of its income or receipts except the money in the Special Tax Fund; and that neither the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations is a general debt, liability or obligation of the District.

(e) From and after the issuance of the Local Obligations the findings and determinations of the Board related to the Local Obligations shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such Local Obligations is at issue, and no bona fide purchaser of any of such Local Obligations shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance or to the application of the purchase price paid for such Local Obligations. The validity of the issuance of the of Local Obligations shall not be dependent on or affected in any way by (i) any proceedings taken by the District for the acquisition or construction of any Improvements, or (ii) any contracts made by the District in connection therewith, or (iii) the failure to complete the acquisition or construction of any Improvements. The recital contained in the Local Obligations that the Local Obligations are issued under and pursuant to the Law and under and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance and all Local Obligations shall be incontestable from and after their issuance. The Local Obligations shall be deemed to be issued, within the meaning hereof, whenever the definitive Local Obligations (or any temporary Local Obligations exchangeable therefor) have been delivered to the purchaser thereof and the purchase price thereof received.

**Section 2.04 Execution of Local Obligations.** The Local Obligations shall be signed on behalf of the District by the manual or facsimile signature of the President of the Board and countersigned by the manual or facsimile signature of the Secretary of the Board. In case any officer of the District who shall have signed any of the Local Obligations shall cease to be such officer before the Local Obligations so signed shall have been delivered to the purchaser by the Fiscal Agent, such Local Obligations may nevertheless be delivered and issued and, upon such delivery and issuance, shall be as binding upon the District as though such officer who signed the same had continued to be such officer until such delivery and issuance. Also, any Local Obligation may be signed on behalf of the District by any person who on the actual date of the execution of such Local Obligation shall be the proper officer of the District, although on the nominal date of such Local Obligation such person shall not have been such officer of the District. Only those Local Obligations that bear thereon a certificate of authentication manually executed by the Fiscal Agent shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Fiscal Agent shall be conclusive evidence that the Local Obligations so authenticated have been duly authorized, sold, executed, authenticated and delivered hereunder and are entitled to the benefits hereof.

**Section 2.05 Transfer and Exchange of Local Obligations.** The Fiscal Agent shall keep at its Principal Corporate Trust Office sufficient books for the transfer and exchange of the Local Obligations, which books shall at all times during normal business hours with reasonable prior notice be open to inspection by the District or by any Holder. Any Local Obligation may, in accordance with its terms, be transferred or exchanged on such books by the person in whose name it is registered, in person or by his duly authorized attorney, upon payment by the Holder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange and upon surrender of such Local Obligation for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form acceptable to the Fiscal Agent. Whenever any bond or bonds shall be surrendered for transfer or exchange, the



District shall execute and the Fiscal Agent shall authenticate and deliver a new bond or bonds of the same maturity date and of authorized denominations for the same aggregate principal amount, except that neither the District nor the Fiscal Agent shall be required (i) to transfer or exchange any Local Obligations during the fifteen-day period prior to the selection of any Local Obligations for redemption under Article IV, or (ii) to transfer or exchange any Local Obligation which has been selected for redemption in whole or in part, except the unredeemed portion of such Local Obligation selected for redemption in part, from and after the day that such Local Obligation has been selected for redemption in whole or in part under Article IV.

**Section 2.06 Mutilated, Destroyed, Stolen or Lost Local Obligations.** In case any Local Obligation shall become mutilated in respect of the body of such Local Obligation or shall be believed by the District to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the District and the Fiscal Agent and upon the surrender of such mutilated Local Obligation at the Principal Corporate Trust Office of the Fiscal Agent, or upon the receipt of evidence satisfactory to the District and the Fiscal Agent of such destruction, theft or loss and upon receipt of indemnity satisfactory to the District and the Fiscal Agent, and also upon payment of all expenses incurred by the District and the Fiscal Agent in the premises, the District shall execute and the Fiscal Agent shall authenticate and deliver at its Principal Corporate Trust Office a new bond or bonds of the same maturity date for the same aggregate principal amount in authorized denominations of like tenor and date and bearing such numbers and notations as the Fiscal Agent shall determine in exchange and substitution for and upon cancellation of the mutilated Local Obligation or in lieu of and in substitution for the Local Obligation so destroyed, stolen or lost.

If any such destroyed, stolen or lost Local Obligation shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the Fiscal Agent upon receipt of like proof, indemnity and payment of expenses.

Any replacement Local Obligations issued pursuant to this section shall be entitled to equal and proportionate benefits with all other Local Obligations issued hereunder, and the District and the Fiscal Agent shall not be required to treat both the original Local Obligation and any replacement Local Obligation as being Outstanding for the purpose of determining the principal amount of Local Obligations which may be issued hereunder or for the purpose of determining any percentage of Local Obligations Outstanding hereunder, but both the original and the replacement Local Obligation shall be treated as one and the same.

**Section 2.07 Temporary Local Obligations.** Any Local Obligations may be initially issued in temporary form exchangeable for definitive Local Obligations when ready for delivery. The temporary Local Obligations shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the District, shall be issued in fully registered form, shall contain such reference to any of the provisions hereof as may be appropriate and shall be executed by the District upon the same conditions and in substantially the same manner as the definitive Local Obligations. If the District issues temporary Local Obligations, it shall execute and furnish definitive Local Obligations without delay, and thereupon the temporary Local Obligations may be surrendered in exchange therefor at the Principal Corporate Trust Office of the Fiscal Agent, and the Fiscal Agent shall deliver in exchange for such temporary Local Obligations an equal aggregate principal amount of definitive Local Obligations of authorized denominations of the same maturity date or dates, and until so exchanged, the temporary Local Obligations shall be entitled to the same benefits as definitive Local Obligations issued hereunder.

**Section 2.08 Additional Parity Obligations.** The District covenants that it will not issue any additional obligations on a parity with the Local Obligations hereunder, except as provided below.

(a) the District may issue Refunding Local Obligations pursuant to Section 2.02 hereof;

(b) to the extent permitted by applicable law, the District may issue Additional Parity Obligations if the following conditions have been satisfied: (i) the Maximum Special Tax (as defined in the Rate and Method of Apportionment related to the Community Facilities District) related to the Local Obligations derived from Special Taxes collected from all property within the Community Facilities District is estimated to cover one hundred percent (100%) of the sum of: (x) the debt service in each Fiscal Year of all Senior Obligations, plus (y) the debt service in each Fiscal Year of all Local Obligations (including all proposed Additional Parity Obligations), and; (ii) the assessed property value of all property within the Community Facilities District for the Fiscal Year in which additional parity debt is proposed is at least twenty (20) times the sum of the principal amount of outstanding Senior Obligations and Local Obligations (including any proposed Additional Parity Obligations) plus any assessment liens or special tax liens secured by such property.

(c) the District shall have delivered or caused to be delivered to the Fiscal Agent the following:

(i) A copy of the resolution adopted by the Board approving the Supplemental Indenture required by subsection (d) of this Section 2.08, and the execution and delivery by the District of such Supplemental Indenture, duly certified by the District Clerk to have been duly adopted by the Board and to be in full force and effect on the date of such certification;

(ii) A Written Request of the District directing that the Fiscal Agent authenticate the Additional Parity Obligations and containing instructions as to the delivery of the Additional Parity Obligations;

(iii) The proceeds of sale of the Additional Parity Obligations;

(iv) A Certificate of the District stating that the District is not in default in the performance of any of the agreements, conditions, covenants or terms contained in the Indenture;

(v) An original, executed counterpart of the Supplemental Indenture required by subsection (d) of this Section 2.08;

(vi) Directions as to the use of proceeds to finance the acquisition and construction of school facilities benefitting the Community Facilities District; and

(vii) An Opinion of Counsel nationally recognized in the field of municipal finance addressing the validity and tax exempt status of the Additional Parity Obligations, subject to said exceptions as may be reasonable and appropriate.

(d) The issuance of such Additional Parity Obligations shall have been duly authorized under all applicable laws, and the issuance of such Additional Parity Obligations shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

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- (i) The use of proceeds of such Additional Parity Obligations;
- (ii) The authorized principal amount of such Additional Parity Obligations;
- (iii) The date and the maturity date or dates of such Additional Parity Obligations; provided that (A) maturing principal and Mandatory Sinking Account Payments on the Additional Parity Obligations may occur only on March 1, (B) all such Additional Parity Obligations of like maturity shall be identical in all respects, except as to number, and (C) fixed serial maturities or Mandatory Sinking Account Payments, or any combination thereof, shall be established to provide for the retirement of all such Additional Parity Obligations on or before their respective maturity dates;
- (iv) The interest payment dates shall be on March 1 and September 1; provided, that such Additional Parity Obligations may provide for compounding of interest in lieu of payment of interest on such dates;
- (v) The authorized denominations of such Additional Parity Obligations hereunder or to fund capitalized interest;
- (vi) The Redemption Premium, if any, and the redemption terms, if any, for such Additional Parity Obligations;
- (vii) The amount and due date of each Mandatory Sinking Account Payment, if any, for such Additional Parity Obligations;
- (viii) The amount, if any, of interest to be paid on such Additional Parity Obligations from the proceeds thereof;
- (ix) The form of such Additional Parity Obligations; and
- (x) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

**ARTICLE III**

**THE LOCAL OBLIGATIONS**

**Section 3.01 Authorization and Designation of Local Obligations.** The District has reviewed all proceedings heretofore taken relative to the authorization of the Local Obligations and has found, as a result of such review, and hereby finds and determines, that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Local Obligations do exist, have happened and have been performed in due time, form and manner as required by the Law, and the District is now authorized, pursuant to each and every requirement of the Law and hereof, to issue the Local Obligations in the aggregate principal amount of [SPar Amount] in the form and manner provided herein, which Local Obligations shall be entitled to the benefit, protection and security of the provisions hereof.

**Section 3.02 Denominations of Local Obligations.** The Local Obligations shall be issued as fully registered bonds in denominations of five thousand dollars (\$5,000) or any integral multiple

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of five thousand dollars (\$5,000) (not exceeding the principal amount of Local Obligations maturing at any one time).

**Section 3.03 Date and Maturity Dates of and Interest Rates on Local Obligations.** The Local Obligations shall be dated October \_\_, 2018. The Local Obligations shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum as set forth in the following schedule:

<i>Maturity Date</i>			
<i>March 1</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			

**Section 3.04 Interest Payment Dates of Local Obligations.** Interest on the Local Obligations shall be computed on the basis of a 360-day year of twelve (12) 30-day calendar months, and shall be payable semiannually on March 1 and September 1 in each year, commencing on September 1, 2019. The Local Obligations shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) they are authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event they shall bear interest from such Interest Payment Date, or (ii) they are authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event they shall bear interest from their

dated date; provided, that if at the time of authentication of any Local Obligation interest is then in default on the Outstanding Local Obligations, such Local Obligations shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Local Obligations.

**Section 3.05 Redemption Prices and Terms of Local Obligations.** The Local Obligations maturing on or after [March 1, 2030] are subject to optional redemption by the District prior to their respective maturity dates as a whole or in part on or after [March 1, 2029], from money derived by the District from any source other than prepayments of the Special Tax under the Law, upon mailed notice as provided herein, at a redemption price equal to 100% of the principal amount of the Local Obligations or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, plus Redemption Premium.

**Section 3.06 Form of Local Obligations.** The Local Obligations and the authentication endorsement and the form of assignment to appear thereon shall be substantially in the forms set forth in Exhibit A hereto.

**Section 3.07 Registration of Local Obligations.** The Local Obligations shall be registered in the name of the Authority Bonds Trustee and delivered to the Authority Bonds Trustee upon the issuance thereof in accordance with the provisions of the Local Obligation Purchase Contract.

**Section 3.08 Application of Proceeds of Sale of Local Obligations and Other Available Moneys.** On the Closing Date, the Fiscal Agent shall set aside and deposit the net proceeds of sale of the Local Obligations in the amount of \$\_\_\_\_\_ in the following funds, which the Fiscal Agent shall establish and maintain, in the following order:

(i) The Fiscal Agent shall transfer to U.S. Bank National Association, as trustee for the San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006A (Senior Bonds) and San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006B (Subordinate Bonds) (collectively, the "Prior Bonds"), the sum of \$\_\_\_\_\_ for redemption of such Prior Bonds;

(ii) The Fiscal Agent shall deposit in the Authority Capital Improvement Fund established pursuant to the Authority Bonds Trust Agreement the sum of \$\_\_\_\_\_; and

(iii) The Fiscal Agent shall deposit in the Authority Expense Fund established pursuant to the Authority Bonds Trust Agreement the sum of \$\_\_\_\_\_ for payment of the costs of issuance of the Local Obligations and the Authority Bonds.

## ARTICLE IV

### REDEMPTION OF LOCAL OBLIGATIONS

**Section 4.01 Privilege of Redemption of Local Obligations.** Any Local Obligations subject to redemption prior to maturity pursuant hereto shall be redeemable, upon notice being given as provided in this article, at such times, upon payment of such Redemption Premium, if any, and upon such terms (in addition to and consistent with the terms contained in this article) as may be specified herein or in the Supplemental Indenture authorizing the issuance of the Local Obligations;

provided, that redemption of Local Obligations other than from Mandatory Sinking Account Payments or from the application of refunding bond proceeds shall be made only from and to the extent of funds on deposit with the Fiscal Agent and available for such purpose on the date such notice is given. Any Local Obligation shall only be subject to redemption hereunder upon the concurrent redemption of the corresponding maturity of the applicable Authority Bonds.

**Section 4.02 Selection of Local Obligations for Redemption.** If less than all the Outstanding Local Obligations are to be redeemed at any one time pursuant to Section 3.05 hereof, the District shall select the maturity dates from which the Local Obligations shall be redeemed, and if less than all the Outstanding Local Obligations of any one maturity date are to be redeemed at any one time, the District shall notify the Fiscal Agent in writing at least fifteen (15) days prior to the date fixed for the selection of any such Local Obligations for redemption and the Fiscal Agent shall select the Local Obligations or the portions thereof of Local Obligations of such maturity date to be redeemed in integral multiples of five thousand dollars (\$5,000) by lot in any manner that it deems appropriate.

**Section 4.03 Notice of Redemption of Local Obligations.** The Fiscal Agent shall mail by first class mail a notice of redemption, not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, and otherwise pursuant to Section 11.09, to the respective Holders of all Local Obligations selected for redemption in whole or in part and to all securities depositories and securities information services selected by the District to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the District in its sole discretion and to the original underwriter of the Local Obligations, but neither failure to receive any such mailed notice nor any immaterial defect contained therein shall affect the sufficiency or validity of any such proceedings for redemption. Such notice shall state the date of such notice, the Local Obligations to be redeemed, the date of issue of such Local Obligations, the redemption date, the redemption price, the place of redemption (including the name and appropriate address of the Fiscal Agent), the CUSIP number of the maturity or maturities and, if less than all of any such maturity, the numbers of the Local Obligations of such maturity to be redeemed and, in the case of Local Obligations to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall give notice that further interest on such Local Obligations or the portions thereof to be redeemed will not accrue from and after the redemption date, and shall require that such Local Obligations be then surrendered for redemption at the Principal Corporate Trust Office of the Fiscal Agent so designated; provided, that neither the District nor the Fiscal Agent shall have any responsibility for any defect in the CUSIP number that appears on any Local Obligation or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the District nor the Fiscal Agent shall be liable for any inaccuracy in such numbers. If any Local Obligation so chosen for redemption shall not be redeemable in whole, such notice shall also state that such Local Obligation is to be redeemed in part only and that upon presentation of such Local Obligation for redemption there will be issued in lieu of the unredeemed portion of principal thereof a new Local Obligation or Local Obligations of the same maturity date of authorized denominations equal in aggregate principal amount to such unredeemed portion.

**Section 4.04 Partial Redemption of Local Obligations.** Upon surrender of any Local Obligation redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner thereof at the expense of the District a new Local Obligation or

Local Obligations of the same maturity date and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Local Obligation surrendered.

**Section 4.05 Effect of Redemption of Local Obligations.** If notice of redemption has been duly given as aforesaid and money for the payment of the principal of and Redemption Premium, if any, on, together with interest to the redemption date on, the Local Obligations or portions thereof so called for redemption is held by the Fiscal Agent, then on the redemption date designated in such notice such Local Obligations or such portions thereof shall become due and payable, and from and after the date so designated interest on the Local Obligations or such portions thereof so called for redemption shall cease to accrue and the Holders of such Local Obligations shall have no rights in respect thereof except to receive payment of the principal or such portions thereof and the Redemption Premium, if any, thereon and the interest accrued thereon to the redemption date.

## ARTICLE V

### SPECIAL TAX

#### **Section 5.01 Deposit of Proceeds of the Special Tax in the Special Tax Fund.**

(a) The District agrees and covenants that all proceeds of the Special Tax (including any amounts, net of any costs of collection and enforcement, received as a result of foreclosure of the lien securing the Special Taxes or other actions by the District to collect delinquent Special Taxes), when and as received, shall be immediately transferred by it to the Fiscal Agent, and the Fiscal Agent shall deposit such proceeds as and when received in the San Dieguito Union High School District Community Facilities District 95-2 Special Tax Revenue Bonds, Series 2018 Special Tax Fund, which fund the Fiscal Agent shall establish, and all money in such fund shall be held by the Fiscal Agent in trust hereunder and shall be disbursed, allocated and applied solely to the uses and purposes hereinafter set forth in this article.

(b) The Special Taxes, all funds and accounts established hereunder and any investment earnings thereon are hereby pledged to the payment of, and shall constitute a trust fund for, the principal of and interest on the Local Obligations. So long as the principal of and interest on such bonds remains unpaid, the Special Taxes, such funds and accounts, and any investment earnings thereon shall not be used for any other purpose, except as otherwise permitted by the Indenture, and shall be held in trust for the benefit of the owners thereof and shall be applied pursuant to the Indenture.

**Section 5.02 Allocation of Money in the Special Tax Fund.** All money in the Special Tax Fund shall be set aside by the Fiscal Agent in the following respective funds in the following order of priority, and all money in each of such funds shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section, namely:

- (i) Redemption Fund,
- (ii) Expense Fund, and
- (iii) Community Facilities Fund.

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(1) Redemption Fund. There is hereby established a fund to be known as the “San Dieguito Union High School District Community Facilities District 95-2 Special Tax Revenue Bonds, Series 2018 Redemption Fund,” which fund shall be held and maintained in trust hereunder by the Fiscal Agent. At least fifteen (15) Business Days prior to each March 1 and September 1, commencing September 1, 2019, the Associate Superintendent, Business Services shall, from the money in the Special Tax Fund, transfer to the Fiscal Agent for deposit in the Redemption Fund an amount of money equal to the aggregate amount of interest becoming due and payable on all Outstanding Local Obligations on such dates, except no such transfer need be made to the extent amounts have previously been deposited in the Redemption Fund and set aside therein for the payment of such interest, including without limitation sale proceeds of Local Obligations deposited in such fund for such purpose. At least fifteen (15) Business Days prior to March 1 of each year, commencing March 1, 2020, the Associate Superintendent, Business Services shall, from the then remaining money in the Special Tax Fund, transfer to the Fiscal Agent for deposit in the Redemption Fund an amount of money equal to the aggregate amount of principal becoming due and payable on all Outstanding Serial Bonds on such date plus the aggregate of the Mandatory Sinking Account Payments required by the Indenture and by all Supplemental Indentures to be made on such date into the Sinking Accounts; provided, that all of the aforesaid Mandatory Sinking Account Payments shall be made without priority of the payment of any one Mandatory Sinking Account Payment over the payment of any other Mandatory Sinking Account Payment, and in the event that the money in the Redemption Fund on any March 1 is not equal to the amount of principal to become due and payable on the Outstanding Serial Bonds on such March 1 plus the principal of and Redemption Premium, if any, on the Outstanding Term Bonds required to be redeemed or paid at maturity on such March 1, then such money shall be applied pro rata in such proportion as such Serial Bonds and the portion of such Term Bonds then required to be redeemed or paid at maturity shall bear to each other, after first deducting for such purposes for such Term Bonds any of such Term Bonds as shall have been redeemed or purchased during the twelve-month period ending on such March 1 and commencing on the immediately preceding March 2.

No deposit need be made into the Redemption Fund if the amount of money contained therein is at least equal to the amount required by the terms of the preceding paragraph to be deposited therein at the times and in the amounts provided herein.

All money in the Redemption Fund shall be used and withdrawn by the Fiscal Agent solely to pay the interest on the Local Obligations as it shall become due and payable (including accrued interest on any Local Obligations purchased or redeemed prior to maturity) plus the principal of the Local Obligations as they shall mature or upon the prior redemption thereof, except that any money in any Sinking Account shall be used only to purchase or redeem or retire the Term Bonds for which such Sinking Account was established as provided in the Indenture or in any Supplemental Indenture.

(2) Expense Fund. The Fiscal Agent shall establish and maintain a fund to be known as the “San Dieguito Union High School District Community Facilities District 95-2 Special Tax Revenue Bonds, Series 2018 Expense Fund,” which fund shall be held and maintained in trust hereunder by the Fiscal Agent. On or before each March 1 and September 1, commencing September 1, 2019, the Associate Superintendent, Business Services shall, from the then remaining money in the Special Tax Fund, transfer to and deposit in the Expense Fund a sum equal to the amount required by the District for the payment of budgeted Expenses during the six-month period beginning on such date (or required by the District to reimburse it for the payment of unbudgeted Expenses during the prior six-month period). All money in the Expense Fund shall be used and



withdrawn by the Fiscal Agent only to pay budgeted Expenses as provided herein (or to reimburse the District for the payment of unbudgeted Expenses as provided herein), or to be transferred to the Redemption Fund to pay interest on or principal of or Redemption Premium, if any, on the Local Obligations in the event that no other money is available therefor. Amounts in the Expense Fund shall be applied by the Fiscal Agent solely as directed in a Written Request of the District, each of which shall be separately numbered as “Requisition No. \_\_,” and each of which shall state (i) the amount, purpose and payee of the disbursement, (ii) that the disbursement is a proper charge against the Expense Fund as provided in the Indenture and (iii) that the disbursement has not previously been paid from the Expense Fund.

(3) Community Facilities Fund. There is hereby established in the treasury of the District a fund to be known as the “San Dieguito Union High School District Community Facilities District 95-2 Special Tax Revenue Bonds, Series 2018 Community Facilities Fund,” which fund shall be held and maintained in trust hereunder by the Associate Superintendent, Business Services, and all money remaining in the Special Tax Fund on March 1 of each year, after transferring all of the sums required to be transferred therefrom on or prior to such date by the provisions of Sections 5.02(1), (2) and (3), shall be deposited by the Associate Superintendent, Business Services in the Community Facilities Fund. All money in the Community Facilities Fund shall be used and withdrawn by the Associate Superintendent, Business Services solely for the benefit of the Community Facilities District in accordance with the Law.

## ARTICLE VI

### COVENANTS OF THE DISTRICT

**Section 6.01 Punctual Payment and Performance.** The District will punctually pay the interest on and principal of and Redemption Premium, if any, to become due on every Local Obligation issued hereunder in strict conformity with the terms of the Law and hereof and of the Local Obligations, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein and in the Local Obligations required to be observed and performed by it.

**Section 6.02 Against Indebtedness and Encumbrances; Priority of Payment.**

(a) The District will not issue any evidences of indebtedness payable from the proceeds of the Special Tax except as provided herein, and will not create, nor permit the creation of, any pledge, lien, charge or other encumbrance upon any money in the Special Tax Fund other than as provided herein; provided, that the District may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose of the Community Facilities District which are payable from any money in the Community Facilities Fund as may from time to time be deposited therein (as provided in Section 5.02) so long as any payments due thereunder shall be subordinate in all respects to the use of the proceeds of the Special Tax as provided herein.

(b) The District will not issue or incur any pledge, lien, security interest, encumbrance or charge of any kind which is senior in priority and superior to the lien of the Indenture, including any Senior Obligations (new money or refunding obligations). In addition, the District will not issue or incur, or cause to be issued or incurred by any community facilities district that is a party to the Prior Loan Agreement, any additional obligations thereunder (new money or refunding obligations).

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(c) In any Fiscal Year, prior to making any transfer of Annual Special Tax revenues to the Administrative Expense Fund pursuant to the Prior Loan Agreement for the Community Facilities District for which Local Obligations have been issued hereunder, the District shall first transfer the Special Taxes as provided in Section 5.02 hereof.

(d) The District will not amend or supplement the Prior Loan Agreement in any manner that (in the reasonable opinion of the District) adversely affects the interests of the Holders.

**Section 6.03 Against Federal Income Taxation.**

(a) The District covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would result in the interest on the Authority Bonds or the Local Obligations not being excluded from gross income for federal income tax purposes under Section 103 of the Code.

(b) The provisions of this Section 6.03 shall survive the defeasance of the Local Obligations.

**Section 6.04 Payment of Claims.** The District will pay and discharge any and all lawful claims which, if unpaid, might become payable from the proceeds of the Special Tax or any part thereof or upon any funds in the hands of the Associate Superintendent, Business Services or the Fiscal Agent allocated to the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, or which might impair the security of the Local Obligations.

**Section 6.05 Expense Budgets.** The Associate Superintendent, Business Services will, on or before March 1 in each year, prepare and approve a budget setting forth the estimated Expenses for the period from such March 1 through the next succeeding February 28 or February 29, as applicable. Any budget approved in accordance with this section may be amended at any time.

**Section 6.06 Accounting Records; Financial Statements and Other Reports.**

(a) The District will keep, or in the case of transactions made by the Fiscal Agent, it will cause the Fiscal Agent to keep, appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the proceeds of the Special Tax and of the proceeds of the Local Obligations, which accounting records shall at all times during business hours with reasonable prior notice be subject to the inspection of any Holder (or his representative authorized in writing) and (upon the prior written consent of the District) of any investment banker, security dealer or other person interested in the Local Obligations.

(b) The District will prepare annually within two hundred seventy (270) days after the close of each Fiscal Year financial statements of the District for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles. The District will furnish a copy of such financial statements to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Local Obligations requesting copies thereof, but in any event only upon payment to the District of the reasonable costs incurred by the District in complying with such request.

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(c) The District will prepare annually not more than two hundred seventy (270) days after the close of each Fiscal Year a summary report showing in reasonable detail the proceeds of the Special Tax levied and collected and the Expenses for the preceding Fiscal Year and containing a general statement of the physical condition of the Improvements. The District will furnish a copy of such summary report without charge to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Local Obligations requesting a copy thereof.

(d) The District will prepare annually not later than October 31 of each year and file with the California Debt and Investment Advisory Commission by mail, postage prepaid, all necessary information required to be filed under the Law, including:

(1) The principal amount of the Local Obligations Outstanding;

(2) The balance in the Redemption Fund constituting capitalized interest, if any;

(3) The number of parcels securing the Local Obligations which are delinquent with respect to their Special Tax payments, the amount that each delinquent parcel is delinquent, the length of time that each delinquent parcel has been delinquent and when foreclosure was commenced for each delinquent parcel; and

(4) The assessed value of all parcels subject to the levy of the Special Tax to repay the Local Obligations, as shown on the most equalized assessment roll of the County of San Diego.

Additionally, the District will notify the California Debt and Investment Advisory Commission by mail, postage prepaid, within ten (10) days if the District or the Fiscal Agent fails to pay any interest on or principal of any of the Local Obligations on any scheduled payment date to pay any interest on or principal of the Local Obligations.

**Section 6.07 Protection of Security and Rights of Holders.** The District will preserve and protect the security of the Local Obligations and the rights of the Holders and will warrant and defend their rights against all claims and demands of all persons.

**Section 6.08 Payment of Governmental Charges and Compliance with Governmental Regulations.** The District will pay and discharge all taxes or payments in lieu of taxes, assessments and other governmental charges or liens that may be levied, assessed or charged upon the Improvements or any part thereof promptly as and when the same shall become due and payable, except that the District shall not be required to pay any such governmental charges so long as the application or validity thereof shall be contested in good faith and the District shall have set aside reserves to cover such charges. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Improvements or any part thereof, except that the District shall not be required to comply with any such regulations or requirements so long as the application or validity thereof shall be contested in good faith.

**Section 6.09 Levy and Collection of the Special Tax.** The District, so long as any Local Obligations are Outstanding, will annually levy the Special Tax against all Taxable Land in the Community Facilities District and make provision for the collection of the Special Tax in amounts

which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained herein, and which in any event will be sufficient to pay the interest on and principal of and all Mandatory Sinking Account Payments for and Redemption Premium, if any, on the Local Obligations as they become due and payable and to pay all current Expenses as they become due and payable in accordance with the provisions and terms hereof. The Special Tax shall be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as otherwise provided in Section 6.10 and in the Law, shall be subject to the same penalties and the same collection procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes.

**Section 6.10 Foreclosure of Special Tax Liens.** The District will annually on or before August 1 of each year review the public records of the County of San Diego relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and if the District determines on the basis of such review that the amount so collected is deficient by more than five percent (5%) of the total amount of the Special Tax levied in such Fiscal Year, it will within sixty (60) days thereafter institute foreclosure proceedings as authorized by the Law in order to enforce the lien of the delinquent installments of the Special Tax against each lot or parcel of land in the Community Facilities District, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that irrespective of the foregoing if the District determines on the basis of such review that property owned by any single property owner in the Community Facilities District is delinquent by more than five thousand dollars (\$5,000) with respect to the Special Tax due and payable by such property owner by such delinquency date, then the District will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided herein against such property owner; and provided further, that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Government Code of the State of California.

**Section 6.11 Further Assurances.** The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Holders of the rights and benefits provided herein.

## ARTICLE VII

### THE FISCAL AGENT

**Section 7.01 The Fiscal Agent.** U.S. Bank National Association at its Principal Corporate Trust Office is hereby appointed Fiscal Agent for the purpose of receiving all money which the District is required to transfer to it hereunder and for applying and using such money as provided herein for the purpose of paying the interest on and principal of and Redemption Premium, if any, on the Local Obligations. The District agrees that it will at all times maintain a Fiscal Agent having a corporate trust office in Los Angeles or San Francisco, California.

The District may remove the Fiscal Agent initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, that any such successor shall be a bank or trust company doing business and having a corporate trust office in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and subject to supervision or

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examination by a federal or state banking authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Fiscal Agent may at any time resign by giving written notice of such resignation to the District and by giving notice of such resignation by mail pursuant to Section 11.09 to the Holders, and upon receiving such notice of resignation, the District shall promptly appoint a successor Fiscal Agent by an instrument in writing having the qualifications required hereby. Any resignation or removal of a Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon the acceptance of appointment by the successor Fiscal Agent. If within thirty (30) days after notice of the removal or resignation of the Fiscal Agent no successor Fiscal Agent shall have been appointed by the District and shall have accepted such appointment, the removed or resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Fiscal Agent having the qualifications required hereby.

The Fiscal Agent is hereby authorized to pay interest on the Local Obligations due on or before the maturity or prior redemption thereof to the Holders as their names appear, at the close of business as of the fifteenth day of the calendar month preceding the calendar month in which the applicable Interest Payment Date falls, on the registration books required to be kept by it pursuant to Section 2.05 as the registered owners thereof, such interest to be paid by check mailed by first class mail to the Holders at their addresses appearing on such books, except that in the case of a Holder of one million dollars (\$1,000,000) or more in principal amount of Local Obligations then Outstanding, payment shall be made at such Holder's option by wire transfer on each such Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such Holder to the Fiscal Agent at least fifteen (15) days before each such Interest Payment Date, and to pay to the Holders the principal of and Redemption Premium, if any, on the Local Obligations upon presentation and surrender of the Local Obligations to the Fiscal Agent at maturity or on redemption prior to maturity. The Fiscal Agent shall cancel and destroy all Local Obligations paid by it at maturity or on redemption prior to maturity and all Local Obligations surrendered to it by the District, and shall deliver to the District a certificate of such destruction, and the Fiscal Agent shall keep accurate records of all Local Obligations cancelled and destroyed by it hereunder. All money held by or on behalf of the Fiscal Agent for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, whether at maturity or upon prior redemption, shall be held in trust for the account of the Holders thereof, and the Fiscal Agent shall not be required to pay Holders or the District any interest on, or be liable to the District, the Holders or any other person for any interest earned on, any money so held.

The District shall from time to time, subject to any agreement between the District and the Fiscal Agent then in force, pay the Fiscal Agent compensation for its services, reimburse the Fiscal Agent for all its advances and expenditures, including but not limited to advances to and fees and expenses by independent accountants, counsel and engineers or other experts employed by it in the exercise and performance of its rights and obligations hereunder, and indemnify and save the Fiscal Agent harmless against loss, expenses, costs, claims and liabilities (including without limitation those of its attorneys and agents) not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its rights and obligations hereunder, which obligation shall survive the resignation or removal of any Fiscal Agent or the defeasance of the Local Obligations.

**Section 7.02 Duties, Immunities and Liability of the Fiscal Agent.**

(a) The recitals of facts, agreements and covenants contained herein and in the Local Obligations shall be taken as statements, agreements and covenants of the District, and the Fiscal Agent does not assume any responsibility for the correctness of the same and does not make any representation as to the sufficiency or validity hereof or of the Local Obligations or of the Special Tax, or as to the financial or technical feasibility of the Improvements, and shall not incur any responsibility in respect thereof other than in connection with the rights and obligations expressly assigned to or imposed upon it herein or in the Local Obligations, and shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. The Fiscal Agent shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts, and no provision hereof shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any liability for the performance of its duties hereunder, or in the exercise of any of its rights or powers hereunder.

(b) The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts. The Fiscal Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, but the Fiscal Agent shall be answerable for the negligence or misconduct of any such attorney, agent, or receiver selected by it; provided that the Fiscal Agent shall not be answerable for the negligence or misconduct of any attorney or certified public accountant selected by it with due care.

(c) The Fiscal Agent shall perform only those duties expressly set forth in the Indenture and no implied duties or obligations shall be read into the Indenture against the Fiscal Agent.

(d) The Fiscal Agent shall not have any responsibility with respect to any information, statement or recital contained in any official statement, offering memorandum or any other disclosure material prepared or distributed by the District with respect to any of the Local Obligations.

(e) No provision in this Indenture shall require the Fiscal Agent to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder. The Fiscal Agent shall be entitled to interest on all moneys advanced by it hereunder at its prime rate then in effect plus two percent.

(f) In accepting the trust hereby created, the Fiscal Agent acts solely as Fiscal Agent for the Owners and not in its individual capacity, and under no circumstances shall the Fiscal Agent be liable in its individual capacity for the obligations evidenced by the Local Obligations.

(g) The Fiscal Agent makes no representation or warranty, express or implied, as to the compliance with legal requirements of the use contemplated by the Issuer of the funds under this Indenture.

(h) The Fiscal Agent shall not be responsible for the validity or effectiveness or value of any collateral or security securing the Local Obligations. The Fiscal Agent shall not be

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responsible for the recording or filing of any document relating to this Agreement or the Local Obligations or of financing statements (or continuation statements in connection therewith) or mortgage or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests or lien on or in any collateral or security securing the Local Obligations. The Fiscal Agent shall not be deemed to have made representations as to the security afforded thereby or as to the validity or sufficiency of any such document, collateral or security.

(i) The Fiscal Agent shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof at its corporate trust office in San Francisco, California.

(j) The Fiscal Agent shall not be accountable for the use or application by the Issuer or any other party of any funds which the Fiscal Agent has released under this Indenture.

(k) The Fiscal Agent shall provide a monthly accounting of all Funds held pursuant to this Indenture (and all funds held by the Fiscal Agent as Fiscal Agent or fiscal agent pursuant to the Local Obligations) to the Issuer within fifteen (15) Business Days after the end of such month and shall provide statements of account for each annual period beginning July 1 and ending June 30, within 90 days after the end of such period. Such accounting shall show in reasonable detail all financial transactions during the accounting period and the balance in any Funds and accounts created under this Indenture as of the beginning and close of such accounting period.

(l) The Fiscal Agent makes no representations with respect to any information, statement, or recital in, and shall have no liability with respect to, any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Local Obligations.

**Section 7.03 Notice to the Fiscal Agent.** The Fiscal Agent shall be protected in acting upon any bond, Certificate of the District, consent, notice, opinion, report, resolution, Written Request of the District or other document or paper believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, including, without limitation, counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection with respect to any action taken or suffered hereunder in good faith and in accordance therewith.

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

**Section 7.04 Merger or Consolidation.** Any company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Fiscal

Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under Section 7.01 hereof, shall succeed to the rights and obligations of such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

**Section 7.05 Right to Rely on Documents.** The Fiscal Agent may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, who may be counsel of or to the Issuer, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by this Indenture the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officer's Certificate, and such Officer's Certificate shall be full warrant to the Fiscal Agent for any action taken or suffered or omitted in good faith under the provisions of this Indenture in reliance upon such Officer's Certificate, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Fiscal Agent shall be entitled to advice of counsel and other professionals or agents concerning all matters of trust and its duty hereunder, but the Fiscal Agent shall not be answerable for the acts or omissions of any agent, attorney-at-law, certified public accountant, or other professional if such agent, attorney-at-law, certified public accountant or other professional was selected by the Fiscal Agent with due care.

**Section 7.06 Preservation and Inspection of Documents.** All documents received by the Fiscal Agent under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon prior notice to the inspection of the Issuer, the Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Local Obligations, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

**Section 7.07 Indemnity for Fiscal Agent.** Before taking any action or exercising any rights or powers under this Indenture, the Fiscal Agent may require that satisfactory indemnity be furnished to it for the reimbursement of all costs and expenses which it may incur and to indemnify it against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

## ARTICLE VIII

### AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE

**Section 8.01 Amendment or Supplement by Consent of Holders.** The Indenture and the rights and obligations of the District and of the Holders may be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the District and the Fiscal Agent, which Supplemental Indenture shall become binding when the written consents of the Holders of



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sixty percent (60%) or more in aggregate principal amount of the Local Obligations then Outstanding, exclusive of Local Obligations disqualified as provided in Section 8.02, are filed with the Fiscal Agent. For this purpose, the purchase and acceptance of Additional Parity Obligations or Refunding Local Obligations shall be deemed to be the written consent of the Holders thereof to any such amendment or supplement provided that the terms thereof are disclosed to such Holders prior to the effectiveness of any binding agreement to purchase such Additional Parity Obligations or Refunding Local Obligations. No such amendment or supplement shall (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the District to pay the interest on or principal of or Mandatory Sinking Account Payment for or Redemption Premium, if any, on any Local Obligation at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the Holder of such Local Obligation, or (2) permit the issuance by the District of any obligations payable from the proceeds of the Special Tax other than the Local Obligations (including Refunding Local Obligations and Additional Parity Obligations) as provided herein, or jeopardize the ability of the District to levy and collect the Special Tax, or (3) reduce the percentage of Local Obligations required for the written consent to any such amendment or supplement, or (4) modify any rights or obligations of the Fiscal Agent without its prior written assent thereto.

The Indenture and the rights and obligations of the District and of the Holders may also be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the District and the Fiscal Agent, which Supplemental Indenture shall become binding upon execution without the prior written consent of any Holders, but only to the extent permitted by law and after receiving an approving Opinion of Counsel and only for any one or more of the following purposes:

(a) To add to the agreements and covenants required herein to be performed by the District other agreements and covenants thereafter to be performed by the District which shall not (in the opinion of the District) adversely affect the interests of the Holders, or to surrender any right or power reserved herein to or conferred herein upon the District which shall not (in the opinion of the District) adversely affect the interests of the Holders;

(b) To make such provisions for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein or in regard to questions arising hereunder which the District may deem desirable or necessary and not inconsistent herewith and which shall not (in the opinion of the District) adversely affect the interests of the Holders;

(c) To authorize the issuance under and subject to the Law of any refunding Local Obligations for any of the Local Obligations and to provide the conditions and terms under which such refunding Local Obligations may be issued subject to Section 2.02;

(d) To authorize the issuance under and subject to the Law of Additional Parity Obligations and to provide the conditions and terms under which such bonds may be issued subject to Section 2.08;

(e) To make such additions, deletions or modifications as may be necessary or appropriate to ensure exclusion from gross income for purposes of federal income taxation of the interest on the Local Obligations; or

(f) To make such additions, deletions or modifications as may be necessary or appropriate to maintain any then current rating on the Local Obligations.

**Section 8.02 Disqualified Local Obligations.** Local Obligations owned or held for the account of the District shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Local Obligations provided for in this article or in Article VIII, and shall not be entitled to consent to or take any other action provided for in this article or in Article X.

**Section 8.03 Endorsement or Replacement of Local Obligations After Amendment or Supplement.** After the effective date of any action taken as hereinabove provided, the District may determine that the Local Obligations may bear a notation by endorsement in form approved by it as to such action, and in that case upon demand of the Holder of any Local Obligation Outstanding on such effective date and presentation of his Local Obligation for such purpose at the Principal Corporate Trust Office of the Fiscal Agent a suitable notation as to such action shall be made on such Local Obligation. If the District shall so determine, new Local Obligations so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Holder of any Local Obligation Outstanding on such effective date such new Local Obligations shall, upon surrender of such Outstanding Local Obligations, be exchanged at the Principal Corporate Trust Office of the Fiscal Agent, without cost to each Holder, for Local Obligations then Outstanding.

**Section 8.04 Amendment or Supplement by Mutual Consent.** The provisions of this article shall not prevent any Holder from accepting any amendment or supplement as to any particular Local Obligations held by him; provided, that due notation thereof is made on such Local Obligations.

## ARTICLE IX

### REMEDIES OF HOLDERS

**Section 9.01 Remedies of Holders.** Any Holder shall have the right for the equal benefit and protection of all Holders similarly situated:

(a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the District, its Board of Trustees, or any of the officers or employees of the District, and to compel the District, its Board of Trustees, or any such officers or employees to perform and carry out their duties under the Law and the agreements and covenants with the Holders contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Holders; or

(c) by suit in equity upon the nonpayment of the Local Obligations to require the District, its Board of Trustees or its officers and employees to account as the Fiscal Agent of an express trust.

**Section 9.02 Non-waiver.** Nothing in this article or in any other provision herein or in the Local Obligations shall affect or impair the obligation of the District, which is absolute and

unconditional, to pay the interest on and principal of and Redemption Premium, if any, on the Local Obligations to the respective Holders of the Local Obligations at the respective dates of maturity or upon redemption prior to maturity as provided herein from the proceeds of the Special Tax and the other funds provided herein, or shall affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Local Obligations.

A waiver of any default or breach of duty or contract by any Holder shall not affect any subsequent default or breach of duty or contract and shall not impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right and remedy conferred upon the Holders by the Law or hereby may be enforced and exercised from time to time and as often as shall be deemed expedient by the Holders.

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

**Section 9.03 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and 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 without exhausting and without regard to any other remedy conferred by the Law or any other law.

## ARTICLE X

### DEFEASANCE

#### **Section 10.01 Discharge of the Local Obligations.**

(a) If the District shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding Local Obligations the interest thereon and the principal thereof and the Redemption Premium, if any, thereon at the times and in the manner stipulated therein and herein, then all agreements, covenants and other obligations of the District to the Holders of such Local Obligations hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Fiscal Agent shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Fiscal Agent shall pay over or deliver to the District for deposit in the Community Facilities Fund all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and Redemption Premium, if any, on such Local Obligations.

(b) Any Outstanding Local Obligations shall on the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall be on deposit with the Fiscal Agent money which is sufficient to pay the interest due on such Local Obligations on such date and the principal and Redemption Premium, if any, due on such Local Obligations on such date.

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(c) Any Outstanding Local Obligations shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this section if (1) in case any of such Local Obligations are to be redeemed on any date prior to their maturity date, the District shall have agreed to mail pursuant to Section 11.09 a notice of redemption to the respective Holders of all such Outstanding Local Obligations and to such securities depositories or securities information services selected by it pursuant to Section 4.03, (2) there shall have been deposited with an escrow agent or the Fiscal Agent either money in an amount which shall be sufficient or Federal Securities which are not subject to redemption except by the holder thereof prior to maturity (including any Federal Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or municipal obligations which have been defeased with Federal Securities and which are rated in the highest rating category by either Moody's or Standard & Poor's, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with such escrow agent or the Fiscal Agent at the same time, shall be sufficient to pay when due the interest to become due on such Local Obligations on and prior to the maturity dates or redemption dates thereof, as the case may be, and the principal of and Redemption Premium, if any, on such Local Obligations on and prior to the maturity dates or the redemption dates thereof, as the case may be, as evidenced by a report of an Independent Certified Public Accountant or nationally recognized, independent municipal finance consultant, on file with the District and the Fiscal Agent, and (3) in the event such Local Obligations are not by their terms subject to redemption within the next succeeding ninety (90) days, the District shall have agreed to mail pursuant to Section 11.09 a notice to the Holders of such Local Obligations and to such securities depositories and securities information services selected by it pursuant to Section 4.03 that the deposit required by clause (2) above has been made with such escrow agent or the Fiscal Agent and that such Local Obligations are deemed to have been paid in accordance with this section and stating the maturity dates or redemption dates, as the case may be, upon which money is to be available for the payment of the principal of and Redemption Premium, if any, on such Local Obligations.

**Section 10.02 Unclaimed Money.** Anything contained herein to the contrary notwithstanding, any money held by the Fiscal Agent in trust for the payment and discharge of any of the Local Obligations or any interest thereon which remains unclaimed for two (2) years after the date when such Local Obligations or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Fiscal Agent on such date, or for two (2) years after the date of deposit of such money if deposited with the Fiscal Agent after the date when such Local Obligations or interest thereon became due and payable, shall be repaid by the Fiscal Agent to the District as its absolute property free from trust for deposit in the Community Facilities Fund and for use in accordance with the Law, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Holders shall look only to the District for the payment of such Local Obligations and interest thereon; provided, that before the Fiscal Agent shall be required to make any such repayment the District shall mail pursuant to Section 11.09 a notice to the Holders of all Outstanding Local Obligations and to such securities depositories and securities information services selected pursuant to Section 4.03 that such money remains unclaimed and that after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District for deposit in the Community Facilities Fund.

## ARTICLE XI

### MISCELLANEOUS

**Section 11.01 Liability of District Limited to Proceeds of the Special Tax.** Notwithstanding anything contained herein, the District shall not be required to advance any money derived from any source of income other than the proceeds of the Special Tax and the other funds as provided herein for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations.

The Local Obligations are special tax obligations of the District and the interest on and principal of and Redemption Premium, if any, on the Local Obligations are payable solely from the proceeds of the Special Tax and such other funds, and the District is not obligated to pay them except from the proceeds of the Special Tax and such other funds. The General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or Redemption Premium, if any, on the Local Obligations. The Local Obligations are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the District or any of its income or receipts except the proceeds of the Special Tax and such other funds, and neither the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations is a general debt, liability or obligation of the District. The Local Obligations do not constitute an indebtedness of the District within the meaning of any constitutional or statutory debt limitation or restriction, and neither the Board of Trustees nor the District nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations otherwise than from the proceeds of the Special Tax and the other funds as provided herein.

**Section 11.02 Benefits of the Indenture Limited to Certain Parties.** Nothing contained herein, express or implied, is intended to give to any person other than the Board of Trustees, the District, the Fiscal Agent and the Holders any right, remedy or claim under or by reason hereof, and any agreement or covenant required herein to be performed by or on behalf of the Board of Trustees or the District or any officer or employee thereof shall be for the sole and exclusive benefit of the Fiscal Agent and the Holders.

**Section 11.03 Successor is Deemed Included in All References to Predecessor.** Whenever either the Board of Trustees or the District or any officer or employee thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions with respect to the administration, control and management of the affairs of the Board of Trustees and the District that are presently vested in the Board of Trustees or the District or such officer or employee, and all agreements and covenants required herein to be performed by or on behalf of the Board of Trustees or the District or any officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

**Section 11.04 Execution of Documents by Holders.** Any declaration, request or other instrument which is permitted or required herein to be executed by Holders may be in one or more instruments of similar tenor, and may be executed by Holders in person or by their attorneys duly authorized in writing. The fact and date of the execution by any Holder or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by

the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness to such execution duly sworn to before such notary public or other officer. The ownership of Local Obligations and the amount, maturity, number and date of holding the same shall be proved by the registration books required to be kept by the Fiscal Agent pursuant to Section 2.05.

Any declaration, request or other instrument or writing of the Holder of any Local Obligation shall bind all future Holders of such Local Obligation with respect to anything done or suffered to be done by the District in good faith and in accordance therewith.

**Section 11.05 Deposit and Investment of Moneys in Funds.** All money held by the Associate Superintendent, Business Services in any fund established herein shall be deposited by the Associate Superintendent, Business Services in Legal Investments, and shall be secured at all times by such obligations as are required by law to the fullest extent required by law. All money held by the Fiscal Agent in the Redemption Fund and Expense Fund shall be invested by the Fiscal Agent in Legal Investments upon the written direction of the District. In the absence of a written investment direction of the District, the Fiscal Agent shall invest such moneys in a taxable money market portfolio composed of or fully secured by U.S. government securities. The Fiscal Agent may rely upon any investment direction from the District as a certification to the Fiscal Agent that such investment constitutes a Legal Investment. The Fiscal Agent (or any of its affiliates) may act as principal or agent or as sponsor, advisor or manager in connection with the making of any investment by the Fiscal Agent hereunder and may impose its customary charges therefor, and the Fiscal Agent shall not be responsible for any loss suffered in connection with any investment made in accordance herewith.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law; provided, that the Fiscal Agent will furnish the District periodic cash transaction statements which include details for all investment transactions made by the Fiscal Agent hereunder.

All interest received on any such money so deposited or invested which exceeds the requirements of the fund from which such money was deposited or invested shall (subject to the requirements of Section 6.03) be deposited in the Redemption Fund, and all losses on any such money so deposited or invested shall be borne by the fund from which the deposit or investment was made.

**Section 11.06 Waiver of Personal Liability.** No member of the Board of Trustees or officer or employee of the District shall be individually or personally liable for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, but nothing herein contained shall relieve any member of the Board of Trustees or officer or employee of the District from the performance of any official duty provided hereby or by the Law or by any other applicable provisions of law.

**Section 11.07 Acquisition of Local Obligations by District.** All Local Obligations acquired by the District, whether by purchase or gift or otherwise, shall be surrendered to the Fiscal Agent for cancellation and destruction by it.

**Section 11.08 Content of Certificates and Reports.** Every certificate or report with respect to compliance with an agreement, condition, covenant or term provided herein shall include (a) a statement that the person or persons making or giving such certificate or report have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the opinion contained in such certificate or report is based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any such certificate made or given by an officer of the District may be based, insofar as it relates to legal matters, upon a representation made in an Opinion of Counsel unless such officer knows that the representation with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any such Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the District, upon a representation by an officer or officers of the District unless the counsel giving such Opinion of Counsel knows that the representation with respect to the matters upon which his representation may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

**Section 11.09 Notice by Mail.** Any notice required to be given by mail to any Holders or to any securities depositories or securities information services shall be given by mailing a copy of such notice, first class postage prepaid, to such Holders at their addresses appearing in the books required to be kept by the Fiscal Agent pursuant to the provisions of Section 2.05 or to such securities depositories or securities information services not less than thirty (30) days nor more than sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given; provided, that neither failure to receive any such notice nor any immaterial defect contained therein shall affect the sufficiency or validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

**Section 11.10 Maintenance of Funds.** Any fund required herein to be established and maintained by the Associate Superintendent, Business Services or the Fiscal Agent may be maintained by the Associate Superintendent, Business Services or the Fiscal Agent, as the case may be, in its accounting records in its customary manner either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any financial reports or statements with respect thereto, be treated either as an account or as a fund; but all such accounting records with respect to all such accounts and funds shall at all times be maintained by the Associate Superintendent, Business Services and the Fiscal Agent in accordance with industry standards and with due regard for the protection of the security of the Local Obligations and the rights of the Holders.

**Section 11.11 Article and Section Headings, Gender and References.** The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the construction, effect or meaning hereof,

and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding articles, sections or subdivisions hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular article, section or subdivision hereof.

**Section 11.12 Partial Invalidity.** If any one or more of the agreements, conditions, covenants or terms or portions thereof required hereby to be observed or performed by the District or the Fiscal Agent should be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants or terms or portions thereof and shall in no way affect the validity hereof or of the Local Obligations; and the Holders shall retain all the rights and benefits accorded to them under the Law or any other applicable provisions of law. The District hereby declares that it would have executed the Indenture and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Local Obligations pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**Section 11.13 Execution in Counterparts.** The Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument

**Section 11.14 Governing Law.** The Indenture shall be governed by and construed and interpreted in accordance with the laws of the State of California.

**Section 11.15 Notices.** All written notices to be given hereunder shall be given by first class mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the District:                    San Dieguito Union High School District  
710 Encinitas Blvd.  
Encinitas, California 92024  
Attention: Associate Superintendent, Business Services

If to the Fiscal Agent:            U.S. Bank National Association  
633 W. 5th Street, 24th Floor  
Los Angeles, California 90071  
Attention: Global Corporate Trust Services

**Section 11.16 Effective Date of the Indenture.** The Indenture shall take effect from and after its execution and delivery.



IN WITNESS WHEREOF, the San Dieguito Union High School District has caused the Indenture to be signed in its name by its Associate Superintendent, Business Services and to be attested by the Clerk of the Board of Trustees of the District, and U.S. Bank National Association, as Fiscal Agent, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be signed in its corporate name by its officer thereunto duly authorized and attested by one of its authorized officers, all as of the date and year first above written.

**SAN DIEGUITO UNION HIGH SCHOOL  
DISTRICT**

By \_\_\_\_\_  
Associate Superintendent, Business Services

ATTEST:

\_\_\_\_\_  
President of the Board of Trustees of the District

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

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

**EXHIBIT A****FORMS OF BOND, FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION AND  
ASSIGNMENT**

[FORM OF BOND]

No. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF SAN DIEGO

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 95-2  
SPECIAL TAX REVENUE BOND, SERIES 2018

***Interest Rate***

%

***Maturity Date***

March 1, 20\_\_

***Bond Date***

October \_\_, 2018

REGISTERED OWNER: U.S. Bank National Association as Trustee for the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018

PRINCIPAL AMOUNT:

DOLLARS

The San Dieguito Union High School District, a municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "District"), for value received, hereby promises to pay (but only out of the proceeds of the Special Tax hereinafter referred to and certain other funds as described herein) to the registered owner set forth above on the maturity date set forth above (subject to any right of prior redemption hereinafter provided for) the principal amount set forth above, together with interest thereon computed on the basis of a 360-day year of twelve (12) 30-day calendar months from the Interest Payment Date next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event it shall bear interest from the Bond Date shown above until the principal hereof shall have been paid, at the interest rate per annum set forth above, payable semiannually on March 1 and September 1 in each year, commencing on September 1, 2019. The interest on and principal of and redemption premium, if any, on this Bond are payable in lawful money of the United States of America at the Principal Corporate Trust Office (as that term is defined in the Indenture hereinafter referred to, and herein the "Principal Corporate Trust Office") of U.S. Bank National Association, as Fiscal Agent for the Bonds, or any other bank or trust company at its principal corporate trust office which may at any time be substituted in its place as provided in the Indenture hereinafter referred to (the "Fiscal Agent"). The interest on this Bond due on or before the maturity or prior redemption hereof shall be payable only to the person whose name appears in the registration books required to be kept by the Fiscal Agent as the

## ITEM 23E

registered owner hereof at the close of business as of the fifteenth (15th) day of the calendar month preceding the month in which the applicable Interest Payment Date falls, such interest to be paid by check mailed by first class mail on each such Interest Payment Date to such registered owner at his address as it appears on such books, except that in the case of a registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds then outstanding, payment shall be made at such owner's option by wire transfer on each such Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such owner to the Fiscal Agent at least fifteen (15) days before such Interest Payment Date. The principal of and redemption premium, if any, on this Bond shall be payable only to the person whose name appears in such registration books as the registered owner hereof, such principal and redemption premium, if any, to be paid only on the surrender of this Bond at the Principal Corporate Trust Office of the Fiscal Agent at maturity or on redemption prior to maturity.

This Bond is one of a duly authorized issue of Bonds in the aggregate principal amount of [\$Par Amount] issued by the District for the San Dieguito Union High School District Community Facilities District 95-2 (the "Community Facilities District") located in Encinitas, California, designated the "San Dieguito Union High School District Community Facilities District 95-2 Special Tax Revenue Bonds, Series 2018" (the "Bonds"), which Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 *et seq.* of the Government Code of the State of California) and all laws amendatory thereof or supplemental thereto (the "Law") and under and pursuant to the provisions of an Indenture, dated as of October 1, 2018 (the "Indenture") between the District and U.S. Bank National Association, as Fiscal Agent, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, denominations, maturities, interest rates or redemption provisions). All Bonds, including the Bonds, are equally and ratably secured in accordance with the terms and conditions of the Indenture (copies of which are on file at the office of the Clerk of the District and at the above-mentioned office of the Fiscal Agent), and reference is hereby made to the Law and to the Indenture and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued and for the rights of the registered owners of the Bonds; and all the terms of the Law and the Indenture are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond, to all the provisions of which the registered owner of this Bond, by his acceptance hereof, agrees and consents; and each subsequent registered owner hereof shall have recourse to all the provisions of the Law and the Indenture and shall be bound by all the terms and conditions thereof.

The Bonds are issued to provide funds to refinance and defease the Prior CFD Loans (as that term is defined in the Indenture). The Bonds are special tax obligations of the District and the interest on and principal of and redemption premium, if any, on the Bonds are payable solely from the proceeds of the Special Tax (as that term is defined in the Indenture, and herein the "Special Tax") and certain other funds, as provided in the Indenture, and the District is not obligated to pay them except from the proceeds of the Special Tax and such other funds as so provided. The General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or redemption premium, if any, on the Bonds, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or redemption premium, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the District or any of its income or receipts except the proceeds of the Special Tax and such other funds, as provided in the

## ITEM 23E

Indenture, and neither the payment of the interest on or principal of or redemption premium, if any, on the Bonds is a general debt, liability or obligation of the District.

The Bonds are subject to redemption by the District prior to their respective maturity dates as a whole or in part on the dates, at the prices and subject to the terms provided in the Indenture.

If less than all outstanding Bonds are to be redeemed at the option of the District at any one time, the District shall select the maturity dates from which the Bonds shall be redeemed, and if less than all the outstanding Bonds of any one maturity date are to be redeemed at any one time, the Fiscal Agent shall select the Bonds or portions thereof of such maturity date to be redeemed in integral multiples of five thousand dollars (\$5,000) by lot in any manner that it deems appropriate.

Notice of redemption of this Bond or any portion hereof shall be mailed by the Fiscal Agent not less than thirty (30) days nor more than sixty (60) days before the redemption date by first class mail to the registered owner hereof and to those securities depositories and securities information services selected by the District in accordance with the Indenture and to the original underwriter of the Bonds, but neither failure to receive any such mailed notice nor any immaterial defect contained therein shall affect the sufficiency or validity of such proceedings for redemption. If notice of redemption has been duly given as aforesaid, then this Bond or the portion thereof to be redeemed shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on this Bond or the portion thereof to be redeemed shall cease to accrue and the registered owner of this Bond shall have no rights in respect hereof except to receive payment of the redemption price of this Bond or the portion thereof to be redeemed, and upon surrender of this Bond if redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner hereof at the expense of the District a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of this Bond so surrendered.

The District has covenanted that, so long as any Bonds are outstanding, it will annually levy against all Taxable Land (as that term is defined in the Indenture) in the Community Facilities District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Indenture, and which in any event will be sufficient to pay the interest on and principal of and redemption premium, if any, on the Bonds as they become due and payable and to pay all current Expenses (as that term is defined in the Indenture) as they become due and payable in accordance with the provisions and terms of the Indenture.

The Bonds are issuable in the form of fully registered Bonds in the denomination of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Bonds maturing at any one time). The registered owner of any Bond or Bonds may surrender the same (together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney) in exchange for an equal aggregate principal amount of Bonds of the same maturity date of any other authorized denominations in the manner, subject to the conditions and upon payment of the charges provided in the Indenture.

The registration of this Bond is transferable on the registration books kept by the Fiscal Agent by the registered owner hereof or by his duly authorized attorney upon surrender of this Bond

## ITEM 23E

together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity date of authorized denominations in the same aggregate principal amount will be issued to the transferee in exchange therefor in the manner, subject to the conditions and terms and upon payment of the charges provided in the Indenture. The District and the Fiscal Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture, and in certain circumstances without the consent of such registered owners, but no such amendment shall (1) extend the maturity of this Bond or reduce the interest rate hereon or otherwise alter or impair the obligation of the District to pay the interest hereon or principal hereof or redemption premium, if any, hereon at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the registered owner of this Bond, or (2) permit the issuance by the District of any obligations payable from the proceeds of the Special Tax other than the Bonds as provided in the Indenture, or jeopardize the ability of the District to levy and collect the Special Tax, or (3) reduce the percentage of Bonds required for the written consent to an amendment of the Indenture, or (4) codify any rights or obligations of the Fiscal Agent without its prior written assent thereto; all as more fully set forth in the Indenture.

The Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory debt limitation or restriction, and neither the San Dieguito Union High School District nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or redemption premium, if any, on the Bonds other than from the proceeds of the Special Tax and such other funds as may be pledged therefor, as provided in the Indenture.

This Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by an authorized signatory of the Fiscal Agent.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and 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 the amount of this Bond, together with all other obligations of the District and the Community Facilities District, does not exceed any limit prescribed by the laws of the State of California and is not in excess of the principal amount of the Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, the San Dieguito Union High School District has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the President of the Board of the District and countersigned by the manual or facsimile signature of the District Clerk, and has caused this Bond to be dated as of the Bond Date set forth above.

SAN DIEGUITO UNION HIGH SCHOOL  
DISTRICT

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

Countersigned:

\_\_\_\_\_  
Clerk of the Board of Trustees

[FORM OF FISCAL AGENT’S CERTIFICATE OF AUTHENTICATION  
TO APPEAR ON BONDS]

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated on \_\_\_\_\_.

U.S. Bank National Association,  
as Fiscal Agent

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

[FORM OF ASSIGNMENT TO  
APPEAR ON BONDS]

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

\_\_\_\_\_

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

SIGNATURE GUARANTEED BY:

\_\_\_\_\_

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee:

\_\_\_\_\_

ITEM 23E

Form of Local Obligation Purchase Contract



**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**

**COMMUNITY FACILITIES DISTRICT NO. 94-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 94-3  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 95-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 95-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-3  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**and**

**COMMUNITY FACILITIES DISTRICT NO. 03-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018**

**LOCAL OBLIGATION PURCHASE CONTRACT**

**dated as of October \_\_, 2018**

San Dieguito Union High School District  
710 Encinitas Blvd.  
Encinitas, CA 92024

Ladies and Gentlemen:

The undersigned San Dieguito School Facilities Financing Authority (the “Authority”) offers to enter into this Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) with you, the Board of Trustees (the “Board of Trustees”) of the San Dieguito Union High School District, acting as the legislative body of the above named community facilities districts (the “District”), which, upon acceptance, will be binding upon the District and the Authority; and except as otherwise provided herein, all capitalized terms used herein shall have the meanings attributed to them in the Trust Agreement, dated as of December 1, 2016 (the “Original Trust Agreement”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented by that First Supplemental Trust Agreement, dated as of October 1, 2018, by and between the Authority and the Trustee (the “First Supplemental Trust Agreement” and, collectively with the Original Trust Agreement, the “Trust Agreement”). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Original Trust Agreement.

1. Purchase, Sale and Delivery of the Obligations.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Authority hereby agrees to purchase from the District, and the District hereby agrees to sell to the Authority, all (but not less than all) of the following securities:

(i) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 94-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 94-2 Local Obligations," and together with the CFD No. 03-1 Local Obligations, the "Local Obligations") issued under an Indenture, dated as of December 1, 2016, as supplemented and amended by a First Supplemental Indenture, dated as of October 1, 2018 (collectively, the "CFD No. 94-2 Indenture"), each by and between the District and U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent");

(ii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 94-3 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 94-3 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 94-3 Indenture");

(iii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 95-1 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 95-1 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 95-1 Indenture");

(iv) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 95-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 95-2 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 95-2 Indenture");

(v) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-1 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-1 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 99-1 Indenture");

(vi) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-2 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 99-2 Indenture");

(vii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-3 Local Obligations") issued under an

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Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the “CFD No. 99-3 Indenture”); and

(viii) \$\_\_\_\_\_ aggregate principal amount of the District’s San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018 (the “CFD No. 03-1 Local Obligations” and together with the CFD No. 94-2 Local Obligations, the CFD No. 94-3 Local Obligations, the CFD No. 95-1 Local Obligations, the CFD No. 95-2 Local Obligations, the CFD No. 99-1 Local Obligations, the CFD No. 99-2 Local Obligations, and the CFD No. 99-3 Local Obligations, the “Local Obligations”) issued under an Indenture, dated as of December 1, 2016, as amended and supplemented pursuant to a First Supplemental Indenture, dated as of October 1, 2018, each by and between the District and U.S. Bank National Association, as Fiscal Agent (collectively, the “CFD No. 03-1 Indenture”, and together with the CFD No. 94-2 Indenture, the CFD No. 94-3 Indenture, the CFD No. 95-1 Indenture, the CFD No. 95-2 Indenture, the CFD No. 99-1 Indenture, the CFD No. 99-2 Indenture, and the CFD No. 99-3 Indenture, the “Indentures”);

all dated the date of their initial delivery, bearing interest payable on the dates and at the interest rates, and maturing on the dates and in the amounts and subject to the optional and mandatory redemption provisions, as set forth in Exhibit A attached hereto and incorporated herein.

The purchase prices for the Local Obligations shall be paid from the proceeds of sale of the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018, issued under the Trust Agreement (the “Authority Bonds”), and such purchase prices shall be:

(i) for the CFD No. 94-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(ii) for the CFD No. 94-3 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(iii) for the CFD No. 95-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(iv) for the CFD No. 95-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(v) for the CFD No. 99-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(vi) for the CFD No. 99-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

## ITEM 23E

(vii) for the CFD No. 99-3 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_); and

(viii) for the CFD No. 03-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_).

The Local Obligations shall be substantially in the forms described in, shall be issued and secured under the provisions of, and shall be payable as provided in the Indentures, each of which provide for the issuance of the Local Obligations and the registration thereof in the name of the Trustee.

(b) At 9:00 a.m., Pacific Daylight Time, on October \_\_, 2018, or at such earlier or later time or date as shall be agreed by the District and the Authority (such time and date being herein referred to as the “Closing Date”), the District will deliver to the Authority at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (or such other location as may be designated by the Authority and approved by the District) the Local Obligations in definitive forms, duly executed by the District and authenticated by the Fiscal Agent or the Trustee, as the case may be, for each of the Local Obligations, and will deliver to the Authority the other documents herein mentioned; and the Authority will accept such delivery and pay the total purchase price of the Local Obligations as set forth in paragraph (a) of this section as provided in the Trust Agreement (such delivery and payment being herein referred to as the “Closing”).

2. Representations, Warranties and Agreements of the District. The District represents and warrants to and agrees with the Authority that:

(a) The District is and will be at the Closing Date duly organized and existing as a school district under and by virtue of the Constitution and laws of the State of California, with full power and authority to issue the Local Obligations and to carry out and consummate the transactions contemplated by the Local Obligations, the Local Obligation Purchase Contract, the Trust Agreement, and the Indentures (collectively, the “Financing Documents”), and the Financing Documents are and will be at the Closing Date valid and binding obligations of the District;

(b) When delivered to and paid for by the Authority at the Closing in accordance with the provisions of the Local Obligation Purchase Contract, the Local Obligations will have been duly authorized, executed, issued and delivered and will constitute valid and binding obligations of the District in conformity with, and entitled to the benefit and security of, their respective Indentures;

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has authorized and approved the execution and delivery of the Financing Documents, and authorized and approved the performance by the District of the obligations on its part contained in the Financing Documents and has authorized and approved the consummation by the District of all other transactions contemplated by the Local Obligation Purchase Contract;

## ITEM 23E

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the knowledge of the District, threatened against the District or its properties or operations (i) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Local Obligations, (ii) in any way contesting or affecting the validity or enforceability of any of the Financing Documents, any proceedings of the District taken concerning the issuance or sale of the Local Obligations, the collection of the special taxes securing the Local Obligations or the existence or powers of the District relating to the issuance of the Local Obligations or (iii) which, if determined adversely to the District or its interests, would have a material and adverse effect on the consummation of the transactions contemplated by or the validity of the Financing Documents or on the operations of the District with respect to the Local Obligations;

(e) The execution and delivery of the Financing Documents, and the consummation of the transactions therein and herein contemplated, and the fulfillment of or compliance with the terms and conditions thereof and hereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents or the operations of the District with respect to the Local Obligations;

(f) The District is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default may have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default under any such instrument;

(g) All approvals, consents, authorizations, certifications and other orders of any governmental authority, board, agency or commission having jurisdiction, and all filings with any such entities, which would constitute conditions precedent to or the failure to obtain which would materially adversely affect the performance by the District of its obligations under the Financing Documents have been duly obtained, and no further consent, approval, authorization or other action or filing with or by any governmental or regulatory authority having jurisdiction over the District is or will be required for the issue and sale of the Local Obligations or the consummation by the District of the other transactions described in the Financing Documents;

(h) The special taxes constituting the security for the Local Obligations have been duly and lawfully authorized under and pursuant to the Mello-Roos Community Facilities

## ITEM 23E

District Act of 1982 (the “Act”) and such special taxes are secured by a valid and legally binding continuing lien on the land subject to the special taxes as provided in the Act;

(i) The District has authorized and will annually levy and collect special taxes, in addition to amounts necessary to pay debt service on the Local Obligations, in an amount sufficient (subject to any maximum special tax permitted by law) to pay the Expenses (as defined in the Indentures) arising directly from the administration or enforcement of the Local Obligations.

The execution and delivery of the Local Obligation Purchase Contract by the District shall constitute a representation by the District to the Authority that the representations, warranties and agreements contained in this Section 2 are true as of the date hereof; provided, that as to all matters of law the District is relying on the advice of counsel to the District; and provided further, that no member of the Board of Trustees of the District shall be individually liable for the breach of any representation, warranty or agreement contained herein.

3. Conditions to the Purchase of the Local Obligations by the Authority. The obligation of the Authority to accept delivery of and pay for the Local Obligations on the Closing Date shall be subject, at the option of the Authority, to the accuracy in all material respects of the representations, warranties and agreements on the part of the District contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the District made in any certificates, or other documents furnished pursuant to the provisions hereof, and to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Financing Documents shall be in full force and effect in the form heretofore submitted to the Authority and there shall have been taken in connection with the issuance of the Local Obligations and with the transactions contemplated thereby and by the Local Obligation Purchase Contract, all such actions as, in the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”), shall be necessary and appropriate;

(b) At the Closing Date, the Financing Documents shall not have been amended, modified or supplemented, except as may have been agreed to by the Authority;

(c) At or prior to the Closing Date, the Authority and the Trustee shall have received the following documents, in each case satisfactory in form and substance to the Authority:

(1) An executed copy of each of the Financing Documents;

(2) An unqualified approving opinion of Bond Counsel, dated the Closing Date and addressed to the District, as to the validity of the Local Obligations;

(3) An opinion of the District Counsel, dated the Closing Date and addressed to the District and the Authority, in substantially the form attached hereto as Exhibit B; and

## ITEM 23E

(4) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Authority or Bond Counsel may reasonably request to evidence compliance by the District with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the District contained herein, and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

If the District shall be unable to satisfy the conditions to the Authority's obligations contained in the Local Obligation Purchase Contract, the Local Obligation Purchase Contract shall terminate and neither the Authority nor the District shall have any further obligation hereunder.

4. Expenses. All expenses and costs of the District and the Authority incident to the authorization, issuance and sale of the Local Obligations and the Authority Bonds, including fees and expenses of consultants, the Trustee, Bond Counsel and counsel for the District and the fees and expenses incurred by the Authority in connection with the sale of the Authority Bonds shall be paid by the District and the District agrees that it will pay, from the proceeds of the Local Obligations.

5. Notices. Any notice or other communication to be given to the District under the Local Obligation Purchase Contract may be given by delivering the same in writing at the District's address set forth above, Attention: Executive Director of Planning Services, and any such notice or other communications required to be given to the Authority may be given by delivering the same in writing to the Authority at 710 Encinitas Blvd., Encinitas, CA 92024, Attention: Treasurer. The approval of the Authority when required hereunder or the determination of their satisfaction as to any document referred to herein shall be in writing signed by the Authority and delivered to the District.

6. Parties In Interest; Governing Law. The Local Obligation Purchase Contract is made solely for the benefit of the District, the Authority and the Trustee and no other persons, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. The Local Obligation Purchase Contract shall be governed by the laws of the State of California.

7. Pledge; Assignment. The District hereby approves the pledge and assignment of all of the Authority's right, title and interest in the Local Obligations to the Trustee under the Trust Agreement for the benefit of the Owners of the Authority Bonds.

8. Limitation on Liability. The Authority shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereby, and shall be under no obligation to purchase the Local Obligations hereunder, except from proceeds of the Authority Bonds available therefor held by the Trustee under, and subject to the conditions set forth in, the Trust Agreement. The District shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereunder, except as otherwise provided in Sections 4 and 5 hereof, or be obligated to make any payments with respect to the Local Obligations, except from amounts pledged to the payment of the Local Obligations (including special taxes levied and collected in the applicable community facilities districts) pursuant to the terms thereof.

9. Counterparts. The Local Obligation Purchase Contract may be signed in two or more counterparts; all such counterparts, when signed by all parties, shall constitute but one single agreement.

SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY

By \_\_\_\_\_  
Treasurer

ACCEPTED AND AGREED TO:

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT

By \_\_\_\_\_  
Executive Director of Planning Services



Exhibit A

LOCAL OBLIGATIONS MATURITY SCHEDULES AND REDEMPTION PROVISIONS

**CFD No. 94-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
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2041			

**CFD No. 94-3 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
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2023			
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**CFD No. 95-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
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2025			
2026			
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**CFD No. 95-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
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2027			
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**CFD No. 99-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
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**CFD No. 99-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
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**CFD No. 99-3 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
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2025			
2026			
2027			
2028			
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**CFD No. 03-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
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**Local Obligation Redemption Provisions**

(a) Optional Redemption. The Local Obligations maturing on or after March 1, 2030 are subject to optional redemption by the District prior to their respective maturity dates as a whole or in part on any Interest Payment Date on or after March 1, 2029, from money derived by the District from any source other than such prepayments of the Special Tax, upon mailed notice as provided in the applicable Indenture, at a redemption price equal to 100% of the principal amount of the Local Obligations or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, without premium.

[Remainder of page intentionally left blank]

Exhibit B

[Form of District Counsel Opinion]

October \_\_, 2018

Governing Board  
San Dieguito School Facilities Financing Authority  
Encinitas, California

Board of Trustees  
San Dieguito Union High School District  
Encinitas, California

U.S. Bank National Association  
San Francisco, California

San Dieguito Union High School District  
Community Facilities District No. 94-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 94-3  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 95-1  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 95-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-1  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-3  
Special Tax Revenue Bonds; and

San Dieguito Union High School District  
Community Facilities District No. 03-1  
Special Tax Revenue Bonds

Ladies and Gentlemen:

I have served as counsel to the San Dieguito Union High School District (the “District”) in connection with the issuance, sale and delivery of the above-reference securities (collectively, the “Local Obligations”), and this letter is being delivered pursuant to the Local Obligation Purchase Contract dated as of October \_\_, 2018 (the “Local Obligation Purchase

## ITEM 23E

Contract”) by and between the San Dieguito School Facilities Financing Authority (the “Authority”) and the Board of Trustees of the District, acting as the legislative body for each of the above-referenced community facilities districts of the District, and all capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Local Obligation Purchase Contract.

As such counsel, I have examined and am familiar with (i) those documents relating to the existence, organization and operation of the District; and (ii) all necessary documentation of the District relating to the authorization, execution and delivery of the Local Obligations and all of the Financing Documents.

Based on the foregoing, I am of the opinion that:

1. The District is a school district located in San Diego County (the “County”), duly organized and existing under and by virtue of the Constitution and laws of the State of California.

2. The District has the full legal right, power and authority to execute, deliver and perform its obligations and duties under the Financing Documents, and the District has complied with the provisions of applicable law in all matters relating to the transactions contemplated by the Financing Documents.

3. The Financing Documents have each been duly authorized, executed and delivered by the District, are each in full force and effect and, assuming due authorization, execution and delivery by the other parties thereto, each constitutes a legal, valid and binding agreement of the District enforceable against the District in accordance with its terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the District of the Financing Documents or the performance by the District of its respective obligations thereunder.

5. The execution and delivery of the Financing Documents by the District, and compliance with the provisions thereof, will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the District, or any commitment, agreement or other instrument to which the District is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the District (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the District and its affairs.

6. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body pending or threatened against or affecting the District or any of its officers in their respective capacities as such which questions the powers of the District referred to in paragraph 2 above or in connection with the transactions contemplated by the Financing Documents, or the validity of the proceedings taken by the District in connection with the authorization, execution or delivery of the Financing Documents, wherein any unfavorable decision, ruling or finding would adversely

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affect the transactions contemplated thereby or by the Official Statement, or which, in any way, would adversely affect the validity or enforceability of the Financing Documents or, in any material respect, the ability of the District to perform its obligations under the Financing Documents.

Very truly yours,

District Counsel

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Form of Continuing Disclosure Agreement

## CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (“Disclosure Agreement”), dated as of [\_\_\_\_\_ 1, 2018], is executed and delivered by the SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY (the “Issuer”), and Willdan Financial Services, as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of \$ aggregate principal amount of the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement, dated as of December 1, 2016, as amended and supplemented by the First Supplemental Trust Agreement, dated as of [\_\_\_\_\_ 1, 2018] (together, the “Trust Agreement”), between the Issuer and U.S. Bank National Association (the “Trustee”). The proceeds of the Bonds will be used to acquire the Local Obligations (as defined below) and refund certain outstanding bonds of the Authority and the Districts (as defined below), to fund the reserve funds securing the Bonds and to pay costs of issuance of the Bonds. The Issuer and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income purposes.

“Disclosure Representative” shall mean the Executive Director of the Issuer, or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Willdan Financial Services, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee and the Issuer a written acceptance of such designation.

“Districts” shall mean San Dieguito Union High School District Community Facilities District No. 94-2, San Dieguito Union High School District Community Facilities District No. 94-3, San Dieguito Union High School District Community Facilities District No. 95-1, San Dieguito Union High School District Community Facilities District No. 95-2, San Dieguito Union High School District Community Facilities District No. 99-1, San Dieguito Union High

School District Community Facilities District No. 99-2, San Dieguito Union High School District Community Facilities District No. 99-3 and San Dieguito Union High School District Community Facilities District No. 03-1.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“Local Obligations” shall mean, collectively, the San Dieguito Union High School District Community Facilities District No. 94-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 94-3 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 95-1 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 95-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-1 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018 and San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018.

“MSRB” shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

“Official Statement” means the Official Statement for the Bonds dated \_\_\_\_\_, 2016.

“Owners” shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

“Participating Underwriter” shall mean Piper Jaffray & Co.

“Repository” shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Rule” shall mean 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.

“School District” shall mean the San Dieguito Union High School District.

### Section 3. Provision of Annual Reports.

(a) The Issuer shall, or upon written direction shall cause the Dissemination Agent to, not later than April 1 after the end of the Issuer’s Fiscal Year (currently June 30) commencing

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with the report due by April 1, 2019, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer and the School District, if any exist, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the fiscal year of the Issuer or the School District changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(d). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) Not later than (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to inquire if the Issuer is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent in a timely manner shall send a notice to the Repository, in the form required by the Repository.

(d) The Dissemination Agent shall:

- (i) determine each year prior to date for providing the Annual Report the name and address of the Repository if other than the MSRB; and
- (ii) file a report with the Issuer certifying that the Annual Report has been sent to the Repository and the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Agreement, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the Issuer and the School District for the prior fiscal year, if any have been prepared and which, if prepared, shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board; provided, however, that the Issuer and the School District may, from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Issuer or the School District shall modify the basis upon which its financial statements are prepared, the Issuer or the School District, as applicable, shall provide the information referenced in Section 8 below. If the Issuer or the School District are preparing



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audited financial statements and such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following: [UPDATE]

- (i) the principal amount of Bonds outstanding as of the September 2 preceding the filing of the Annual Report;
- (ii) the balance in each fund under the Trust Agreement and the Reserve Requirement as of the September 2 preceding the filing of the Annual Report;
- (iii) any changes to the Rates and Methods of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a description of any parcels for which the Special Taxes have been prepaid in the Fiscal Year for which the Annual Report is being prepared;
- (iv) an update of Tables [\_\_\_\_\_] in the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the current fiscal year;
- (v) the status of any foreclosure actions being pursued by the Districts with respect to delinquent Special Taxes; and
- (vi) any information not already included under (i) through (v) above that the Districts are required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

- (i) principal and interest payment delinquencies;

## ITEM 23E

- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
- (vi) tender offers;
- (vii) defeasances;
- (viii) ratings changes; and
- (ix) bankruptcy, insolvency, receivership or similar proceedings.

Note: for the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) unless described in paragraph 5(a)(v) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (ii) the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

## ITEM 23E

- (iii) appointment of a successor or additional trustee or the change of the name of a trustee;
- (iv) nonpayment related defaults;
- (v) modifications to the rights of Owners of the Bonds;
- (vi) notices of redemption; and
- (vii) release, substitution or sale of property securing repayment of the Bonds.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under Section 5(b) above, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file a notice of such occurrence with the Repository in a timely manner not more than 10 business days after the event.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Issuer and that the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent shall be Willdan Financial Services. The Dissemination Agent may resign by providing thirty (30) days written notice to the Issuer and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver related to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in

legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking hereunder, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment related to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful

misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

Issuer: San Dieguito School Facilities Financing  
Authority  
710 Encinitas Boulevard  
Encinitas, California 92024  
Attention: Executive Director

Dissemination Agent: Willdan Financial Services

Participating Underwriter: Piper Jaffray & Co.  
One Montgomery Street, 35th Floor  
San Francisco, California 94104  
Attention: Ralph Holmes

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notice or communications should be sent.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

WILLDAN FINANCIAL SERVICES, as  
Dissemination Agent

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

ITEM 23E

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 99-1 OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$8,500,000 AGGREGATE PRINCIPAL AMOUNT OF BONDED INDEBTEDNESS OF SUCH COMMUNITY FACILITIES DISTRICT NO. 99-1, PRESCRIBING THE TERMS OF SALE, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A LOCAL OBLIGATION PURCHASE CONTRACT, AND A CONTINUING DISCLOSURE CERTIFICATE, AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS**

**WHEREAS**, the Board of Trustees (the “Board of Trustees”) of the San Dieguito Union High School District (the “District”) has heretofore established Community Facilities District No. 99-1 (“CFD 99-1”) along with eight other community facilities districts (collectively, the “CFDs”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, consisting of Sections 53311, et seq., of the California Government Code (the “Act”) (collectively with CFD 99-1, the “CFDs”) in order to finance and reimburse the construction of various public facilities benefitting the CFDs; and

**WHEREAS**, pursuant to a resolution adopted on May 6, 1999, and concurrent with the formation of CFD 99-1, the District authorized the levy of special taxes within CFD 99-1 and CFD 99-1’s ability to incur indebtedness not to exceed \$50,000,000 to finance the costs of acquiring, leasing and/or constructing various public facilities for the benefit of CFD 99-1; and

**WHEREAS**, in order to assist the CFDs in financing and reimbursing the acquisition and construction of various public facilities (the “CFD Projects”), the San Dieguito Public Facilities Authority (the “Prior JPA”) previously issued its Revenue Bonds, 1998 Series A (Tax Exempt), Revenue Bonds 1998 Series B (Taxable) and Revenue Bonds, Series 2004, each refunded in whole by \$91,125,000 aggregate principal amount of its Revenue Refunding Bonds, Series 2006 (the “Prior JPA Bonds”) pursuant to an Indenture of Trust, dated as of July 1, 2006 (as amended, the “Prior Indenture”), by and between the Prior JPA and U.S. Bank National Association, as trustee; and

**WHEREAS**, the CFDs entered into a loan agreement, dated July 1, 2006 (as amended, the “Prior Loan Agreement”), by and between the CFDs and the Prior JPA, whereby the Prior JPA agreed to lend the CFDs certain funds for the CFD Projects; and

**WHEREAS**, the District has determined to authorize the issuance of additional indebtedness of CFD 99-1 for the purpose of acquiring and constructing various public facilities benefitting CFD 99-1 and prepaying certain obligations under the Prior Loan Agreement (the “Prior CFD Loans”), allowing for the defeasance of certain of the Prior JPA Bonds; and

**WHEREAS**, at this time, the Board of Trustees deems it necessary and desirable to authorize and consummate the sale of a series of bonds designated the “San Dieguito Union High School District Community Facilities District 99-1 Special Tax Revenue Bonds, Series 2018” (the “Local Obligations”) in an aggregate initial principal amount not exceeding \$8,500,000; and

**WHEREAS**, the District has heretofore authorized the formation of the San Dieguito School Facilities Financing Authority (the “Authority”); and

**WHEREAS**, the District desires to sell the Local Obligations to the Authority pursuant to a Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”), and, pursuant to Section 53360.4 of the Act, hereby finds and determines that such sale will result in lower overall cost; and

**WHEREAS**, the Authority is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code to issue its bonds for the purpose of purchasing various local obligations issued by certain local agencies, including the Local Obligations; and

**WHEREAS**, the Authority desires to issue its San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Authority Bonds”), pursuant to a Trust Agreement (the “Trust Agreement”), by and between the Authority and U.S. Bank National Association; and

**WHEREAS**, the District has determined pursuant to Section 6588(v) of the Government Code to sell the Local Obligations to the Authority pursuant to a Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) by and between the District and the Authority, and hereby finds and determines that such sale will result in significant public benefits including demonstrable savings in effective interest rate, bond preparation, bond underwriting discount, original issue discount or bond issuance costs, and a form of Local Obligation Purchase Contract has been prepared; and

**WHEREAS**, in order to provide for the authentication and delivery of the Local Obligations, to establish and declare the terms and conditions upon which the Local Obligations are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the District proposes to enter into an Indenture (the “Indenture”) with U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”), and a form of Indenture has been prepared; and

**WHEREAS**, in order to satisfy the disclosure requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”), the District desires to execute and deliver a Continuing Disclosure Certificate (such Continuing Disclosure Certificate, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Continuing Disclosure Certificate”), a form of which has been prepared; and

**WHEREAS**, the form of a Preliminary Official Statement (the “Preliminary Official Statement”) to be used in connection with the offering and sale of the Authority Bonds has been prepared and is on file with the Board of Trustees; and

**WHEREAS**, the Board of Trustees has been presented with the form of each document referred to herein relating to the financing contemplated hereby, and the Board of Trustees has examined each document and desires to approve, authorize and direct the execution of the forms of Local Obligation Purchase Contract, Indenture, and Continuing Disclosure Agreement and the consummation of such financing; and



**WHEREAS**, the Board of Trustees desires to proceed to issue and sell the Local Obligations and to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the offering, sale and issuance of the Local Obligations;

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

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Trustees of the San Dieguito Union High School District, acting as the legislative body of CFD 99-1, as follows:

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

**Section 2. Authority for Issuance.** The Local Obligations described herein are authorized to be issued pursuant to the Act and other applicable provisions of law, including applicable provisions of the Education Code, in an aggregate principal amount not to exceed \$8,500,000.

**Section 3. Designation of Local Obligations.** The Local Obligations shall be sold in one or more series, to be designated the “San Dieguito Union High School District Community Facilities District 99-1 Special Tax Revenue Bonds, Series 2018,” with such additional designations as may be necessary to distinguish between bonds of different payment mechanisms or features, as authorized hereby.

**Section 4. Sale of Local Obligations; Local Obligation Purchase Contract.** The Superintendent of the District, the Associate Superintendent, Business Services of the District, the Executive Director of Planning Services, or such other officer of the District designated for the purpose (each an “Authorized District Representative”), each alone, are hereby authorized, upon consultation with the Municipal Advisor, to sell all or any portion or series of the Local Obligations to the Authority. The Local Obligation Purchase Contract, in substantially the form on file with the Clerk of this Board, is hereby approved, and the Authorized District Representatives, each alone, are hereby authorized and directed to execute and deliver the Local Obligation Purchase Contract with the Authority, on behalf of the Community Facilities District and the District, subject to such changes or revisions therein as may be acceptable to the Authorized District Representative executing the same, and the District’s approval of all such changes shall be conclusively evidenced by the execution and delivery of the Local Obligation Purchase Contract. The Local Obligation Purchase Contract shall provide: (i) that the aggregate purchase price of the Local Obligations sold thereunder shall be no less than the principal amount of such Local Obligations; and (ii) that the Local Obligations sold thereunder shall otherwise conform to the limitations specified in this Resolution, including specifically those terms prescribed by Section 5 hereof.

**Section 5. Terms of the Local Obligations and Interest Payment.** The Local Obligations shall be issued in the form of current interest bonds. The Board hereby determines that: (1) it is anticipated that the prepayment of the Prior CFD Loans will occur on or about October 26, 2018, or such other date as is described in the Local Obligation Purchase Contract, (2) the Local Obligations shall bear the date, be in the denominations, have the maturity dates (which, in the case

of Local Obligations the proceeds of which are used to prepay Prior CFD Loans, do not exceed the latest maturity date of such Prior CFD Loans), and be payable at the place and be in the form specified in the Indenture, (3) the Local Obligations will bear interest at a rate no less than 0.5 percent per annum, and (4) the designated costs of issuing the Local Obligations being used to refund the Prior CFD Loans, as defined by Section 53363.8 of the Act, shall include all of the costs specified in Section 53363.8(a), (b)(2) and (c) of the Act. The Local Obligation Purchase Contract shall recite the terms of the Local Obligations sold under such document in accordance with this section as determined in the sale thereof, and such terms shall be memorialized in the Indenture described in Section 7 hereof. In satisfaction of the requirements contained in Section 53364.2 of the Act, the Board hereby determines that any savings achieved through the issuance of the Local Obligations shall be used to finance additional facilities authorized to be financed by CFD 99-1.

**Section 6. Tax Treatment of Local Obligations.** All or any portion of the Local Obligations shall be issued as exempt from federal income tax, as an Authorized District Representative shall determine upon consultation with the Municipal Advisor, and according to the terms and conditions as Bond Counsel to the District shall advise are appropriate to and necessary for the issuance of tax-exempt bonds.

**Section 7. Approval of Indenture.** The Indenture relating to the Local Obligations between the District and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent”), in substantially the form submitted to this Board, including the form of Local Obligations included therein, is hereby approved. The Authorized District Representatives, each alone, are hereby authorized to execute and deliver an instrument in substantially said form, completed with the terms of the Local Obligations determined upon the sale thereof, and with such other changes thereto as the Authorized District Representative executing the same may require or approve, and the District’s approval of the Indenture shall be conclusively evidenced by the execution and delivery thereof.

**Section 8. Approval of Continuing Disclosure Certificate.** The Continuing Disclosure Certificate relating to the Local Obligations, in substantially the form on file with the Clerk of this Board, is hereby approved. The Authorized District Representatives, or the designee thereof, each alone, are hereby authorized on behalf of Community Facilities District and the District to execute and deliver the Continuing Disclosure Certificates in substantially the form submitted to this Board, with such changes thereto as deemed necessary in order to permit the purchaser of the Local Obligations to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificates as finally executed and delivered.

**Section 9. Approval of Actions.** The President of this Board of Trustees, the Clerk of this Board of Trustees, the Superintendent of the District, the Associate Superintendent, Business Services of the District, the Executive Director of Planning Services, and any other officer of the District to whom authority is delegated by one of the named officers for the purposes of the Local Obligations, are hereby authorized and directed to execute and deliver any and all certificates and representations, including signature certificates, no-litigation certificates, representation letters to The Depository Trust Company, the Tax Certificate and any other certificates proposed to be distributed in connection with the sale of the Local Obligations, and to enter into any agreements, including depository agreements, commitment letters and agreements with bond insurers, agreements providing for payment of costs of issuance of Local Obligations, and any other agreements, letters, or representations, which any of them deem necessary or desirable to accomplish the transactions authorized herein. If in order to sell the Local Obligations in separate series or to separate purchasers

as authorized herein, the District is required to prepare and deliver additional official statements, Indentures, Local Obligation Purchase Contracts, continuing disclosure certificates, or other authorized documents, the preparation and delivery of such additional documents is hereby authorized. Actions of the Authorized District Representative heretofore taken to accomplish the purposes of this Resolution and consistent herewith are hereby ratified.

**Section 10. Retention of Services.** This Board hereby appoints Piper Jaffray & Co. as Underwriter, Fieldman, Rolapp & Associates, Inc., as Municipal Advisor, and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel, all with respect to the issuance of the Local Obligations. The Authorized District Representatives, each alone, are hereby authorized to execute an agreement with any of the foregoing in order to provide for the provision of the specified services and for payment in respect thereof, together with payment for other costs of issuance of the Bonds or the Local Obligations from proceeds deposited pursuant to the Indenture.

**Section 11. Value of Property.** In accordance with the requirements of Section 53345.8 of the Act, this Board hereby determines that the value of the real property in CFD 99-1 subject to the special tax to pay debt service on the Local Obligations is at least three times the principal amount of the Local Obligations and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within CFD 99-1.

**Section 12. Notice to California Debt and Investment Advisory Commission.** The Authorized District Representative is hereby authorized and directed to cause notices of the proposed sale and final sale of the Local Obligations to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to California Government Code Section 8855 and Section 53359.5.

**Section 13. Good Faith Estimates.** In accordance with California Government Code Section 5852.1, certain estimates are presented in Exhibit A to this Resolution.

**Section 14. Effective Date.** This Resolution shall take effect from and after its date of adoption.

**PASSED AND ADOPTED** this day, September 13, 2018.

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President of the Board of Trustees of the  
San Dieguito Union High School District

ATTEST:

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Clerk of the Board of Trustees of the  
San Dieguito Union High School District

**CLERK'S CERTIFICATE**

I, Joyce Dalessandro, Clerk of the Board of Trustees of the San Dieguito Union High School District, County of San Diego, California, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Trustees of said District duly and regularly held at the regular meeting place thereof on September 13, 2018, and entered in the minutes thereof, of which meeting all of the members of the Board of Trustees had due notice and at which a quorum thereof was present, and that at said meeting the resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

An agenda of the meeting was posted at least 72 hours before the meeting at 710 Encinitas Boulevard, Encinitas, California, a location freely accessible to members of the public, and a brief description of the resolution appeared on the agenda.

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: September 13,      2018.

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Clerk of the Board of Trustees of the  
San Dieguito Union High School District

**EXHIBIT A****GOOD FAITH ESTIMATES – CFD NO. 99-1 LOCAL OBLIGATIONS**

The good faith estimates for the CFD No. 99-1 Local Obligations (the “Local Obligations”) set forth herein are provided in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the School District by the Underwriter.

Principal Amount. The Underwriter has informed the School District that, based on the School District’s financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the CFD No. 99-1 Local Obligations to be sold is \$6,670,000 (the “Estimated Principal Amount”). Based on the Estimated Principal Amount, the following good faith estimates are provided:

a) True Interest Cost of the CFD No. 99-1 Local Obligations. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 99-1 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the CFD No. 99-1 Local Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the CFD No. 99-1 Local Obligations, is 4.25%.

b) Finance Charge of the CFD No. 99-1 Local Obligations. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 99-1 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the CFD No. 99-1 Local Obligations, which means the sum of all fees and charges paid to third parties, is \$34,002.42.

c) Amount of Proceeds to be Received. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 99-1 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the School District for sale of the CFD No. 99-1 Local Obligations, less the finance charge of the CFD No. 99-1 Local Obligations paid from CFD No. 99-1 Local Obligations proceeds, and any reserves or capitalized interest to be paid or funded with proceeds of the CFD No. 99-1 Local Obligations, if any, is \$7,064,299.58.

d) Total Payment Amount. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 99-1 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the School District will make to pay debt service on the CFD No. 99-1 Local Obligations, plus the finance charge for the CFD No. 99-1 Local Obligations as described in (b) above not paid with the proceeds of the CFD No. 99-1 Local Obligations, if any, calculated to the final maturity of the CFD No. 99-1 Local Obligations, is \$11,607,185.00.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Local Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Local Obligations being

## ITEM 23F

different than the date assumed for purposes of such estimates, (b) the actual principal amount of Local Obligations sold being different from the Estimated Principal Amounts, (c) the actual amortization of the Local Obligations being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Local Obligations being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the School District's financing plan, or a combination of such factors. The actual date of sale of the Local Obligations and the actual principal amount of Local Obligations sold will be determined by the School District based on the timing of the need for proceeds of the Local Obligations and other factors. The actual interest rates borne by the Local Obligations will depend on market interest rates at the time of sale thereof. The actual amortization of the Local Obligations will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the School District.

ITEM 23F

Form of Indenture

CFD No. 99-1

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**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**

**and**

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

**INDENTURE**

**Dated as of October 1, 2018**

**Relating to the**

**[\$Par Amount]  
San Dieguito Union High School District  
Community Facilities District 99-1  
Special Tax Revenue Bonds, Series 2018**

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**INDENTURE**

This Indenture (the “Indenture”) is made and entered into as of October 1, 2018, by and between the SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, a school district located in San Diego County (the “County”), duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “District”), and U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, as Fiscal Agent (the “Fiscal Agent”);

**WITNESSETH:**

WHEREAS, on May 6, 1999, the District duly adopted a Resolution establishing the San Dieguito Union High School District Community Facilities District 99-1 (the “Community Facilities District”) for the purpose of financing certain public facilities and public services in and for the Community Facilities District; and

WHEREAS, in order to assist the Community Facilities District in financing and reimbursing the acquisition and construction of various public facilities, among other purposes, the San Dieguito Public Facilities Authority (the “Prior JPA”) previously issued its Revenue Bonds, 1998 Series A (Tax Exempt), Revenue Bonds 1998 Series B (Taxable) and Revenue Bonds, Series 2004, each refunded in whole by \$91,125,000 aggregate principal amount of its Revenue Refunding Bonds, Series 2006 pursuant to an Indenture of Trust dated as of July 1, 2006 by and between the Prior JPA and U.S. Bank National Association, as Fiscal Agent (the “Prior JPA Bonds”); and

WHEREAS, the Community Facilities District entered into a loan agreement, dated July 1, 2006, by and between the Community Facilities District, along with eight other Community Facilities Districts of the San Dieguito Union High School District (collectively, the “CFDs”), and the Prior JPA (the “Prior Loan Agreement”), whereby the Prior JPA agreed to lend the CFDs certain funds; and

WHEREAS, the District has determined to authorize the issuance of additional indebtedness of Community Facilities District for the purpose of acquiring and constructing school facilities benefitting the CFDs and prepaying certain obligations under the Prior Loan Agreement and Installment Purchase Agreements entered into by each of two CFDs with the Prior JPA (collectively, the “Prior CFD Loans”), allowing for the prepayment of certain of the Prior JPA Bonds; and

WHEREAS, the District has heretofore authorized the formation of the San Dieguito School Facilities Financing Authority (the “Authority”); and

WHEREAS, for the purpose of financing the acquisition and construction of various public school facilities benefitting the CFDs and prepaying the Prior CFD Loans and thereby a portion of the Prior JPA Bonds, the District has determined to issue the San Dieguito Union High School District Community Facilities District 99-1 Special Tax Revenue Bonds, Series 2018 (the “Local Obligations”) in the aggregate principal amount of [\$Par Amount] pursuant to and secured by this Indenture; and

WHEREAS, the Authority has agreed to purchase the Local Obligations pursuant to a Local Obligation Purchase Contract between the Authority and the District, dated as of October \_\_, 2018, with a portion of the proceeds of the Authority's Special Tax Revenue Bonds, Series 2018 (collectively, the "Authority Bonds"); and

WHEREAS, all things necessary to cause the Local Obligations, when executed by the District and authenticated by the Fiscal Agent and delivered as provided herein, to be legal special tax obligations of the District, enforceable in accordance with their terms, and to constitute the Indenture a valid agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery hereof and the execution and delivery of the Local Obligations, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THE INDENTURE WITNESSETH, that in order to secure the payment of the interest on and principal of and redemption premium, if any, on all Local Obligations at any time issued and outstanding hereunder according to their tenor, and to secure the observance and performance of all the agreements, conditions, covenants and terms therein and herein set forth, and to declare the conditions and terms upon and subject to which the Local Obligations are to be issued and received, and in consideration of the premises and of the mutual agreements and covenants herein contained and of the purchase and acceptance of the Local Obligations by the respective owners thereof from time to time, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby agree and covenant with the Fiscal Agent, for the benefit of the respective owners from time to time of the Local Obligations, as follows:

## ARTICLE I

### DEFINITIONS; EQUAL SECURITY

**Section 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Indenture and of the Local Obligations and of any certificate, opinion, report, request or other document mentioned herein or therein have the meanings defined herein. The following definitions shall be equally applicable to both the singular and plural forms of any of the terms defined herein.

#### Additional Parity Obligations

"Additional Parity Obligations" means Local Obligations issued pursuant to Section 2.08 hereof.

#### Annual Special Tax

"Annual Special Tax" has the meaning given to that term set forth in the Rate and Method of Apportionment.

#### Associate Superintendent, Business Services

"Associate Superintendent, Business Services" means the Associate Superintendent, Business Services of the District.

Authority

“Authority” means the San Dieguito School Facilities Financing Authority.

Authority Bonds

“Authority Bonds” means, collectively, the San Dieguito School Facilities Financing Authority Subordinate Special Tax Revenue Bonds, Series 2016, and the the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018, and any additional bonds issued by the Authority.

Authority Bonds Trust Agreement

“Authority Bonds Trust Agreement” means the Trust Agreement, dated as of December 1, 2016, between the Authority and the Authority Bonds Trustee providing for the issuance of the Authority Bonds.

Authority Bonds Trustee

“Authority Bonds Trustee” means U.S. Bank National Association, as Trustee under the Authority Bonds Trust Agreement.

Authority Capital Improvement Fund

“Authority Capital Improvement Fund” means the Capital Improvement Fund established pursuant to Section 5.01 of the Authority Bonds Trust Agreement.

Authority Expense Fund

“Authority Expense Fund” means the Expense Fund established pursuant to Section 5.01 of the Authority Bonds Trust Agreement.

Average Annual Debt Service

“Average Annual Debt Service” means, as of any date of calculation, the average Annual Debt Service during the period from the date of such calculation through the final maturity date of any Outstanding bonds of the District.

Board

“Board” means the Board of Trustees of the District.

Bond Year

“Bond Year” means the twelve-month period ending on March 1 of each year except that the first Bond Year shall commence on the date of the initial delivery of the Local Obligations.

### Certificate of the District

“Certificate of the District” means an instrument in writing signed by the Superintendent or the Associate Superintendent, Business Services, or by any other officer of the District duly authorized by the Board of Trustees for that purpose.

### CFD

“CFD” means each of the Community Facilities District No. 03-1, Community Facilities District No. 94-2, Community Facilities District No. 94-1, Community Facilities District No. 99-1, Community Facilities District No. 95-1, Community Facilities District No. 95-2, Community Facilities District No. 99-1, Community Facilities District No. 99-2, and Community Facilities District No. 99-3 formed by the District, and collectively the “CFDs.”

### Code

“Code” means the Internal Revenue Code of 1986 and the regulations issued thereunder from time to time, and in this regard reference to any particular section of the Code shall include reference to any successor to such section of the Code.

### Community Facilities District

“Community Facilities District” means the San Dieguito Union High School District Community Facilities District 99-1, a community facilities district duly organized and existing in the District under and by virtue of the Law.

### Community Facilities Fund

“Community Facilities Fund” means the San Dieguito Union High School District Community Facilities District 99-1 Special Tax Revenue Bonds, Series 2018 Community Facilities Fund established pursuant to Section 5.02.

### Closing Date

“Closing Date” means October \_\_, 2018, the date upon which the Local Obligations are delivered.

### Debt Service

“Debt Service” means, for any period, the sum of (1) the interest payable during such period on all Outstanding Local Obligations, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid as scheduled at the times of and in amounts equal to the sum of all Mandatory Sinking Account Payments (but excluding the amount of any such interest funded from the proceeds of the sale of Local Obligations or investment earnings thereon), plus (2) the principal amount of all Outstanding Serial Bonds maturing by their terms in such period, plus (3) the aggregate amount of all Mandatory Sinking Account Payments required to be deposited in all Sinking Accounts in such period. For purposes of any test for the issuance of Refunding Local Obligations, Debt Service shall be deemed to include Debt Service on the proposed Refunding Local Obligations but shall not include Debt Service on any Local Obligations proposed to be defeased concurrently.

District

“District” means the San Dieguito Union High School District, a public school district located in San Diego County and validly existing under and by virtue of the Constitution and laws of the State of California.

District Clerk

“District Clerk” means the Clerk of the Board of the District.

Expense Fund

“Expense Fund” means the San Dieguito Union High School District Community Facilities District 99-1 Special Tax Revenue Bonds, Series 2018 Expense Fund established pursuant to Section 5.02 and maintained by the Fiscal Agent.

Expenses

“Expenses” means all expenses paid or incurred by the District for the cost of planning and designing the Improvements or the financing of the fees, including the cost of environmental evaluations of the Improvements and the costs associated with the creation of the Community Facilities District, the issuance of the Local Obligations, the determination of the amount of the Special Tax, the collection of the Special Tax and the payment of the Special Tax, or costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District; all as determined in accordance with Generally Accepted Accounting Principles.

Federal Securities

“Federal Securities” means (a) any securities now or hereafter authorized both the interest on and principal of which are guaranteed by the full faith and credit of the United States of America, and (b) any of the following obligations of federal agencies not guaranteed by the United States of America: (1) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation, (2) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act and bonds of any federal home loan bank established under such act, and (3) stocks, bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association or the Federal Home Loan Mortgage Corporation, as and to the extent that such securities or obligations are eligible for the legal investment of District funds, together with any repurchase agreements which are secured by any of such securities or obligations that (1) have a fair market value (determined at least daily) at least equal to one hundred two percent (102%) of the amount invested in the repurchase agreement, (2) are in the possession of the Fiscal Agent or a third party acting solely as agent for the Fiscal Agent who holds a perfected first lien therein, and (3) are free from all third party claims.

Fiscal Agent

“Fiscal Agent” means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, at its Principal Corporate Trust Office, or any other bank or trust company having a corporate trust office in Los Angeles or



San Francisco, California, which may at any time be substituted in its place as provided in Section 7.01 at its Principal Corporate Trust Office.

Fiscal Year

“Fiscal Year” means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the District as its Fiscal Year in accordance with applicable law.

Generally Accepted Accounting Principles

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

Holder

“Holder” means any person who shall be the registered owner of any Outstanding Local Obligation, as shown on the registration books maintained by the Fiscal Agent pursuant to Section 2.05.

Indenture

“Indenture” means this Indenture and all Supplemental Indentures.

Independent Certified Public Accountant

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the District, and who, or each of whom:

- (1) is in fact independent and not under the domination of the District;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the District; and
- (3) is not connected with the District as an officer or employee of the District, but who may be regularly retained to audit the accounting records of and make reports thereon to the District.

Interest Payment Date

“Interest Payment Date” means March 1 and September 1 of each year, commencing September 1, 2019.

### Law

“Law” means the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 *et seq.* of the Government Code of the State of California) and all laws amendatory thereof or supplemental thereto.

### Legal Investments

“Legal Investments” means any securities in which funds of the District may be legally invested in accordance with the applicable law in effect at the time of such investment and in accordance with the then current investment policy of the District as determined by the Board, including without limitation the California Asset Management Program pooled investment fund.

### Local Obligation Purchase Contract

“Local Obligation Purchase Contract” means the Local Obligation Purchase Contract, dated as of October \_\_, 2018, by and between the Authority and the District providing for the purchase of the Local Obligations by the Authority.

### Local Obligations, Serial Bonds, Term Bonds

“Local Obligations” means the principal amount of special tax bonds of the District at any time Outstanding hereunder that are executed, issued and delivered in accordance with the provisions hereof, including the [\$Par Amount] San Dieguito Union High School District Community Facilities District 99-1 Special Tax Revenue Bonds, Series 2018. “Serial Bonds” means the Local Obligations for which no Mandatory Sinking Account Payments are established. “Term Bonds” means the Local Obligations which are redeemable or payable on or before their specified maturity date or dates from the Mandatory Sinking Account Payments established for the purpose of redeeming or paying such Local Obligations on or before their specified maturity date or dates.

### Mandatory Sinking Account Payments

“Mandatory Sinking Account Payments” means the payments required by all Supplemental Indentures to be deposited in all Sinking Accounts established for the payment of all Term Bonds.

### Maximum Annual Debt Service

“Maximum Annual Debt Service” means the greatest Debt Service in any Bond Year during the period beginning with the then current Bond Year and ending with the Bond Year in which the last Outstanding Local Obligations mature by their terms.

### Moody’s

“Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

### Opinion of Counsel

“Opinion of Counsel” means a written opinion of counsel retained or employed by the District (including, without limitation, the appointed attorney of the District).

### Outstanding

“Outstanding,” when used as of any particular time with reference to Local Obligations, means (subject to the provisions of Section 8.02) all Local Obligations except:

- (1) Local Obligations cancelled and destroyed by the Fiscal Agent or delivered to the Fiscal Agent for cancellation and destruction;
- (2) Local Obligations paid or deemed to have been paid within the meaning of Section 10.01; and
- (3) Local Obligations in lieu of or in substitution for which other Local Obligations shall have been executed by the District and authenticated and delivered by the Fiscal Agent pursuant to Section 2.06.

### Principal Corporate Trust Office

“Principal Corporate Trust Office” means the corporate trust office of the original Fiscal Agent in Los Angeles, California, or such other office designated by the Fiscal Agent from time to time as its Principal Corporate Trust Office.

### Prior JPA Bonds

“Prior JPA Bonds” means the Prior JPA’s Revenue Refunding Bonds, Series 2006.

### Prior Loan Agreement

“Prior Loan Agreement” means that certain Loan Agreement by and between the Community Facilities District, along with eight other community facilities districts of the District, and the Prior JPA, dated July 1, 2006 (as amended), related to the Prior CFD Loans and the Prior JPA Bonds.

### Rate and Method of Apportionment

“Rate and Method of Apportionment” means the Rate and Method of Apportionment of Special Taxes for Community Facilities District No. 99-1 of the San Dieguito Union High School District, attached as Exhibit B to the Resolution of Formation of the Board of Trustees of the San Dieguito Union High School District Establishing Community Facilities District No. 99-1 of the San Dieguito Union High School District, Authorizing the Levy of a Special Tax, the Incurrence of Bonded Indebtedness not to exceed \$50,000,000 within Proposed Community Facilities District No. 99-1 and Calling an Election, adopted on May 6, 1999 by the Board of Trustees of the District.

### Redemption Fund

“Redemption Fund” means the San Dieguito Union High School District Community Facilities District 99-1 Special Tax Revenue Bonds, Series 2018 Redemption Fund established pursuant to Section 5.02 and maintained by the Fiscal Agent.

### Redemption Premium

“Redemption Premium,” with respect to the Local Obligations, means such amount in excess of the principal amount of Local Obligations being redeemed as may be necessary to generate sufficient funds to redeem the corresponding maturities of the applicable Authority Bonds on the redemption date.

### Refunding Local Obligations

“Refunding Local Obligations” means Local Obligations issued pursuant to Section 2.02 hereof.

### Resolution of Formation

“Resolution of Formation” means that certain Resolution of Formation of the Community Facilities District, adopted by the District on May 6, 1999.

### Senior Obligations

“Senior Obligations” means the obligations of the Community Facilities District under the Prior Loan Agreement; provided that, for purposes of Sections 2.08 and 2.09, Senior Obligations includes only scheduled obligations due and payable thereunder.

### Special Tax

“Special Tax” means the special tax authorized to be levied and collected annually on all Taxable Land in the Community Facilities District under and pursuant to the Law at the special election held in the Community Facilities District on September 14, 1999 (and at any subsequent election related to annexation of territory into the Community Facilities District, if any), less Senior Obligations, if any.

### Special Tax Fund

“Special Tax Fund” means the San Dieguito Union High School District Community Facilities District 99-1 Special Tax Revenue Bonds, Series 2018 Special Tax Fund established pursuant to Section 5.01.

### Standard & Poor’s

“Standard & Poor’s” or “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC Business, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term

“Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

#### Superintendent

“Superintendent” means the Superintendent of the District or person appointed by the governing board of the District to act in that capacity.

#### Supplemental Indenture

“Supplemental Indenture” means any indenture then in full force and effect that has been made and entered into by the District and the Fiscal Agent, amendatory of or supplemental hereto; but only to the extent that such Supplemental Indenture is specifically authorized hereunder.

#### Tax Certificate

“Tax Certificate” means the certificate delivered upon the issuance of the Local Obligations relating to Section 148 of the Code.

#### Taxable Land

“Taxable Land” means all land within the Community Facilities District taxable under the Law in accordance with the proceedings for the authorization of the issuance of the Local Obligations and the levy and collection of the Special Tax.

#### Written Request of the District

“Written Request of the District” means an instrument in writing signed by the Superintendent or the Associate Superintendent, Business Services, or by any other officer of the District duly authorized by the District for that purpose.

**Section 1.02 Equal Security.** In consideration of the acceptance of the Local Obligations by the Holders thereof, the Indenture shall be deemed to be and shall constitute a contract between the District and the Holders from time to time to secure the full and final payment of the interest on and principal of and Redemption Premium, if any, on all Local Obligations which may from time to time be authorized, sold, executed, authenticated and delivered hereunder, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the District shall be for the equal and proportionate benefit, security and protection of all Holders without distinction, preference or priority as to security or otherwise of any Local Obligations over any other Local Obligations by reason of the number thereof or the time of execution, authentication or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF LOCAL OBLIGATIONS

#### Section 2.01 Authorization and Purpose of Local Obligations.

(a) The Board has reviewed all proceedings heretofore taken relative to the authorization of the Local Obligations and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Local Obligations do exist, have happened and have been performed in due time, form and manner as required by the Law, and the District is now authorized, pursuant to each and every requirement of the Law and hereof, to issue the Local Obligations in the aggregate principal amount of [\$Par Amount] in the form and manner provided herein. The Local Obligations shall be entitled to the benefit, protection and security of the provisions hereof, shall be designated as the "San Dieguito Union High School District Community Facilities District 99-1 Special Tax Refunding Bonds, Series 2018," shall be issued by the District under and pursuant to the Law and under and pursuant hereto. The Local Obligations may contain or have endorsed thereon such other descriptive provisions, specifications and words not inconsistent with the provisions hereof as may be desirable or necessary to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the District prior to the delivery thereof.

(b) The purpose for which the Local Obligations are to be issued is to provide funds to finance or refinance the acquisition and construction of school facilities benefiting the Community Facilities District and to refinance and defease the Prior CFD Loans.

**Section 2.02 Refunding Local Obligations.** The District may at any time after the issuance and delivery of the Local Obligations issue (and the Fiscal Agent shall upon a Written Request of the District authenticate and deliver) Refunding Local Obligations payable from the Special Tax and other assets pledged hereunder and secured by a lien and charge upon the Special Tax and other assets pledged hereunder equal to and on a parity with the lien and charge securing the Outstanding Local Obligations theretofore issued under the Indenture, but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Refunding Local Obligations:

(a) The District shall have delivered or caused to be delivered to the Fiscal Agent the following:

(i) A copy of the resolution adopted by the Board approving the Supplemental Indenture required by subsection (b) of this Section 2.02, and the execution and delivery by the District of such Supplemental Indenture, duly certified by the District Clerk to have been duly adopted by the Board and to be in full force and effect on the date of such certification;

(ii) A Written Request of the District directing that the Fiscal Agent authenticate the Refunding Local Obligations and containing instructions as to the delivery of the Refunding Local Obligations;

(iii) The proceeds of sale of the Refunding Local Obligations;

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(iv) A Certificate of the District stating that the District is not in default in the performance of any of the agreements, conditions, covenants or terms contained in the Indenture;

(v) An original, executed counterpart of the Supplemental Indenture required by subsection (b) of this Section 2.02;

(vi) Directions as to the use of proceeds of the Refunding Local Obligations to refund Local Obligations Outstanding hereunder or to fund capitalized interest; and

(vii) An Opinion of Counsel nationally recognized in the field of municipal finance addressing the validity and tax exempt status of the Refunding Local Obligations, subject to said exceptions as may be reasonable and appropriate.

(b) The issuance of such Refunding Local Obligations shall have been duly authorized under all applicable laws, and the issuance of such Refunding Local Obligations shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(i) The use of proceeds of such Refunding Local Obligations;

(ii) The authorized principal amount of such Refunding Local Obligations;

(iii) The date and the maturity date or dates of such Refunding Local Obligations; provided that (A) maturing principal and Mandatory Sinking Account Payments on the Refunding Local Obligations may occur only on March 1, (B) all such Refunding Local Obligations of like maturity shall be identical in all respects, except as to number, and (C) fixed serial maturities or Mandatory Sinking Account Payments, or any combination thereof, shall be established to provide for the retirement of all such Refunding Local Obligations on or before their respective maturity dates;

(iv) The interest payment dates shall be on March 1 and September 1; provided, that such Refunding Local Obligations may provide for compounding of interest in lieu of payment of interest on such dates;

(v) The authorized denominations of such Refunding Local Obligations to refund Local Obligations Outstanding hereunder or to fund capitalized interest;

(vi) The Redemption Premium, if any, and the redemption terms, if any, for such Refunding Local Obligations;

(vii) The amount and due date of each Mandatory Sinking Account Payment, if any, for such Refunding Local Obligations;

(viii) The amount, if any, of interest to be paid on such Refunding Local Obligations from the proceeds thereof;

(ix) The form of such Refunding Local Obligations; and

(x) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) The Refunding Local Obligations shall be purchased by the Authority.

**Section 2.03 Terms of Local Obligations.**

(a) The interest on and principal of and Redemption Premium, if any, on the Local Obligations shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office of the Fiscal Agent.

(b) The Local Obligations shall be issued as fully registered bonds in such denominations as may be authorized herein and shall be dated as provided herein and shall be numbered as determined by the Fiscal Agent.

(c) Each Local Obligation shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event it shall bear interest from its dated date. Payment of interest on the Local Obligations due on or before the maturity or prior redemption thereof shall be made only to the Holder whose name appears in the registration books required to be kept by the Fiscal Agent pursuant to Section 2.05 at the close of business as of the 15th day of the calendar month preceding the month in which the applicable Interest Payment Date falls, such interest to be paid by check mailed by first class mail on each such Interest Payment Date to such registered owner at his address as it appears on such books, except that in the case of a Holder of one million dollars (\$1,000,000) or more in principal amount of Local Obligations then Outstanding, payment shall be made at such Holder's option by wire transfer on any Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such Holder to the Fiscal Agent at least fifteen (15) days before each such Interest Payment Date. Payment of the principal of and Redemption Premium, if any, on the Local Obligations shall be made only to the Holder whose name appears in the registration books required to be kept by the Fiscal Agent pursuant to Section 2.05, such principal and Redemption Premium, if any, to be paid only on the surrender of the Local Obligations at the Principal Corporate Trust Office of the Fiscal Agent at maturity or on redemption prior to maturity. All such payments of interest and principal and Redemption Premium, if any, on any Local Obligation shall be valid and effectual to satisfy and discharge the liability on such Local Obligation to the extent of the sum or sums so paid.

(d) The Local Obligations shall recite in substance that the interest on and principal of and Redemption Premium, if any, on the Local Obligations are payable solely from the proceeds of the Special Tax, and that the District is not obligated to pay the Local Obligations except from the proceeds of the Special Tax; that the General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, and that no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or Redemption Premium, if any, on the Local Obligations; that the Local Obligations are not secured by a legal or



equitable pledge of or charge, lien or encumbrance upon any of the property of the District or any of its income or receipts except the money in the Special Tax Fund; and that neither the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations is a general debt, liability or obligation of the District.

(e) From and after the issuance of the Local Obligations the findings and determinations of the Board related to the Local Obligations shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such Local Obligations is at issue, and no bona fide purchaser of any of such Local Obligations shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance or to the application of the purchase price paid for such Local Obligations. The validity of the issuance of the of Local Obligations shall not be dependent on or affected in any way by (i) any proceedings taken by the District for the acquisition or construction of any Improvements, or (ii) any contracts made by the District in connection therewith, or (iii) the failure to complete the acquisition or construction of any Improvements. The recital contained in the Local Obligations that the Local Obligations are issued under and pursuant to the Law and under and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance and all Local Obligations shall be incontestable from and after their issuance. The Local Obligations shall be deemed to be issued, within the meaning hereof, whenever the definitive Local Obligations (or any temporary Local Obligations exchangeable therefor) have been delivered to the purchaser thereof and the purchase price thereof received.

**Section 2.04 Execution of Local Obligations.** The Local Obligations shall be signed on behalf of the District by the manual or facsimile signature of the President of the Board and countersigned by the manual or facsimile signature of the Secretary of the Board. In case any officer of the District who shall have signed any of the Local Obligations shall cease to be such officer before the Local Obligations so signed shall have been delivered to the purchaser by the Fiscal Agent, such Local Obligations may nevertheless be delivered and issued and, upon such delivery and issuance, shall be as binding upon the District as though such officer who signed the same had continued to be such officer until such delivery and issuance. Also, any Local Obligation may be signed on behalf of the District by any person who on the actual date of the execution of such Local Obligation shall be the proper officer of the District, although on the nominal date of such Local Obligation such person shall not have been such officer of the District. Only those Local Obligations that bear thereon a certificate of authentication manually executed by the Fiscal Agent shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Fiscal Agent shall be conclusive evidence that the Local Obligations so authenticated have been duly authorized, sold, executed, authenticated and delivered hereunder and are entitled to the benefits hereof.

**Section 2.05 Transfer and Exchange of Local Obligations.** The Fiscal Agent shall keep at its Principal Corporate Trust Office sufficient books for the transfer and exchange of the Local Obligations, which books shall at all times during normal business hours with reasonable prior notice be open to inspection by the District or by any Holder. Any Local Obligation may, in accordance with its terms, be transferred or exchanged on such books by the person in whose name it is registered, in person or by his duly authorized attorney, upon payment by the Holder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange and upon surrender of such Local Obligation for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form acceptable to the Fiscal Agent. Whenever any bond or bonds shall be surrendered for transfer or exchange, the

District shall execute and the Fiscal Agent shall authenticate and deliver a new bond or bonds of the same maturity date and of authorized denominations for the same aggregate principal amount, except that neither the District nor the Fiscal Agent shall be required (i) to transfer or exchange any Local Obligations during the fifteen-day period prior to the selection of any Local Obligations for redemption under Article IV, or (ii) to transfer or exchange any Local Obligation which has been selected for redemption in whole or in part, except the unredeemed portion of such Local Obligation selected for redemption in part, from and after the day that such Local Obligation has been selected for redemption in whole or in part under Article IV.

**Section 2.06 Mutilated, Destroyed, Stolen or Lost Local Obligations.** In case any Local Obligation shall become mutilated in respect of the body of such Local Obligation or shall be believed by the District to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the District and the Fiscal Agent and upon the surrender of such mutilated Local Obligation at the Principal Corporate Trust Office of the Fiscal Agent, or upon the receipt of evidence satisfactory to the District and the Fiscal Agent of such destruction, theft or loss and upon receipt of indemnity satisfactory to the District and the Fiscal Agent, and also upon payment of all expenses incurred by the District and the Fiscal Agent in the premises, the District shall execute and the Fiscal Agent shall authenticate and deliver at its Principal Corporate Trust Office a new bond or bonds of the same maturity date for the same aggregate principal amount in authorized denominations of like tenor and date and bearing such numbers and notations as the Fiscal Agent shall determine in exchange and substitution for and upon cancellation of the mutilated Local Obligation or in lieu of and in substitution for the Local Obligation so destroyed, stolen or lost.

If any such destroyed, stolen or lost Local Obligation shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the Fiscal Agent upon receipt of like proof, indemnity and payment of expenses.

Any replacement Local Obligations issued pursuant to this section shall be entitled to equal and proportionate benefits with all other Local Obligations issued hereunder, and the District and the Fiscal Agent shall not be required to treat both the original Local Obligation and any replacement Local Obligation as being Outstanding for the purpose of determining the principal amount of Local Obligations which may be issued hereunder or for the purpose of determining any percentage of Local Obligations Outstanding hereunder, but both the original and the replacement Local Obligation shall be treated as one and the same.

**Section 2.07 Temporary Local Obligations.** Any Local Obligations may be initially issued in temporary form exchangeable for definitive Local Obligations when ready for delivery. The temporary Local Obligations shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the District, shall be issued in fully registered form, shall contain such reference to any of the provisions hereof as may be appropriate and shall be executed by the District upon the same conditions and in substantially the same manner as the definitive Local Obligations. If the District issues temporary Local Obligations, it shall execute and furnish definitive Local Obligations without delay, and thereupon the temporary Local Obligations may be surrendered in exchange therefor at the Principal Corporate Trust Office of the Fiscal Agent, and the Fiscal Agent shall deliver in exchange for such temporary Local Obligations an equal aggregate principal amount of definitive Local Obligations of authorized denominations of the same maturity date or dates, and until so exchanged, the temporary Local Obligations shall be entitled to the same benefits as definitive Local Obligations issued hereunder.

**Section 2.08 Additional Parity Obligations.** The District covenants that it will not issue any additional obligations on a parity with the Local Obligations hereunder, except as provided below.

(a) the District may issue Refunding Local Obligations pursuant to Section 2.02 hereof;

(b) to the extent permitted by applicable law, the District may issue Additional Parity Obligations if the following conditions have been satisfied: (i) the Maximum Special Tax (as defined in the Rate and Method of Apportionment related to the Community Facilities District) related to the Local Obligations derived from Special Taxes collected from all property within the Community Facilities District is estimated to cover one hundred percent (100%) of the sum of: (x) the debt service in each Fiscal Year of all Senior Obligations, plus (y) the debt service in each Fiscal Year of all Local Obligations (including all proposed Additional Parity Obligations), and; (ii) the assessed property value of all property within the Community Facilities District for the Fiscal Year in which additional parity debt is proposed is at least twenty (20) times the sum of the principal amount of outstanding Senior Obligations and Local Obligations (including any proposed Additional Parity Obligations) plus any assessment liens or special tax liens secured by such property.

(c) the District shall have delivered or caused to be delivered to the Fiscal Agent the following:

(i) A copy of the resolution adopted by the Board approving the Supplemental Indenture required by subsection (d) of this Section 2.08, and the execution and delivery by the District of such Supplemental Indenture, duly certified by the District Clerk to have been duly adopted by the Board and to be in full force and effect on the date of such certification;

(ii) A Written Request of the District directing that the Fiscal Agent authenticate the Additional Parity Obligations and containing instructions as to the delivery of the Additional Parity Obligations;

(iii) The proceeds of sale of the Additional Parity Obligations;

(iv) A Certificate of the District stating that the District is not in default in the performance of any of the agreements, conditions, covenants or terms contained in the Indenture;

(v) An original, executed counterpart of the Supplemental Indenture required by subsection (d) of this Section 2.08;

(vi) Directions as to the use of proceeds to finance the acquisition and construction of school facilities benefitting the Community Facilities District; and

(vii) An Opinion of Counsel nationally recognized in the field of municipal finance addressing the validity and tax exempt status of the Additional Parity Obligations, subject to said exceptions as may be reasonable and appropriate.

(d) The issuance of such Additional Parity Obligations shall have been duly authorized under all applicable laws, and the issuance of such Additional Parity Obligations shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

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- (i) The use of proceeds of such Additional Parity Obligations;
- (ii) The authorized principal amount of such Additional Parity Obligations;
- (iii) The date and the maturity date or dates of such Additional Parity Obligations; provided that (A) maturing principal and Mandatory Sinking Account Payments on the Additional Parity Obligations may occur only on March 1, (B) all such Additional Parity Obligations of like maturity shall be identical in all respects, except as to number, and (C) fixed serial maturities or Mandatory Sinking Account Payments, or any combination thereof, shall be established to provide for the retirement of all such Additional Parity Obligations on or before their respective maturity dates;
- (iv) The interest payment dates shall be on March 1 and September 1; provided, that such Additional Parity Obligations may provide for compounding of interest in lieu of payment of interest on such dates;
- (v) The authorized denominations of such Additional Parity Obligations hereunder or to fund capitalized interest;
- (vi) The Redemption Premium, if any, and the redemption terms, if any, for such Additional Parity Obligations;
- (vii) The amount and due date of each Mandatory Sinking Account Payment, if any, for such Additional Parity Obligations;
- (viii) The amount, if any, of interest to be paid on such Additional Parity Obligations from the proceeds thereof;
- (ix) The form of such Additional Parity Obligations; and
- (x) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

**ARTICLE III**

**THE LOCAL OBLIGATIONS**

**Section 3.01 Authorization and Designation of Local Obligations.** The District has reviewed all proceedings heretofore taken relative to the authorization of the Local Obligations and has found, as a result of such review, and hereby finds and determines, that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Local Obligations do exist, have happened and have been performed in due time, form and manner as required by the Law, and the District is now authorized, pursuant to each and every requirement of the Law and hereof, to issue the Local Obligations in the aggregate principal amount of [SPar Amount] in the form and manner provided herein, which Local Obligations shall be entitled to the benefit, protection and security of the provisions hereof.

**Section 3.02 Denominations of Local Obligations.** The Local Obligations shall be issued as fully registered bonds in denominations of five thousand dollars (\$5,000) or any integral multiple

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of five thousand dollars (\$5,000) (not exceeding the principal amount of Local Obligations maturing at any one time).

**Section 3.03 Date and Maturity Dates of and Interest Rates on Local Obligations.** The Local Obligations shall be dated October \_\_, 2018. The Local Obligations shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum as set forth in the following schedule:

<i>Maturity Date</i>			
<i>March 1</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			

**Section 3.04 Interest Payment Dates of Local Obligations.** Interest on the Local Obligations shall be computed on the basis of a 360-day year of twelve (12) 30-day calendar months, and shall be payable semiannually on March 1 and September 1 in each year, commencing on September 1, 2019. The Local Obligations shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) they are authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event they shall bear interest from such Interest Payment Date, or (ii) they are authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event they shall bear interest from their

dated date; provided, that if at the time of authentication of any Local Obligation interest is then in default on the Outstanding Local Obligations, such Local Obligations shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Local Obligations.

**Section 3.05 Redemption Prices and Terms of Local Obligations.** The Local Obligations maturing on or after [March 1, 2030] are subject to optional redemption by the District prior to their respective maturity dates as a whole or in part on or after [March 1, 2029], from money derived by the District from any source other than prepayments of the Special Tax under the Law, upon mailed notice as provided herein, at a redemption price equal to 100% of the principal amount of the Local Obligations or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, plus Redemption Premium.

**Section 3.06 Form of Local Obligations.** The Local Obligations and the authentication endorsement and the form of assignment to appear thereon shall be substantially in the forms set forth in Exhibit A hereto.

**Section 3.07 Registration of Local Obligations.** The Local Obligations shall be registered in the name of the Authority Bonds Trustee and delivered to the Authority Bonds Trustee upon the issuance thereof in accordance with the provisions of the Local Obligation Purchase Contract.

**Section 3.08 Application of Proceeds of Sale of Local Obligations and Other Available Moneys.** On the Closing Date, the Fiscal Agent shall set aside and deposit the net proceeds of sale of the Local Obligations in the amount of \$\_\_\_\_\_ in the following funds, which the Fiscal Agent shall establish and maintain, in the following order:

(i) The Fiscal Agent shall transfer to U.S. Bank National Association, as trustee for the San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006A (Senior Bonds) and San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006B (Subordinate Bonds) (collectively, the "Prior Bonds"), the sum of \$\_\_\_\_\_ for redemption of such Prior Bonds;

(ii) The Fiscal Agent shall deposit in the Authority Capital Improvement Fund established pursuant to the Authority Bonds Trust Agreement the sum of \$\_\_\_\_\_; and

(iii) The Fiscal Agent shall deposit in the Authority Expense Fund established pursuant to the Authority Bonds Trust Agreement the sum of \$\_\_\_\_\_ for payment of the costs of issuance of the Local Obligations and the Authority Bonds.

## ARTICLE IV

### REDEMPTION OF LOCAL OBLIGATIONS

**Section 4.01 Privilege of Redemption of Local Obligations.** Any Local Obligations subject to redemption prior to maturity pursuant hereto shall be redeemable, upon notice being given as provided in this article, at such times, upon payment of such Redemption Premium, if any, and upon such terms (in addition to and consistent with the terms contained in this article) as may be specified herein or in the Supplemental Indenture authorizing the issuance of the Local Obligations;

provided, that redemption of Local Obligations other than from Mandatory Sinking Account Payments or from the application of refunding bond proceeds shall be made only from and to the extent of funds on deposit with the Fiscal Agent and available for such purpose on the date such notice is given. Any Local Obligation shall only be subject to redemption hereunder upon the concurrent redemption of the corresponding maturity of the applicable Authority Bonds.

**Section 4.02 Selection of Local Obligations for Redemption.** If less than all the Outstanding Local Obligations are to be redeemed at any one time pursuant to Section 3.05 hereof, the District shall select the maturity dates from which the Local Obligations shall be redeemed, and if less than all the Outstanding Local Obligations of any one maturity date are to be redeemed at any one time, the District shall notify the Fiscal Agent in writing at least fifteen (15) days prior to the date fixed for the selection of any such Local Obligations for redemption and the Fiscal Agent shall select the Local Obligations or the portions thereof of Local Obligations of such maturity date to be redeemed in integral multiples of five thousand dollars (\$5,000) by lot in any manner that it deems appropriate.

**Section 4.03 Notice of Redemption of Local Obligations.** The Fiscal Agent shall mail by first class mail a notice of redemption, not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, and otherwise pursuant to Section 11.09, to the respective Holders of all Local Obligations selected for redemption in whole or in part and to all securities depositories and securities information services selected by the District to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the District in its sole discretion and to the original underwriter of the Local Obligations, but neither failure to receive any such mailed notice nor any immaterial defect contained therein shall affect the sufficiency or validity of any such proceedings for redemption. Such notice shall state the date of such notice, the Local Obligations to be redeemed, the date of issue of such Local Obligations, the redemption date, the redemption price, the place of redemption (including the name and appropriate address of the Fiscal Agent), the CUSIP number of the maturity or maturities and, if less than all of any such maturity, the numbers of the Local Obligations of such maturity to be redeemed and, in the case of Local Obligations to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall give notice that further interest on such Local Obligations or the portions thereof to be redeemed will not accrue from and after the redemption date, and shall require that such Local Obligations be then surrendered for redemption at the Principal Corporate Trust Office of the Fiscal Agent so designated; provided, that neither the District nor the Fiscal Agent shall have any responsibility for any defect in the CUSIP number that appears on any Local Obligation or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the District nor the Fiscal Agent shall be liable for any inaccuracy in such numbers. If any Local Obligation so chosen for redemption shall not be redeemable in whole, such notice shall also state that such Local Obligation is to be redeemed in part only and that upon presentation of such Local Obligation for redemption there will be issued in lieu of the unredeemed portion of principal thereof a new Local Obligation or Local Obligations of the same maturity date of authorized denominations equal in aggregate principal amount to such unredeemed portion.

**Section 4.04 Partial Redemption of Local Obligations.** Upon surrender of any Local Obligation redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner thereof at the expense of the District a new Local Obligation or

Local Obligations of the same maturity date and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Local Obligation surrendered.

**Section 4.05 Effect of Redemption of Local Obligations.** If notice of redemption has been duly given as aforesaid and money for the payment of the principal of and Redemption Premium, if any, on, together with interest to the redemption date on, the Local Obligations or portions thereof so called for redemption is held by the Fiscal Agent, then on the redemption date designated in such notice such Local Obligations or such portions thereof shall become due and payable, and from and after the date so designated interest on the Local Obligations or such portions thereof so called for redemption shall cease to accrue and the Holders of such Local Obligations shall have no rights in respect thereof except to receive payment of the principal or such portions thereof and the Redemption Premium, if any, thereon and the interest accrued thereon to the redemption date.

## ARTICLE V

### SPECIAL TAX

#### **Section 5.01 Deposit of Proceeds of the Special Tax in the Special Tax Fund.**

(a) The District agrees and covenants that all proceeds of the Special Tax (including any amounts, net of any costs of collection and enforcement, received as a result of foreclosure of the lien securing the Special Taxes or other actions by the District to collect delinquent Special Taxes), when and as received, shall be immediately transferred by it to the Fiscal Agent, and the Fiscal Agent shall deposit such proceeds as and when received in the San Dieguito Union High School District Community Facilities District 99-1 Special Tax Revenue Bonds, Series 2018 Special Tax Fund, which fund the Fiscal Agent shall establish, and all money in such fund shall be held by the Fiscal Agent in trust hereunder and shall be disbursed, allocated and applied solely to the uses and purposes hereinafter set forth in this article.

(b) The Special Taxes, all funds and accounts established hereunder and any investment earnings thereon are hereby pledged to the payment of, and shall constitute a trust fund for, the principal of and interest on the Local Obligations. So long as the principal of and interest on such bonds remains unpaid, the Special Taxes, such funds and accounts, and any investment earnings thereon shall not be used for any other purpose, except as otherwise permitted by the Indenture, and shall be held in trust for the benefit of the owners thereof and shall be applied pursuant to the Indenture.

**Section 5.02 Allocation of Money in the Special Tax Fund.** All money in the Special Tax Fund shall be set aside by the Fiscal Agent in the following respective funds in the following order of priority, and all money in each of such funds shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section, namely:

- (i) Redemption Fund,
- (ii) Expense Fund, and
- (iii) Community Facilities Fund.



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(1) Redemption Fund. There is hereby established a fund to be known as the “San Dieguito Union High School District Community Facilities District 99-1 Special Tax Revenue Bonds, Series 2018 Redemption Fund,” which fund shall be held and maintained in trust hereunder by the Fiscal Agent. At least fifteen (15) Business Days prior to each March 1 and September 1, commencing September 1, 2019, the Associate Superintendent, Business Services shall, from the money in the Special Tax Fund, transfer to the Fiscal Agent for deposit in the Redemption Fund an amount of money equal to the aggregate amount of interest becoming due and payable on all Outstanding Local Obligations on such dates, except no such transfer need be made to the extent amounts have previously been deposited in the Redemption Fund and set aside therein for the payment of such interest, including without limitation sale proceeds of Local Obligations deposited in such fund for such purpose. At least fifteen (15) Business Days prior to March 1 of each year, commencing March 1, 2020, the Associate Superintendent, Business Services shall, from the then remaining money in the Special Tax Fund, transfer to the Fiscal Agent for deposit in the Redemption Fund an amount of money equal to the aggregate amount of principal becoming due and payable on all Outstanding Serial Bonds on such date plus the aggregate of the Mandatory Sinking Account Payments required by the Indenture and by all Supplemental Indentures to be made on such date into the Sinking Accounts; provided, that all of the aforesaid Mandatory Sinking Account Payments shall be made without priority of the payment of any one Mandatory Sinking Account Payment over the payment of any other Mandatory Sinking Account Payment, and in the event that the money in the Redemption Fund on any March 1 is not equal to the amount of principal to become due and payable on the Outstanding Serial Bonds on such March 1 plus the principal of and Redemption Premium, if any, on the Outstanding Term Bonds required to be redeemed or paid at maturity on such March 1, then such money shall be applied pro rata in such proportion as such Serial Bonds and the portion of such Term Bonds then required to be redeemed or paid at maturity shall bear to each other, after first deducting for such purposes for such Term Bonds any of such Term Bonds as shall have been redeemed or purchased during the twelve-month period ending on such March 1 and commencing on the immediately preceding March 2.

No deposit need be made into the Redemption Fund if the amount of money contained therein is at least equal to the amount required by the terms of the preceding paragraph to be deposited therein at the times and in the amounts provided herein.

All money in the Redemption Fund shall be used and withdrawn by the Fiscal Agent solely to pay the interest on the Local Obligations as it shall become due and payable (including accrued interest on any Local Obligations purchased or redeemed prior to maturity) plus the principal of the Local Obligations as they shall mature or upon the prior redemption thereof, except that any money in any Sinking Account shall be used only to purchase or redeem or retire the Term Bonds for which such Sinking Account was established as provided in the Indenture or in any Supplemental Indenture.

(2) Expense Fund. The Fiscal Agent shall establish and maintain a fund to be known as the “San Dieguito Union High School District Community Facilities District 99-1 Special Tax Revenue Bonds, Series 2018 Expense Fund,” which fund shall be held and maintained in trust hereunder by the Fiscal Agent. On or before each March 1 and September 1, commencing September 1, 2019, the Associate Superintendent, Business Services shall, from the then remaining money in the Special Tax Fund, transfer to and deposit in the Expense Fund a sum equal to the amount required by the District for the payment of budgeted Expenses during the six-month period beginning on such date (or required by the District to reimburse it for the payment of unbudgeted Expenses during the prior six-month period). All money in the Expense Fund shall be used and

withdrawn by the Fiscal Agent only to pay budgeted Expenses as provided herein (or to reimburse the District for the payment of unbudgeted Expenses as provided herein), or to be transferred to the Redemption Fund to pay interest on or principal of or Redemption Premium, if any, on the Local Obligations in the event that no other money is available therefor. Amounts in the Expense Fund shall be applied by the Fiscal Agent solely as directed in a Written Request of the District, each of which shall be separately numbered as “Requisition No. \_\_,” and each of which shall state (i) the amount, purpose and payee of the disbursement, (ii) that the disbursement is a proper charge against the Expense Fund as provided in the Indenture and (iii) that the disbursement has not previously been paid from the Expense Fund.

(3) Community Facilities Fund. There is hereby established in the treasury of the District a fund to be known as the “San Dieguito Union High School District Community Facilities District 99-1 Special Tax Revenue Bonds, Series 2018 Community Facilities Fund,” which fund shall be held and maintained in trust hereunder by the Associate Superintendent, Business Services, and all money remaining in the Special Tax Fund on March 1 of each year, after transferring all of the sums required to be transferred therefrom on or prior to such date by the provisions of Sections 5.02(1), (2) and (3), shall be deposited by the Associate Superintendent, Business Services in the Community Facilities Fund. All money in the Community Facilities Fund shall be used and withdrawn by the Associate Superintendent, Business Services solely for the benefit of the Community Facilities District in accordance with the Law.

## ARTICLE VI

### COVENANTS OF THE DISTRICT

**Section 6.01 Punctual Payment and Performance.** The District will punctually pay the interest on and principal of and Redemption Premium, if any, to become due on every Local Obligation issued hereunder in strict conformity with the terms of the Law and hereof and of the Local Obligations, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein and in the Local Obligations required to be observed and performed by it.

**Section 6.02 Against Indebtedness and Encumbrances; Priority of Payment.**

(a) The District will not issue any evidences of indebtedness payable from the proceeds of the Special Tax except as provided herein, and will not create, nor permit the creation of, any pledge, lien, charge or other encumbrance upon any money in the Special Tax Fund other than as provided herein; provided, that the District may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose of the Community Facilities District which are payable from any money in the Community Facilities Fund as may from time to time be deposited therein (as provided in Section 5.02) so long as any payments due thereunder shall be subordinate in all respects to the use of the proceeds of the Special Tax as provided herein.

(b) The District will not issue or incur any pledge, lien, security interest, encumbrance or charge of any kind which is senior in priority and superior to the lien of the Indenture, including any Senior Obligations (new money or refunding obligations). In addition, the District will not issue or incur, or cause to be issued or incurred by any community facilities district that is a party to the Prior Loan Agreement, any additional obligations thereunder (new money or refunding obligations).

(c) In any Fiscal Year, prior to making any transfer of Annual Special Tax revenues to the Administrative Expense Fund pursuant to the Prior Loan Agreement for the Community Facilities District for which Local Obligations have been issued hereunder, the District shall first transfer the Special Taxes as provided in Section 5.02 hereof.

(d) The District will not amend or supplement the Prior Loan Agreement in any manner that (in the reasonable opinion of the District) adversely affects the interests of the Holders.

**Section 6.03 Against Federal Income Taxation.**

(a) The District covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would result in the interest on the Authority Bonds or the Local Obligations not being excluded from gross income for federal income tax purposes under Section 103 of the Code.

(b) The provisions of this Section 6.03 shall survive the defeasance of the Local Obligations.

**Section 6.04 Payment of Claims.** The District will pay and discharge any and all lawful claims which, if unpaid, might become payable from the proceeds of the Special Tax or any part thereof or upon any funds in the hands of the Associate Superintendent, Business Services or the Fiscal Agent allocated to the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, or which might impair the security of the Local Obligations.

**Section 6.05 Expense Budgets.** The Associate Superintendent, Business Services will, on or before March 1 in each year, prepare and approve a budget setting forth the estimated Expenses for the period from such March 1 through the next succeeding February 28 or February 29, as applicable. Any budget approved in accordance with this section may be amended at any time.

**Section 6.06 Accounting Records; Financial Statements and Other Reports.**

(a) The District will keep, or in the case of transactions made by the Fiscal Agent, it will cause the Fiscal Agent to keep, appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the proceeds of the Special Tax and of the proceeds of the Local Obligations, which accounting records shall at all times during business hours with reasonable prior notice be subject to the inspection of any Holder (or his representative authorized in writing) and (upon the prior written consent of the District) of any investment banker, security dealer or other person interested in the Local Obligations.

(b) The District will prepare annually within two hundred seventy (270) days after the close of each Fiscal Year financial statements of the District for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles. The District will furnish a copy of such financial statements to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Local Obligations requesting copies thereof, but in any event only upon payment to the District of the reasonable costs incurred by the District in complying with such request.

(c) The District will prepare annually not more than two hundred seventy (270) days after the close of each Fiscal Year a summary report showing in reasonable detail the proceeds of the Special Tax levied and collected and the Expenses for the preceding Fiscal Year and containing a general statement of the physical condition of the Improvements. The District will furnish a copy of such summary report without charge to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Local Obligations requesting a copy thereof.

(d) The District will prepare annually not later than October 31 of each year and file with the California Debt and Investment Advisory Commission by mail, postage prepaid, all necessary information required to be filed under the Law, including:

- (1) The principal amount of the Local Obligations Outstanding;
- (2) The balance in the Redemption Fund constituting capitalized interest, if any;
- (3) The number of parcels securing the Local Obligations which are delinquent with respect to their Special Tax payments, the amount that each delinquent parcel is delinquent, the length of time that each delinquent parcel has been delinquent and when foreclosure was commenced for each delinquent parcel; and
- (4) The assessed value of all parcels subject to the levy of the Special Tax to repay the Local Obligations, as shown on the most equalized assessment roll of the County of San Diego.

Additionally, the District will notify the California Debt and Investment Advisory Commission by mail, postage prepaid, within ten (10) days if the District or the Fiscal Agent fails to pay any interest on or principal of any of the Local Obligations on any scheduled payment date to pay any interest on or principal of the Local Obligations.

**Section 6.07 Protection of Security and Rights of Holders.** The District will preserve and protect the security of the Local Obligations and the rights of the Holders and will warrant and defend their rights against all claims and demands of all persons.

**Section 6.08 Payment of Governmental Charges and Compliance with Governmental Regulations.** The District will pay and discharge all taxes or payments in lieu of taxes, assessments and other governmental charges or liens that may be levied, assessed or charged upon the Improvements or any part thereof promptly as and when the same shall become due and payable, except that the District shall not be required to pay any such governmental charges so long as the application or validity thereof shall be contested in good faith and the District shall have set aside reserves to cover such charges. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Improvements or any part thereof, except that the District shall not be required to comply with any such regulations or requirements so long as the application or validity thereof shall be contested in good faith.

**Section 6.09 Levy and Collection of the Special Tax.** The District, so long as any Local Obligations are Outstanding, will annually levy the Special Tax against all Taxable Land in the Community Facilities District and make provision for the collection of the Special Tax in amounts

which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained herein, and which in any event will be sufficient to pay the interest on and principal of and all Mandatory Sinking Account Payments for and Redemption Premium, if any, on the Local Obligations as they become due and payable and to pay all current Expenses as they become due and payable in accordance with the provisions and terms hereof. The Special Tax shall be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as otherwise provided in Section 6.10 and in the Law, shall be subject to the same penalties and the same collection procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes.

**Section 6.10 Foreclosure of Special Tax Liens.** The District will annually on or before August 1 of each year review the public records of the County of San Diego relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and if the District determines on the basis of such review that the amount so collected is deficient by more than five percent (5%) of the total amount of the Special Tax levied in such Fiscal Year, it will within sixty (60) days thereafter institute foreclosure proceedings as authorized by the Law in order to enforce the lien of the delinquent installments of the Special Tax against each lot or parcel of land in the Community Facilities District, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that irrespective of the foregoing if the District determines on the basis of such review that property owned by any single property owner in the Community Facilities District is delinquent by more than five thousand dollars (\$5,000) with respect to the Special Tax due and payable by such property owner by such delinquency date, then the District will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided herein against such property owner; and provided further, that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Government Code of the State of California.

**Section 6.11 Further Assurances.** The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Holders of the rights and benefits provided herein.

## ARTICLE VII

### THE FISCAL AGENT

**Section 7.01 The Fiscal Agent.** U.S. Bank National Association at its Principal Corporate Trust Office is hereby appointed Fiscal Agent for the purpose of receiving all money which the District is required to transfer to it hereunder and for applying and using such money as provided herein for the purpose of paying the interest on and principal of and Redemption Premium, if any, on the Local Obligations. The District agrees that it will at all times maintain a Fiscal Agent having a corporate trust office in Los Angeles or San Francisco, California.

The District may remove the Fiscal Agent initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, that any such successor shall be a bank or trust company doing business and having a corporate trust office in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and subject to supervision or

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examination by a federal or state banking authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Fiscal Agent may at any time resign by giving written notice of such resignation to the District and by giving notice of such resignation by mail pursuant to Section 11.09 to the Holders, and upon receiving such notice of resignation, the District shall promptly appoint a successor Fiscal Agent by an instrument in writing having the qualifications required hereby. Any resignation or removal of a Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon the acceptance of appointment by the successor Fiscal Agent. If within thirty (30) days after notice of the removal or resignation of the Fiscal Agent no successor Fiscal Agent shall have been appointed by the District and shall have accepted such appointment, the removed or resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Fiscal Agent having the qualifications required hereby.

The Fiscal Agent is hereby authorized to pay interest on the Local Obligations due on or before the maturity or prior redemption thereof to the Holders as their names appear, at the close of business as of the fifteenth day of the calendar month preceding the calendar month in which the applicable Interest Payment Date falls, on the registration books required to be kept by it pursuant to Section 2.05 as the registered owners thereof, such interest to be paid by check mailed by first class mail to the Holders at their addresses appearing on such books, except that in the case of a Holder of one million dollars (\$1,000,000) or more in principal amount of Local Obligations then Outstanding, payment shall be made at such Holder's option by wire transfer on each such Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such Holder to the Fiscal Agent at least fifteen (15) days before each such Interest Payment Date, and to pay to the Holders the principal of and Redemption Premium, if any, on the Local Obligations upon presentation and surrender of the Local Obligations to the Fiscal Agent at maturity or on redemption prior to maturity. The Fiscal Agent shall cancel and destroy all Local Obligations paid by it at maturity or on redemption prior to maturity and all Local Obligations surrendered to it by the District, and shall deliver to the District a certificate of such destruction, and the Fiscal Agent shall keep accurate records of all Local Obligations cancelled and destroyed by it hereunder. All money held by or on behalf of the Fiscal Agent for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, whether at maturity or upon prior redemption, shall be held in trust for the account of the Holders thereof, and the Fiscal Agent shall not be required to pay Holders or the District any interest on, or be liable to the District, the Holders or any other person for any interest earned on, any money so held.

The District shall from time to time, subject to any agreement between the District and the Fiscal Agent then in force, pay the Fiscal Agent compensation for its services, reimburse the Fiscal Agent for all its advances and expenditures, including but not limited to advances to and fees and expenses by independent accountants, counsel and engineers or other experts employed by it in the exercise and performance of its rights and obligations hereunder, and indemnify and save the Fiscal Agent harmless against loss, expenses, costs, claims and liabilities (including without limitation those of its attorneys and agents) not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its rights and obligations hereunder, which obligation shall survive the resignation or removal of any Fiscal Agent or the defeasance of the Local Obligations.

**Section 7.02 Duties, Immunities and Liability of the Fiscal Agent.**

(a) The recitals of facts, agreements and covenants contained herein and in the Local Obligations shall be taken as statements, agreements and covenants of the District, and the Fiscal Agent does not assume any responsibility for the correctness of the same and does not make any representation as to the sufficiency or validity hereof or of the Local Obligations or of the Special Tax, or as to the financial or technical feasibility of the Improvements, and shall not incur any responsibility in respect thereof other than in connection with the rights and obligations expressly assigned to or imposed upon it herein or in the Local Obligations, and shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. The Fiscal Agent shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts, and no provision hereof shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any liability for the performance of its duties hereunder, or in the exercise of any of its rights or powers hereunder.

(b) The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts. The Fiscal Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, but the Fiscal Agent shall be answerable for the negligence or misconduct of any such attorney, agent, or receiver selected by it; provided that the Fiscal Agent shall not be answerable for the negligence or misconduct of any attorney or certified public accountant selected by it with due care.

(c) The Fiscal Agent shall perform only those duties expressly set forth in the Indenture and no implied duties or obligations shall be read into the Indenture against the Fiscal Agent.

(d) The Fiscal Agent shall not have any responsibility with respect to any information, statement or recital contained in any official statement, offering memorandum or any other disclosure material prepared or distributed by the District with respect to any of the Local Obligations.

(e) No provision in this Indenture shall require the Fiscal Agent to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder. The Fiscal Agent shall be entitled to interest on all moneys advanced by it hereunder at its prime rate then in effect plus two percent.

(f) In accepting the trust hereby created, the Fiscal Agent acts solely as Fiscal Agent for the Owners and not in its individual capacity, and under no circumstances shall the Fiscal Agent be liable in its individual capacity for the obligations evidenced by the Local Obligations.

(g) The Fiscal Agent makes no representation or warranty, express or implied, as to the compliance with legal requirements of the use contemplated by the Issuer of the funds under this Indenture.

(h) The Fiscal Agent shall not be responsible for the validity or effectiveness or value of any collateral or security securing the Local Obligations. The Fiscal Agent shall not be

responsible for the recording or filing of any document relating to this Agreement or the Local Obligations or of financing statements (or continuation statements in connection therewith) or mortgage or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests or lien on or in any collateral or security securing the Local Obligations. The Fiscal Agent shall not be deemed to have made representations as to the security afforded thereby or as to the validity or sufficiency of any such document, collateral or security.

(i) The Fiscal Agent shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof at its corporate trust office in San Francisco, California.

(j) The Fiscal Agent shall not be accountable for the use or application by the Issuer or any other party of any funds which the Fiscal Agent has released under this Indenture.

(k) The Fiscal Agent shall provide a monthly accounting of all Funds held pursuant to this Indenture (and all funds held by the Fiscal Agent as Fiscal Agent or fiscal agent pursuant to the Local Obligations) to the Issuer within fifteen (15) Business Days after the end of such month and shall provide statements of account for each annual period beginning July 1 and ending June 30, within 90 days after the end of such period. Such accounting shall show in reasonable detail all financial transactions during the accounting period and the balance in any Funds and accounts created under this Indenture as of the beginning and close of such accounting period.

(l) The Fiscal Agent makes no representations with respect to any information, statement, or recital in, and shall have no liability with respect to, any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Local Obligations.

**Section 7.03 Notice to the Fiscal Agent.** The Fiscal Agent shall be protected in acting upon any bond, Certificate of the District, consent, notice, opinion, report, resolution, Written Request of the District or other document or paper believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, including, without limitation, counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection with respect to any action taken or suffered hereunder in good faith and in accordance therewith.

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

**Section 7.04 Merger or Consolidation.** Any company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Fiscal



Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under Section 7.01 hereof, shall succeed to the rights and obligations of such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

**Section 7.05 Right to Rely on Documents.** The Fiscal Agent may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, who may be counsel of or to the Issuer, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by this Indenture the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officer's Certificate, and such Officer's Certificate shall be full warrant to the Fiscal Agent for any action taken or suffered or omitted in good faith under the provisions of this Indenture in reliance upon such Officer's Certificate, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Fiscal Agent shall be entitled to advice of counsel and other professionals or agents concerning all matters of trust and its duty hereunder, but the Fiscal Agent shall not be answerable for the acts or omissions of any agent, attorney-at-law, certified public accountant, or other professional if such agent, attorney-at-law, certified public accountant or other professional was selected by the Fiscal Agent with due care.

**Section 7.06 Preservation and Inspection of Documents.** All documents received by the Fiscal Agent under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon prior notice to the inspection of the Issuer, the Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Local Obligations, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

**Section 7.07 Indemnity for Fiscal Agent.** Before taking any action or exercising any rights or powers under this Indenture, the Fiscal Agent may require that satisfactory indemnity be furnished to it for the reimbursement of all costs and expenses which it may incur and to indemnify it against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

## ARTICLE VIII

### AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE

**Section 8.01 Amendment or Supplement by Consent of Holders.** The Indenture and the rights and obligations of the District and of the Holders may be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the District and the Fiscal Agent, which Supplemental Indenture shall become binding when the written consents of the Holders of

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sixty percent (60%) or more in aggregate principal amount of the Local Obligations then Outstanding, exclusive of Local Obligations disqualified as provided in Section 8.02, are filed with the Fiscal Agent. For this purpose, the purchase and acceptance of Additional Parity Obligations or Refunding Local Obligations shall be deemed to be the written consent of the Holders thereof to any such amendment or supplement provided that the terms thereof are disclosed to such Holders prior to the effectiveness of any binding agreement to purchase such Additional Parity Obligations or Refunding Local Obligations. No such amendment or supplement shall (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the District to pay the interest on or principal of or Mandatory Sinking Account Payment for or Redemption Premium, if any, on any Local Obligation at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the Holder of such Local Obligation, or (2) permit the issuance by the District of any obligations payable from the proceeds of the Special Tax other than the Local Obligations (including Refunding Local Obligations and Additional Parity Obligations) as provided herein, or jeopardize the ability of the District to levy and collect the Special Tax, or (3) reduce the percentage of Local Obligations required for the written consent to any such amendment or supplement, or (4) modify any rights or obligations of the Fiscal Agent without its prior written assent thereto.

The Indenture and the rights and obligations of the District and of the Holders may also be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the District and the Fiscal Agent, which Supplemental Indenture shall become binding upon execution without the prior written consent of any Holders, but only to the extent permitted by law and after receiving an approving Opinion of Counsel and only for any one or more of the following purposes:

(a) To add to the agreements and covenants required herein to be performed by the District other agreements and covenants thereafter to be performed by the District which shall not (in the opinion of the District) adversely affect the interests of the Holders, or to surrender any right or power reserved herein to or conferred herein upon the District which shall not (in the opinion of the District) adversely affect the interests of the Holders;

(b) To make such provisions for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein or in regard to questions arising hereunder which the District may deem desirable or necessary and not inconsistent herewith and which shall not (in the opinion of the District) adversely affect the interests of the Holders;

(c) To authorize the issuance under and subject to the Law of any refunding Local Obligations for any of the Local Obligations and to provide the conditions and terms under which such refunding Local Obligations may be issued subject to Section 2.02;

(d) To authorize the issuance under and subject to the Law of Additional Parity Obligations and to provide the conditions and terms under which such bonds may be issued subject to Section 2.08;

(e) To make such additions, deletions or modifications as may be necessary or appropriate to ensure exclusion from gross income for purposes of federal income taxation of the interest on the Local Obligations; or

(f) To make such additions, deletions or modifications as may be necessary or appropriate to maintain any then current rating on the Local Obligations.

**Section 8.02 Disqualified Local Obligations.** Local Obligations owned or held for the account of the District shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Local Obligations provided for in this article or in Article VIII, and shall not be entitled to consent to or take any other action provided for in this article or in Article X.

**Section 8.03 Endorsement or Replacement of Local Obligations After Amendment or Supplement.** After the effective date of any action taken as hereinabove provided, the District may determine that the Local Obligations may bear a notation by endorsement in form approved by it as to such action, and in that case upon demand of the Holder of any Local Obligation Outstanding on such effective date and presentation of his Local Obligation for such purpose at the Principal Corporate Trust Office of the Fiscal Agent a suitable notation as to such action shall be made on such Local Obligation. If the District shall so determine, new Local Obligations so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Holder of any Local Obligation Outstanding on such effective date such new Local Obligations shall, upon surrender of such Outstanding Local Obligations, be exchanged at the Principal Corporate Trust Office of the Fiscal Agent, without cost to each Holder, for Local Obligations then Outstanding.

**Section 8.04 Amendment or Supplement by Mutual Consent.** The provisions of this article shall not prevent any Holder from accepting any amendment or supplement as to any particular Local Obligations held by him; provided, that due notation thereof is made on such Local Obligations.

## ARTICLE IX

### REMEDIES OF HOLDERS

**Section 9.01 Remedies of Holders.** Any Holder shall have the right for the equal benefit and protection of all Holders similarly situated:

(a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the District, its Board of Trustees, or any of the officers or employees of the District, and to compel the District, its Board of Trustees, or any such officers or employees to perform and carry out their duties under the Law and the agreements and covenants with the Holders contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Holders; or

(c) by suit in equity upon the nonpayment of the Local Obligations to require the District, its Board of Trustees or its officers and employees to account as the Fiscal Agent of an express trust.

**Section 9.02 Non-waiver.** Nothing in this article or in any other provision herein or in the Local Obligations shall affect or impair the obligation of the District, which is absolute and

unconditional, to pay the interest on and principal of and Redemption Premium, if any, on the Local Obligations to the respective Holders of the Local Obligations at the respective dates of maturity or upon redemption prior to maturity as provided herein from the proceeds of the Special Tax and the other funds provided herein, or shall affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Local Obligations.

A waiver of any default or breach of duty or contract by any Holder shall not affect any subsequent default or breach of duty or contract and shall not impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right and remedy conferred upon the Holders by the Law or hereby may be enforced and exercised from time to time and as often as shall be deemed expedient by the Holders.

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

**Section 9.03 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and 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 without exhausting and without regard to any other remedy conferred by the Law or any other law.

## ARTICLE X

### DEFEASANCE

#### **Section 10.01 Discharge of the Local Obligations.**

(a) If the District shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding Local Obligations the interest thereon and the principal thereof and the Redemption Premium, if any, thereon at the times and in the manner stipulated therein and herein, then all agreements, covenants and other obligations of the District to the Holders of such Local Obligations hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Fiscal Agent shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Fiscal Agent shall pay over or deliver to the District for deposit in the Community Facilities Fund all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and Redemption Premium, if any, on such Local Obligations.

(b) Any Outstanding Local Obligations shall on the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall be on deposit with the Fiscal Agent money which is sufficient to pay the interest due on such Local Obligations on such date and the principal and Redemption Premium, if any, due on such Local Obligations on such date.

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(c) Any Outstanding Local Obligations shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this section if (1) in case any of such Local Obligations are to be redeemed on any date prior to their maturity date, the District shall have agreed to mail pursuant to Section 11.09 a notice of redemption to the respective Holders of all such Outstanding Local Obligations and to such securities depositories or securities information services selected by it pursuant to Section 4.03, (2) there shall have been deposited with an escrow agent or the Fiscal Agent either money in an amount which shall be sufficient or Federal Securities which are not subject to redemption except by the holder thereof prior to maturity (including any Federal Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or municipal obligations which have been defeased with Federal Securities and which are rated in the highest rating category by either Moody's or Standard & Poor's, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with such escrow agent or the Fiscal Agent at the same time, shall be sufficient to pay when due the interest to become due on such Local Obligations on and prior to the maturity dates or redemption dates thereof, as the case may be, and the principal of and Redemption Premium, if any, on such Local Obligations on and prior to the maturity dates or the redemption dates thereof, as the case may be, as evidenced by a report of an Independent Certified Public Accountant or nationally recognized, independent municipal finance consultant, on file with the District and the Fiscal Agent, and (3) in the event such Local Obligations are not by their terms subject to redemption within the next succeeding ninety (90) days, the District shall have agreed to mail pursuant to Section 11.09 a notice to the Holders of such Local Obligations and to such securities depositories and securities information services selected by it pursuant to Section 4.03 that the deposit required by clause (2) above has been made with such escrow agent or the Fiscal Agent and that such Local Obligations are deemed to have been paid in accordance with this section and stating the maturity dates or redemption dates, as the case may be, upon which money is to be available for the payment of the principal of and Redemption Premium, if any, on such Local Obligations.

**Section 10.02 Unclaimed Money.** Anything contained herein to the contrary notwithstanding, any money held by the Fiscal Agent in trust for the payment and discharge of any of the Local Obligations or any interest thereon which remains unclaimed for two (2) years after the date when such Local Obligations or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Fiscal Agent on such date, or for two (2) years after the date of deposit of such money if deposited with the Fiscal Agent after the date when such Local Obligations or interest thereon became due and payable, shall be repaid by the Fiscal Agent to the District as its absolute property free from trust for deposit in the Community Facilities Fund and for use in accordance with the Law, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Holders shall look only to the District for the payment of such Local Obligations and interest thereon; provided, that before the Fiscal Agent shall be required to make any such repayment the District shall mail pursuant to Section 11.09 a notice to the Holders of all Outstanding Local Obligations and to such securities depositories and securities information services selected pursuant to Section 4.03 that such money remains unclaimed and that after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District for deposit in the Community Facilities Fund.

## ARTICLE XI

### MISCELLANEOUS

**Section 11.01 Liability of District Limited to Proceeds of the Special Tax.** Notwithstanding anything contained herein, the District shall not be required to advance any money derived from any source of income other than the proceeds of the Special Tax and the other funds as provided herein for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations.

The Local Obligations are special tax obligations of the District and the interest on and principal of and Redemption Premium, if any, on the Local Obligations are payable solely from the proceeds of the Special Tax and such other funds, and the District is not obligated to pay them except from the proceeds of the Special Tax and such other funds. The General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or Redemption Premium, if any, on the Local Obligations. The Local Obligations are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the District or any of its income or receipts except the proceeds of the Special Tax and such other funds, and neither the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations is a general debt, liability or obligation of the District. The Local Obligations do not constitute an indebtedness of the District within the meaning of any constitutional or statutory debt limitation or restriction, and neither the Board of Trustees nor the District nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations otherwise than from the proceeds of the Special Tax and the other funds as provided herein.

**Section 11.02 Benefits of the Indenture Limited to Certain Parties.** Nothing contained herein, express or implied, is intended to give to any person other than the Board of Trustees, the District, the Fiscal Agent and the Holders any right, remedy or claim under or by reason hereof, and any agreement or covenant required herein to be performed by or on behalf of the Board of Trustees or the District or any officer or employee thereof shall be for the sole and exclusive benefit of the Fiscal Agent and the Holders.

**Section 11.03 Successor is Deemed Included in All References to Predecessor.** Whenever either the Board of Trustees or the District or any officer or employee thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions with respect to the administration, control and management of the affairs of the Board of Trustees and the District that are presently vested in the Board of Trustees or the District or such officer or employee, and all agreements and covenants required herein to be performed by or on behalf of the Board of Trustees or the District or any officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

**Section 11.04 Execution of Documents by Holders.** Any declaration, request or other instrument which is permitted or required herein to be executed by Holders may be in one or more instruments of similar tenor, and may be executed by Holders in person or by their attorneys duly authorized in writing. The fact and date of the execution by any Holder or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by

the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness to such execution duly sworn to before such notary public or other officer. The ownership of Local Obligations and the amount, maturity, number and date of holding the same shall be proved by the registration books required to be kept by the Fiscal Agent pursuant to Section 2.05.

Any declaration, request or other instrument or writing of the Holder of any Local Obligation shall bind all future Holders of such Local Obligation with respect to anything done or suffered to be done by the District in good faith and in accordance therewith.

**Section 11.05 Deposit and Investment of Moneys in Funds.** All money held by the Associate Superintendent, Business Services in any fund established herein shall be deposited by the Associate Superintendent, Business Services in Legal Investments, and shall be secured at all times by such obligations as are required by law to the fullest extent required by law. All money held by the Fiscal Agent in the Redemption Fund and Expense Fund shall be invested by the Fiscal Agent in Legal Investments upon the written direction of the District. In the absence of a written investment direction of the District, the Fiscal Agent shall invest such moneys in a taxable money market portfolio composed of or fully secured by U.S. government securities. The Fiscal Agent may rely upon any investment direction from the District as a certification to the Fiscal Agent that such investment constitutes a Legal Investment. The Fiscal Agent (or any of its affiliates) may act as principal or agent or as sponsor, advisor or manager in connection with the making of any investment by the Fiscal Agent hereunder and may impose its customary charges therefor, and the Fiscal Agent shall not be responsible for any loss suffered in connection with any investment made in accordance herewith.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law; provided, that the Fiscal Agent will furnish the District periodic cash transaction statements which include details for all investment transactions made by the Fiscal Agent hereunder.

All interest received on any such money so deposited or invested which exceeds the requirements of the fund from which such money was deposited or invested shall (subject to the requirements of Section 6.03) be deposited in the Redemption Fund, and all losses on any such money so deposited or invested shall be borne by the fund from which the deposit or investment was made.

**Section 11.06 Waiver of Personal Liability.** No member of the Board of Trustees or officer or employee of the District shall be individually or personally liable for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, but nothing herein contained shall relieve any member of the Board of Trustees or officer or employee of the District from the performance of any official duty provided hereby or by the Law or by any other applicable provisions of law.

**Section 11.07 Acquisition of Local Obligations by District.** All Local Obligations acquired by the District, whether by purchase or gift or otherwise, shall be surrendered to the Fiscal Agent for cancellation and destruction by it.

**Section 11.08 Content of Certificates and Reports.** Every certificate or report with respect to compliance with an agreement, condition, covenant or term provided herein shall include (a) a statement that the person or persons making or giving such certificate or report have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the opinion contained in such certificate or report is based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any such certificate made or given by an officer of the District may be based, insofar as it relates to legal matters, upon a representation made in an Opinion of Counsel unless such officer knows that the representation with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any such Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the District, upon a representation by an officer or officers of the District unless the counsel giving such Opinion of Counsel knows that the representation with respect to the matters upon which his representation may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

**Section 11.09 Notice by Mail.** Any notice required to be given by mail to any Holders or to any securities depositories or securities information services shall be given by mailing a copy of such notice, first class postage prepaid, to such Holders at their addresses appearing in the books required to be kept by the Fiscal Agent pursuant to the provisions of Section 2.05 or to such securities depositories or securities information services not less than thirty (30) days nor more than sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given; provided, that neither failure to receive any such notice nor any immaterial defect contained therein shall affect the sufficiency or validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

**Section 11.10 Maintenance of Funds.** Any fund required herein to be established and maintained by the Associate Superintendent, Business Services or the Fiscal Agent may be maintained by the Associate Superintendent, Business Services or the Fiscal Agent, as the case may be, in its accounting records in its customary manner either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any financial reports or statements with respect thereto, be treated either as an account or as a fund; but all such accounting records with respect to all such accounts and funds shall at all times be maintained by the Associate Superintendent, Business Services and the Fiscal Agent in accordance with industry standards and with due regard for the protection of the security of the Local Obligations and the rights of the Holders.

**Section 11.11 Article and Section Headings, Gender and References.** The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the construction, effect or meaning hereof,



and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding articles, sections or subdivisions hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular article, section or subdivision hereof.

**Section 11.12 Partial Invalidity.** If any one or more of the agreements, conditions, covenants or terms or portions thereof required hereby to be observed or performed by the District or the Fiscal Agent should be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants or terms or portions thereof and shall in no way affect the validity hereof or of the Local Obligations; and the Holders shall retain all the rights and benefits accorded to them under the Law or any other applicable provisions of law. The District hereby declares that it would have executed the Indenture and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Local Obligations pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**Section 11.13 Execution in Counterparts.** The Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument

**Section 11.14 Governing Law.** The Indenture shall be governed by and construed and interpreted in accordance with the laws of the State of California.

**Section 11.15 Notices.** All written notices to be given hereunder shall be given by first class mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the District:                    San Dieguito Union High School District  
710 Encinitas Blvd.  
Encinitas, California 92024  
Attention: Associate Superintendent, Business Services

If to the Fiscal Agent:            U.S. Bank National Association  
633 W. 5th Street, 24th Floor  
Los Angeles, California 90071  
Attention: Global Corporate Trust Services

**Section 11.16 Effective Date of the Indenture.** The Indenture shall take effect from and after its execution and delivery.

IN WITNESS WHEREOF, the San Dieguito Union High School District has caused the Indenture to be signed in its name by its Associate Superintendent, Business Services and to be attested by the Clerk of the Board of Trustees of the District, and U.S. Bank National Association, as Fiscal Agent, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be signed in its corporate name by its officer thereunto duly authorized and attested by one of its authorized officers, all as of the date and year first above written.

**SAN DIEGUITO UNION HIGH SCHOOL  
DISTRICT**

By \_\_\_\_\_  
Associate Superintendent, Business Services

ATTEST:

\_\_\_\_\_  
President of the Board of Trustees of the District

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

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

**EXHIBIT A****FORMS OF BOND, FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION AND  
ASSIGNMENT**

[FORM OF BOND]

No. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF SAN DIEGOSAN DIEGUITO UNION HIGH SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 99-1  
SPECIAL TAX REVENUE BOND, SERIES 2018***Interest Rate******Maturity Date******Bond Date***

%

March 1, 20\_\_

October \_\_, 2018

REGISTERED OWNER: U.S. Bank National Association as Trustee for the San Dieguito  
School Facilities Financing Authority Special Tax Revenue Bonds,  
Series 2018

PRINCIPAL AMOUNT:

DOLLARS

The San Dieguito Union High School District, a municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "District"), for value received, hereby promises to pay (but only out of the proceeds of the Special Tax hereinafter referred to and certain other funds as described herein) to the registered owner set forth above on the maturity date set forth above (subject to any right of prior redemption hereinafter provided for) the principal amount set forth above, together with interest thereon computed on the basis of a 360-day year of twelve (12) 30-day calendar months from the Interest Payment Date next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event it shall bear interest from the Bond Date shown above until the principal hereof shall have been paid, at the interest rate per annum set forth above, payable semiannually on March 1 and September 1 in each year, commencing on September 1, 2019. The interest on and principal of and redemption premium, if any, on this Bond are payable in lawful money of the United States of America at the Principal Corporate Trust Office (as that term is defined in the Indenture hereinafter referred to, and herein the "Principal Corporate Trust Office") of U.S. Bank National Association, as Fiscal Agent for the Bonds, or any other bank or trust company at its principal corporate trust office which may at any time be substituted in its place as provided in the Indenture hereinafter referred to (the "Fiscal Agent"). The interest on this Bond due on or before the maturity or prior redemption hereof shall be payable only to the person whose name appears in the registration books required to be kept by the Fiscal Agent as the

## ITEM 23F

registered owner hereof at the close of business as of the fifteenth (15th) day of the calendar month preceding the month in which the applicable Interest Payment Date falls, such interest to be paid by check mailed by first class mail on each such Interest Payment Date to such registered owner at his address as it appears on such books, except that in the case of a registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds then outstanding, payment shall be made at such owner's option by wire transfer on each such Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such owner to the Fiscal Agent at least fifteen (15) days before such Interest Payment Date. The principal of and redemption premium, if any, on this Bond shall be payable only to the person whose name appears in such registration books as the registered owner hereof, such principal and redemption premium, if any, to be paid only on the surrender of this Bond at the Principal Corporate Trust Office of the Fiscal Agent at maturity or on redemption prior to maturity.

This Bond is one of a duly authorized issue of Bonds in the aggregate principal amount of [\$Par Amount] issued by the District for the San Dieguito Union High School District Community Facilities District 99-1 (the "Community Facilities District") located in Encinitas, California, designated the "San Dieguito Union High School District Community Facilities District 99-1 Special Tax Revenue Bonds, Series 2018" (the "Bonds"), which Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 *et seq.* of the Government Code of the State of California) and all laws amendatory thereof or supplemental thereto (the "Law") and under and pursuant to the provisions of an Indenture, dated as of October 1, 2018 (the "Indenture") between the District and U.S. Bank National Association, as Fiscal Agent, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, denominations, maturities, interest rates or redemption provisions). All Bonds, including the Bonds, are equally and ratably secured in accordance with the terms and conditions of the Indenture (copies of which are on file at the office of the Clerk of the District and at the above-mentioned office of the Fiscal Agent), and reference is hereby made to the Law and to the Indenture and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued and for the rights of the registered owners of the Bonds; and all the terms of the Law and the Indenture are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond, to all the provisions of which the registered owner of this Bond, by his acceptance hereof, agrees and consents; and each subsequent registered owner hereof shall have recourse to all the provisions of the Law and the Indenture and shall be bound by all the terms and conditions thereof.

The Bonds are issued to provide funds to refinance and defease the Prior CFD Loans (as that term is defined in the Indenture). The Bonds are special tax obligations of the District and the interest on and principal of and redemption premium, if any, on the Bonds are payable solely from the proceeds of the Special Tax (as that term is defined in the Indenture, and herein the "Special Tax") and certain other funds, as provided in the Indenture, and the District is not obligated to pay them except from the proceeds of the Special Tax and such other funds as so provided. The General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or redemption premium, if any, on the Bonds, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or redemption premium, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the District or any of its income or receipts except the proceeds of the Special Tax and such other funds, as provided in the

## ITEM 23F

Indenture, and neither the payment of the interest on or principal of or redemption premium, if any, on the Bonds is a general debt, liability or obligation of the District.

The Bonds are subject to redemption by the District prior to their respective maturity dates as a whole or in part on the dates, at the prices and subject to the terms provided in the Indenture.

If less than all outstanding Bonds are to be redeemed at the option of the District at any one time, the District shall select the maturity dates from which the Bonds shall be redeemed, and if less than all the outstanding Bonds of any one maturity date are to be redeemed at any one time, the Fiscal Agent shall select the Bonds or portions thereof of such maturity date to be redeemed in integral multiples of five thousand dollars (\$5,000) by lot in any manner that it deems appropriate.

Notice of redemption of this Bond or any portion hereof shall be mailed by the Fiscal Agent not less than thirty (30) days nor more than sixty (60) days before the redemption date by first class mail to the registered owner hereof and to those securities depositories and securities information services selected by the District in accordance with the Indenture and to the original underwriter of the Bonds, but neither failure to receive any such mailed notice nor any immaterial defect contained therein shall affect the sufficiency or validity of such proceedings for redemption. If notice of redemption has been duly given as aforesaid, then this Bond or the portion thereof to be redeemed shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on this Bond or the portion thereof to be redeemed shall cease to accrue and the registered owner of this Bond shall have no rights in respect hereof except to receive payment of the redemption price of this Bond or the portion thereof to be redeemed, and upon surrender of this Bond if redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner hereof at the expense of the District a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of this Bond so surrendered.

The District has covenanted that, so long as any Bonds are outstanding, it will annually levy against all Taxable Land (as that term is defined in the Indenture) in the Community Facilities District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Indenture, and which in any event will be sufficient to pay the interest on and principal of and redemption premium, if any, on the Bonds as they become due and payable and to pay all current Expenses (as that term is defined in the Indenture) as they become due and payable in accordance with the provisions and terms of the Indenture.

The Bonds are issuable in the form of fully registered Bonds in the denomination of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Bonds maturing at any one time). The registered owner of any Bond or Bonds may surrender the same (together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney) in exchange for an equal aggregate principal amount of Bonds of the same maturity date of any other authorized denominations in the manner, subject to the conditions and upon payment of the charges provided in the Indenture.

The registration of this Bond is transferable on the registration books kept by the Fiscal Agent by the registered owner hereof or by his duly authorized attorney upon surrender of this Bond

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together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity date of authorized denominations in the same aggregate principal amount will be issued to the transferee in exchange therefor in the manner, subject to the conditions and terms and upon payment of the charges provided in the Indenture. The District and the Fiscal Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture, and in certain circumstances without the consent of such registered owners, but no such amendment shall (1) extend the maturity of this Bond or reduce the interest rate hereon or otherwise alter or impair the obligation of the District to pay the interest hereon or principal hereof or redemption premium, if any, hereon at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the registered owner of this Bond, or (2) permit the issuance by the District of any obligations payable from the proceeds of the Special Tax other than the Bonds as provided in the Indenture, or jeopardize the ability of the District to levy and collect the Special Tax, or (3) reduce the percentage of Bonds required for the written consent to an amendment of the Indenture, or (4) codify any rights or obligations of the Fiscal Agent without its prior written assent thereto; all as more fully set forth in the Indenture.

The Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory debt limitation or restriction, and neither the San Dieguito Union High School District nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or redemption premium, if any, on the Bonds other than from the proceeds of the Special Tax and such other funds as may be pledged therefor, as provided in the Indenture.

This Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by an authorized signatory of the Fiscal Agent.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and 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 the amount of this Bond, together with all other obligations of the District and the Community Facilities District, does not exceed any limit prescribed by the laws of the State of California and is not in excess of the principal amount of the Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, the San Dieguito Union High School District has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the President of the Board of the District and countersigned by the manual or facsimile signature of the District Clerk, and has caused this Bond to be dated as of the Bond Date set forth above.

SAN DIEGUITO UNION HIGH SCHOOL  
DISTRICT

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

Countersigned:

\_\_\_\_\_  
Clerk of the Board of Trustees

[FORM OF FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION  
TO APPEAR ON BONDS]

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated on \_\_\_\_\_.

U.S. Bank National Association,  
as Fiscal Agent

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

[FORM OF ASSIGNMENT TO  
APPEAR ON BONDS]

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

\_\_\_\_\_

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

SIGNATURE GUARANTEED BY:

\_\_\_\_\_

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee:

\_\_\_\_\_



ITEM 23F

Form of Local Obligation Purchase Contract

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**

**COMMUNITY FACILITIES DISTRICT NO. 94-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 94-3  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 95-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 95-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-3  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**and**

**COMMUNITY FACILITIES DISTRICT NO. 03-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018**

**LOCAL OBLIGATION PURCHASE CONTRACT**

**dated as of October \_\_, 2018**

San Dieguito Union High School District  
710 Encinitas Blvd.  
Encinitas, CA 92024

Ladies and Gentlemen:

The undersigned San Dieguito School Facilities Financing Authority (the “Authority”) offers to enter into this Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) with you, the Board of Trustees (the “Board of Trustees”) of the San Dieguito Union High School District, acting as the legislative body of the above named community facilities districts (the “District”), which, upon acceptance, will be binding upon the District and the Authority; and except as otherwise provided herein, all capitalized terms used herein shall have the meanings attributed to them in the Trust Agreement, dated as of December 1, 2016 (the “Original Trust Agreement”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented by that First Supplemental Trust Agreement, dated as of October 1, 2018, by and between the Authority and the Trustee (the “First Supplemental Trust Agreement” and, collectively with the Original Trust Agreement, the “Trust Agreement”). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Original Trust Agreement.

1. Purchase, Sale and Delivery of the Obligations.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Authority hereby agrees to purchase from the District, and the District hereby agrees to sell to the Authority, all (but not less than all) of the following securities:

(i) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 94-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 94-2 Local Obligations," and together with the CFD No. 03-1 Local Obligations, the "Local Obligations") issued under an Indenture, dated as of December 1, 2016, as supplemented and amended by a First Supplemental Indenture, dated as of October 1, 2018 (collectively, the "CFD No. 94-2 Indenture"), each by and between the District and U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent");

(ii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 94-3 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 94-3 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 94-3 Indenture");

(iii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 95-1 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 95-1 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 95-1 Indenture");

(iv) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 95-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 95-2 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 95-2 Indenture");

(v) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-1 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-1 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 99-1 Indenture");

(vi) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-2 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 99-2 Indenture");

(vii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-3 Local Obligations") issued under an

Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the “CFD No. 99-3 Indenture”); and

(viii) \$\_\_\_\_\_ aggregate principal amount of the District’s San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018 (the “CFD No. 03-1 Local Obligations” and together with the CFD No. 94-2 Local Obligations, the CFD No. 94-3 Local Obligations, the CFD No. 95-1 Local Obligations, the CFD No. 95-2 Local Obligations, the CFD No. 99-1 Local Obligations, the CFD No. 99-2 Local Obligations, and the CFD No. 99-3 Local Obligations, the “Local Obligations”) issued under an Indenture, dated as of December 1, 2016, as amended and supplemented pursuant to a First Supplemental Indenture, dated as of October 1, 2018, each by and between the District and U.S. Bank National Association, as Fiscal Agent (collectively, the “CFD No. 03-1 Indenture”, and together with the CFD No. 94-2 Indenture, the CFD No. 94-3 Indenture, the CFD No. 95-1 Indenture, the CFD No. 95-2 Indenture, the CFD No. 99-1 Indenture, the CFD No. 99-2 Indenture, and the CFD No. 99-3 Indenture, the “Indentures”);

all dated the date of their initial delivery, bearing interest payable on the dates and at the interest rates, and maturing on the dates and in the amounts and subject to the optional and mandatory redemption provisions, as set forth in Exhibit A attached hereto and incorporated herein.

The purchase prices for the Local Obligations shall be paid from the proceeds of sale of the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018, issued under the Trust Agreement (the “Authority Bonds”), and such purchase prices shall be:

(i) for the CFD No. 94-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(ii) for the CFD No. 94-3 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(iii) for the CFD No. 95-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(iv) for the CFD No. 95-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(v) for the CFD No. 99-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(vi) for the CFD No. 99-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(vii) for the CFD No. 99-3 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_); and

(viii) for the CFD No. 03-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_).

The Local Obligations shall be substantially in the forms described in, shall be issued and secured under the provisions of, and shall be payable as provided in the Indentures, each of which provide for the issuance of the Local Obligations and the registration thereof in the name of the Trustee.

(b) At 9:00 a.m., Pacific Daylight Time, on October \_\_, 2018, or at such earlier or later time or date as shall be agreed by the District and the Authority (such time and date being herein referred to as the “Closing Date”), the District will deliver to the Authority at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (or such other location as may be designated by the Authority and approved by the District) the Local Obligations in definitive forms, duly executed by the District and authenticated by the Fiscal Agent or the Trustee, as the case may be, for each of the Local Obligations, and will deliver to the Authority the other documents herein mentioned; and the Authority will accept such delivery and pay the total purchase price of the Local Obligations as set forth in paragraph (a) of this section as provided in the Trust Agreement (such delivery and payment being herein referred to as the “Closing”).

2. Representations, Warranties and Agreements of the District. The District represents and warrants to and agrees with the Authority that:

(a) The District is and will be at the Closing Date duly organized and existing as a school district under and by virtue of the Constitution and laws of the State of California, with full power and authority to issue the Local Obligations and to carry out and consummate the transactions contemplated by the Local Obligations, the Local Obligation Purchase Contract, the Trust Agreement, and the Indentures (collectively, the “Financing Documents”), and the Financing Documents are and will be at the Closing Date valid and binding obligations of the District;

(b) When delivered to and paid for by the Authority at the Closing in accordance with the provisions of the Local Obligation Purchase Contract, the Local Obligations will have been duly authorized, executed, issued and delivered and will constitute valid and binding obligations of the District in conformity with, and entitled to the benefit and security of, their respective Indentures;

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has authorized and approved the execution and delivery of the Financing Documents, and authorized and approved the performance by the District of the obligations on its part contained in the Financing Documents and has authorized and approved the consummation by the District of all other transactions contemplated by the Local Obligation Purchase Contract;

## ITEM 23F

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the knowledge of the District, threatened against the District or its properties or operations (i) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Local Obligations, (ii) in any way contesting or affecting the validity or enforceability of any of the Financing Documents, any proceedings of the District taken concerning the issuance or sale of the Local Obligations, the collection of the special taxes securing the Local Obligations or the existence or powers of the District relating to the issuance of the Local Obligations or (iii) which, if determined adversely to the District or its interests, would have a material and adverse effect on the consummation of the transactions contemplated by or the validity of the Financing Documents or on the operations of the District with respect to the Local Obligations;

(e) The execution and delivery of the Financing Documents, and the consummation of the transactions therein and herein contemplated, and the fulfillment of or compliance with the terms and conditions thereof and hereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents or the operations of the District with respect to the Local Obligations;

(f) The District is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default may have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default under any such instrument;

(g) All approvals, consents, authorizations, certifications and other orders of any governmental authority, board, agency or commission having jurisdiction, and all filings with any such entities, which would constitute conditions precedent to or the failure to obtain which would materially adversely affect the performance by the District of its obligations under the Financing Documents have been duly obtained, and no further consent, approval, authorization or other action or filing with or by any governmental or regulatory authority having jurisdiction over the District is or will be required for the issue and sale of the Local Obligations or the consummation by the District of the other transactions described in the Financing Documents;

(h) The special taxes constituting the security for the Local Obligations have been duly and lawfully authorized under and pursuant to the Mello-Roos Community Facilities

District Act of 1982 (the “Act”) and such special taxes are secured by a valid and legally binding continuing lien on the land subject to the special taxes as provided in the Act;

(i) The District has authorized and will annually levy and collect special taxes, in addition to amounts necessary to pay debt service on the Local Obligations, in an amount sufficient (subject to any maximum special tax permitted by law) to pay the Expenses (as defined in the Indentures) arising directly from the administration or enforcement of the Local Obligations.

The execution and delivery of the Local Obligation Purchase Contract by the District shall constitute a representation by the District to the Authority that the representations, warranties and agreements contained in this Section 2 are true as of the date hereof; provided, that as to all matters of law the District is relying on the advice of counsel to the District; and provided further, that no member of the Board of Trustees of the District shall be individually liable for the breach of any representation, warranty or agreement contained herein.

3. Conditions to the Purchase of the Local Obligations by the Authority. The obligation of the Authority to accept delivery of and pay for the Local Obligations on the Closing Date shall be subject, at the option of the Authority, to the accuracy in all material respects of the representations, warranties and agreements on the part of the District contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the District made in any certificates, or other documents furnished pursuant to the provisions hereof, and to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Financing Documents shall be in full force and effect in the form heretofore submitted to the Authority and there shall have been taken in connection with the issuance of the Local Obligations and with the transactions contemplated thereby and by the Local Obligation Purchase Contract, all such actions as, in the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”), shall be necessary and appropriate;

(b) At the Closing Date, the Financing Documents shall not have been amended, modified or supplemented, except as may have been agreed to by the Authority;

(c) At or prior to the Closing Date, the Authority and the Trustee shall have received the following documents, in each case satisfactory in form and substance to the Authority:

(1) An executed copy of each of the Financing Documents;

(2) An unqualified approving opinion of Bond Counsel, dated the Closing Date and addressed to the District, as to the validity of the Local Obligations;

(3) An opinion of the District Counsel, dated the Closing Date and addressed to the District and the Authority, in substantially the form attached hereto as Exhibit B; and

(4) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Authority or Bond Counsel may reasonably request to evidence compliance by the District with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the District contained herein, and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

If the District shall be unable to satisfy the conditions to the Authority's obligations contained in the Local Obligation Purchase Contract, the Local Obligation Purchase Contract shall terminate and neither the Authority nor the District shall have any further obligation hereunder.

4. Expenses. All expenses and costs of the District and the Authority incident to the authorization, issuance and sale of the Local Obligations and the Authority Bonds, including fees and expenses of consultants, the Trustee, Bond Counsel and counsel for the District and the fees and expenses incurred by the Authority in connection with the sale of the Authority Bonds shall be paid by the District and the District agrees that it will pay, from the proceeds of the Local Obligations.

5. Notices. Any notice or other communication to be given to the District under the Local Obligation Purchase Contract may be given by delivering the same in writing at the District's address set forth above, Attention: Executive Director of Planning Services, and any such notice or other communications required to be given to the Authority may be given by delivering the same in writing to the Authority at 710 Encinitas Blvd., Encinitas, CA 92024, Attention: Treasurer. The approval of the Authority when required hereunder or the determination of their satisfaction as to any document referred to herein shall be in writing signed by the Authority and delivered to the District.

6. Parties In Interest; Governing Law. The Local Obligation Purchase Contract is made solely for the benefit of the District, the Authority and the Trustee and no other persons, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. The Local Obligation Purchase Contract shall be governed by the laws of the State of California.

7. Pledge; Assignment. The District hereby approves the pledge and assignment of all of the Authority's right, title and interest in the Local Obligations to the Trustee under the Trust Agreement for the benefit of the Owners of the Authority Bonds.

8. Limitation on Liability. The Authority shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereby, and shall be under no obligation to purchase the Local Obligations hereunder, except from proceeds of the Authority Bonds available therefor held by the Trustee under, and subject to the conditions set forth in, the Trust Agreement. The District shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereunder, except as otherwise provided in Sections 4 and 5 hereof, or be obligated to make any payments with respect to the Local Obligations, except from amounts pledged to the payment of the Local Obligations (including special taxes levied and collected in the applicable community facilities districts) pursuant to the terms thereof.



9. Counterparts. The Local Obligation Purchase Contract may be signed in two or more counterparts; all such counterparts, when signed by all parties, shall constitute but one single agreement.

SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY

By \_\_\_\_\_  
Treasurer

ACCEPTED AND AGREED TO:

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT

By \_\_\_\_\_  
Executive Director of Planning Services

Exhibit A

LOCAL OBLIGATIONS MATURITY SCHEDULES AND REDEMPTION PROVISIONS

**CFD No. 94-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
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2041			

**CFD No. 94-3 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
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**CFD No. 95-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
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**CFD No. 95-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
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2027			
2028			
2029			
2030			
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**CFD No. 99-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
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**CFD No. 99-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
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**CFD No. 99-3 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
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2027			
2028			
2029			
2030			
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**CFD No. 03-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
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**Local Obligation Redemption Provisions**

(a) Optional Redemption. The Local Obligations maturing on or after March 1, 2030 are subject to optional redemption by the District prior to their respective maturity dates as a whole or in part on any Interest Payment Date on or after March 1, 2029, from money derived by the District from any source other than such prepayments of the Special Tax, upon mailed notice as provided in the applicable Indenture, at a redemption price equal to 100% of the principal amount of the Local Obligations or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, without premium.

[Remainder of page intentionally left blank]

Exhibit B

[Form of District Counsel Opinion]

October \_\_, 2018

Governing Board  
San Dieguito School Facilities Financing Authority  
Encinitas, California

Board of Trustees  
San Dieguito Union High School District  
Encinitas, California

U.S. Bank National Association  
San Francisco, California

San Dieguito Union High School District  
Community Facilities District No. 94-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 94-3  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 95-1  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 95-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-1  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-3  
Special Tax Revenue Bonds; and

San Dieguito Union High School District  
Community Facilities District No. 03-1  
Special Tax Revenue Bonds

Ladies and Gentlemen:

I have served as counsel to the San Dieguito Union High School District (the “District”) in connection with the issuance, sale and delivery of the above-reference securities (collectively, the “Local Obligations”), and this letter is being delivered pursuant to the Local Obligation Purchase Contract dated as of October \_\_, 2018 (the “Local Obligation Purchase

Contract”) by and between the San Dieguito School Facilities Financing Authority (the “Authority”) and the Board of Trustees of the District, acting as the legislative body for each of the above-referenced community facilities districts of the District, and all capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Local Obligation Purchase Contract.

As such counsel, I have examined and am familiar with (i) those documents relating to the existence, organization and operation of the District; and (ii) all necessary documentation of the District relating to the authorization, execution and delivery of the Local Obligations and all of the Financing Documents.

Based on the foregoing, I am of the opinion that:

1. The District is a school district located in San Diego County (the “County”), duly organized and existing under and by virtue of the Constitution and laws of the State of California.

2. The District has the full legal right, power and authority to execute, deliver and perform its obligations and duties under the Financing Documents, and the District has complied with the provisions of applicable law in all matters relating to the transactions contemplated by the Financing Documents.

3. The Financing Documents have each been duly authorized, executed and delivered by the District, are each in full force and effect and, assuming due authorization, execution and delivery by the other parties thereto, each constitutes a legal, valid and binding agreement of the District enforceable against the District in accordance with its terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the District of the Financing Documents or the performance by the District of its respective obligations thereunder.

5. The execution and delivery of the Financing Documents by the District, and compliance with the provisions thereof, will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the District, or any commitment, agreement or other instrument to which the District is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the District (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the District and its affairs.

6. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body pending or threatened against or affecting the District or any of its officers in their respective capacities as such which questions the powers of the District referred to in paragraph 2 above or in connection with the transactions contemplated by the Financing Documents, or the validity of the proceedings taken by the District in connection with the authorization, execution or delivery of the Financing Documents, wherein any unfavorable decision, ruling or finding would adversely

ITEM 23F

affect the transactions contemplated thereby or by the Official Statement, or which, in any way, would adversely affect the validity or enforceability of the Financing Documents or, in any material respect, the ability of the District to perform its obligations under the Financing Documents.

Very truly yours,

District Counsel

ITEM 23F

Form of Continuing Disclosure Agreement

## CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (“Disclosure Agreement”), dated as of [\_\_\_\_\_ 1, 2018], is executed and delivered by the SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY (the “Issuer”), and Willdan Financial Services, as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of \$ aggregate principal amount of the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement, dated as of December 1, 2016, as amended and supplemented by the First Supplemental Trust Agreement, dated as of [\_\_\_\_\_ 1, 2018] (together, the “Trust Agreement”), between the Issuer and U.S. Bank National Association (the “Trustee”). The proceeds of the Bonds will be used to acquire the Local Obligations (as defined below) and refund certain outstanding bonds of the Authority and the Districts (as defined below), to fund the reserve funds securing the Bonds and to pay costs of issuance of the Bonds. The Issuer and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income purposes.

“Disclosure Representative” shall mean the Executive Director of the Issuer, or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Willdan Financial Services, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee and the Issuer a written acceptance of such designation.

“Districts” shall mean San Dieguito Union High School District Community Facilities District No. 94-2, San Dieguito Union High School District Community Facilities District No. 94-3, San Dieguito Union High School District Community Facilities District No. 95-1, San Dieguito Union High School District Community Facilities District No. 95-2, San Dieguito Union High School District Community Facilities District No. 99-1, San Dieguito Union High

School District Community Facilities District No. 99-2, San Dieguito Union High School District Community Facilities District No. 99-3 and San Dieguito Union High School District Community Facilities District No. 03-1.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“Local Obligations” shall mean, collectively, the San Dieguito Union High School District Community Facilities District No. 94-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 94-3 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 95-1 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 95-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-1 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018 and San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018.

“MSRB” shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

“Official Statement” means the Official Statement for the Bonds dated \_\_\_\_\_, 2016.

“Owners” shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

“Participating Underwriter” shall mean Piper Jaffray & Co.

“Repository” shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Rule” shall mean 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.

“School District” shall mean the San Dieguito Union High School District.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or upon written direction shall cause the Dissemination Agent to, not later than April 1 after the end of the Issuer’s Fiscal Year (currently June 30) commencing



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with the report due by April 1, 2019, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer and the School District, if any exist, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the fiscal year of the Issuer or the School District changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(d). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) Not later than (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to inquire if the Issuer is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent in a timely manner shall send a notice to the Repository, in the form required by the Repository.

(d) The Dissemination Agent shall:

- (i) determine each year prior to date for providing the Annual Report the name and address of the Repository if other than the MSRB; and
- (ii) file a report with the Issuer certifying that the Annual Report has been sent to the Repository and the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Agreement, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the Issuer and the School District for the prior fiscal year, if any have been prepared and which, if prepared, shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board; provided, however, that the Issuer and the School District may, from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Issuer or the School District shall modify the basis upon which its financial statements are prepared, the Issuer or the School District, as applicable, shall provide the information referenced in Section 8 below. If the Issuer or the School District are preparing

audited financial statements and such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following: [UPDATE]

- (i) the principal amount of Bonds outstanding as of the September 2 preceding the filing of the Annual Report;
- (ii) the balance in each fund under the Trust Agreement and the Reserve Requirement as of the September 2 preceding the filing of the Annual Report;
- (iii) any changes to the Rates and Methods of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a description of any parcels for which the Special Taxes have been prepaid in the Fiscal Year for which the Annual Report is being prepared;
- (iv) an update of Tables [\_\_\_\_\_] in the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the current fiscal year;
- (v) the status of any foreclosure actions being pursued by the Districts with respect to delinquent Special Taxes; and
- (vi) any information not already included under (i) through (v) above that the Districts are required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

#### Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

- (i) principal and interest payment delinquencies;

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- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
- (vi) tender offers;
- (vii) defeasances;
- (viii) ratings changes; and
- (ix) bankruptcy, insolvency, receivership or similar proceedings.

Note: for the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) unless described in paragraph 5(a)(v) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (ii) the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

- (iii) appointment of a successor or additional trustee or the change of the name of a trustee;
- (iv) nonpayment related defaults;
- (v) modifications to the rights of Owners of the Bonds;
- (vi) notices of redemption; and
- (vii) release, substitution or sale of property securing repayment of the Bonds.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under Section 5(b) above, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file a notice of such occurrence with the Repository in a timely manner not more than 10 business days after the event.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Issuer and that the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent shall be Willdan Financial Services. The Dissemination Agent may resign by providing thirty (30) days written notice to the Issuer and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver related to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in

legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking hereunder, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment related to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the formed accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful

misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

Issuer: San Dieguito School Facilities Financing  
Authority  
710 Encinitas Boulevard  
Encinitas, California 92024  
Attention: Executive Director

Dissemination Agent: Willdan Financial Services

Participating Underwriter: Piper Jaffray & Co.  
One Montgomery Street, 35th Floor  
San Francisco, California 94104  
Attention: Ralph Holmes

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notice or communications should be sent.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

WILLDAN FINANCIAL SERVICES, as  
Dissemination Agent

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

ITEM 23F

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 99-2 OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$500,000 AGGREGATE PRINCIPAL AMOUNT OF BONDED INDEBTEDNESS OF SUCH COMMUNITY FACILITIES DISTRICT NO. 99-2, PRESCRIBING THE TERMS OF SALE, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A LOCAL OBLIGATION PURCHASE CONTRACT, AND A CONTINUING DISCLOSURE CERTIFICATE, AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS**

**WHEREAS**, the Board of Trustees (the “Board of Trustees”) of the San Dieguito Union High School District (the “District”) has heretofore established Community Facilities District No. 99-2 (“CFD 99-2”) along with eight other community facilities districts (collectively, the “CFDs”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, consisting of Sections 53311, et seq., of the California Government Code (the “Act”) (collectively with CFD 99-2, the “CFDs”) in order to finance and reimburse the construction of various public facilities benefitting the CFDs; and

**WHEREAS**, pursuant to a resolution adopted on May 6, 1999, and concurrent with the formation of CFD 99-2, the District authorized the levy of special taxes within CFD 99-2 and CFD 99-2’s ability to incur indebtedness not to exceed \$50,000,000 to finance the costs of acquiring, leasing and/or constructing various public facilities for the benefit of CFD 99-2; and

**WHEREAS**, in order to assist the CFDs in financing and reimbursing the acquisition and construction of various public facilities (the “CFD Projects”), the San Dieguito Public Facilities Authority (the “Prior JPA”) previously issued its Revenue Bonds, 1998 Series A (Tax Exempt), Revenue Bonds 1998 Series B (Taxable) and Revenue Bonds, Series 2004, each refunded in whole by \$91,125,000 aggregate principal amount of its Revenue Refunding Bonds, Series 2006 (the “Prior JPA Bonds”) pursuant to an Indenture of Trust, dated as of July 1, 2006 (as amended, the “Prior Indenture”), by and between the Prior JPA and U.S. Bank National Association, as trustee; and

**WHEREAS**, the CFDs entered into a loan agreement, dated July 1, 2006 (as amended, the “Prior Loan Agreement”), by and between the CFDs and the Prior JPA, whereby the Prior JPA agreed to lend the CFDs certain funds for the CFD Projects; and

**WHEREAS**, the District has determined to authorize the issuance of additional indebtedness of CFD 99-2 for the purpose of acquiring and constructing various public facilities benefitting CFD 99-2 and prepaying certain obligations under the Prior Loan Agreement (the “Prior CFD Loans”), allowing for the defeasance of certain of the Prior JPA Bonds; and

**WHEREAS**, at this time, the Board of Trustees deems it necessary and desirable to authorize and consummate the sale of a series of bonds designated the “San Dieguito Union High School District Community Facilities District 99-2 Special Tax Revenue Bonds, Series 2018” (the “Local Obligations”) in an aggregate initial principal amount not exceeding \$500,000; and



**WHEREAS**, the District has heretofore authorized the formation of the San Dieguito School Facilities Financing Authority (the “Authority”); and

**WHEREAS**, the District desires to sell the Local Obligations to the Authority pursuant to a Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”), and, pursuant to Section 53360.4 of the Act, hereby finds and determines that such sale will result in lower overall cost; and

**WHEREAS**, the Authority is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code to issue its bonds for the purpose of purchasing various local obligations issued by certain local agencies, including the Local Obligations; and

**WHEREAS**, the Authority desires to issue its San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Authority Bonds”), pursuant to a Trust Agreement (the “Trust Agreement”), by and between the Authority and U.S. Bank National Association; and

**WHEREAS**, the District has determined pursuant to Section 6588(v) of the Government Code to sell the Local Obligations to the Authority pursuant to a Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) by and between the District and the Authority, and hereby finds and determines that such sale will result in significant public benefits including demonstrable savings in effective interest rate, bond preparation, bond underwriting discount, original issue discount or bond issuance costs, and a form of Local Obligation Purchase Contract has been prepared; and

**WHEREAS**, in order to provide for the authentication and delivery of the Local Obligations, to establish and declare the terms and conditions upon which the Local Obligations are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the District proposes to enter into an Indenture (the “Indenture”) with U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”), and a form of Indenture has been prepared; and

**WHEREAS**, in order to satisfy the disclosure requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”), the District desires to execute and deliver a Continuing Disclosure Certificate (such Continuing Disclosure Certificate, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Continuing Disclosure Certificate”), a form of which has been prepared; and

**WHEREAS**, the form of a Preliminary Official Statement (the “Preliminary Official Statement”) to be used in connection with the offering and sale of the Authority Bonds has been prepared and is on file with the Board of Trustees; and

**WHEREAS**, the Board of Trustees has been presented with the form of each document referred to herein relating to the financing contemplated hereby, and the Board of Trustees has examined each document and desires to approve, authorize and direct the execution of the forms of Local Obligation Purchase Contract, Indenture, and Continuing Disclosure Agreement and the consummation of such financing; and

**WHEREAS**, the Board of Trustees desires to proceed to issue and sell the Local Obligations and to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the offering, sale and issuance of the Local Obligations;

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

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Trustees of the San Dieguito Union High School District, acting as the legislative body of CFD 99-2, as follows:

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

**Section 2. Authority for Issuance.** The Local Obligations described herein are authorized to be issued pursuant to the Act and other applicable provisions of law, including applicable provisions of the Education Code, in an aggregate principal amount not to exceed \$500,000.

**Section 3. Designation of Local Obligations.** The Local Obligations shall be sold in one or more series, to be designated the “San Dieguito Union High School District Community Facilities District 99-2 Special Tax Revenue Bonds, Series 2018,” with such additional designations as may be necessary to distinguish between bonds of different payment mechanisms or features, as authorized hereby.

**Section 4. Sale of Local Obligations; Local Obligation Purchase Contract.** The Superintendent of the District, the Associate Superintendent, Business Services of the District, the Executive Director of Planning Services, or such other officer of the District designated for the purpose (each an “Authorized District Representative”), each alone, are hereby authorized, upon consultation with the Municipal Advisor, to sell all or any portion or series of the Local Obligations to the Authority. The Local Obligation Purchase Contract, in substantially the form on file with the Clerk of this Board, is hereby approved, and the Authorized District Representatives, each alone, are hereby authorized and directed to execute and deliver the Local Obligation Purchase Contract with the Authority, on behalf of the Community Facilities District and the District, subject to such changes or revisions therein as may be acceptable to the Authorized District Representative executing the same, and the District’s approval of all such changes shall be conclusively evidenced by the execution and delivery of the Local Obligation Purchase Contract. The Local Obligation Purchase Contract shall provide: (i) that the aggregate purchase price of the Local Obligations sold thereunder shall be no less than the principal amount of such Local Obligations; and (ii) that the Local Obligations sold thereunder shall otherwise conform to the limitations specified in this Resolution, including specifically those terms prescribed by Section 5 hereof.

**Section 5. Terms of the Local Obligations and Interest Payment.** The Local Obligations shall be issued in the form of current interest bonds. The Board hereby determines that: (1) it is anticipated that the prepayment of the Prior CFD Loans will occur on or about October 26, 2018, or such other date as is described in the Local Obligation Purchase Contract, (2) the Local Obligations shall bear the date, be in the denominations, have the maturity dates (which, in the case

of Local Obligations the proceeds of which are used to prepay Prior CFD Loans, do not exceed the latest maturity date of such Prior CFD Loans), and be payable at the place and be in the form specified in the Indenture, (3) the Local Obligations will bear interest at a rate no less than 0.5 percent per annum, and (4) the designated costs of issuing the Local Obligations being used to refund the Prior CFD Loans, as defined by Section 53363.8 of the Act, shall include all of the costs specified in Section 53363.8(a), (b)(2) and (c) of the Act. The Local Obligation Purchase Contract shall recite the terms of the Local Obligations sold under such document in accordance with this section as determined in the sale thereof, and such terms shall be memorialized in the Indenture described in Section 7 hereof. In satisfaction of the requirements contained in Section 53364.2 of the Act, the Board hereby determines that any savings achieved through the issuance of the Local Obligations shall be used to finance additional facilities authorized to be financed by CFD 99-2.

**Section 6. Tax Treatment of Local Obligations.** All or any portion of the Local Obligations shall be issued as exempt from federal income tax, as an Authorized District Representative shall determine upon consultation with the Municipal Advisor, and according to the terms and conditions as Bond Counsel to the District shall advise are appropriate to and necessary for the issuance of tax-exempt bonds.

**Section 7. Approval of Indenture.** The Indenture relating to the Local Obligations between the District and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent”), in substantially the form submitted to this Board, including the form of Local Obligations included therein, is hereby approved. The Authorized District Representatives, each alone, are hereby authorized to execute and deliver an instrument in substantially said form, completed with the terms of the Local Obligations determined upon the sale thereof, and with such other changes thereto as the Authorized District Representative executing the same may require or approve, and the District’s approval of the Indenture shall be conclusively evidenced by the execution and delivery thereof.

**Section 8. Approval of Continuing Disclosure Certificate.** The Continuing Disclosure Certificate relating to the Local Obligations, in substantially the form on file with the Clerk of this Board, is hereby approved. The Authorized District Representatives, or the designee thereof, each alone, are hereby authorized on behalf of Community Facilities District and the District to execute and deliver the Continuing Disclosure Certificates in substantially the form submitted to this Board, with such changes thereto as deemed necessary in order to permit the purchaser of the Local Obligations to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificates as finally executed and delivered.

**Section 9. Approval of Actions.** The President of this Board of Trustees, the Clerk of this Board of Trustees, the Superintendent of the District, the Associate Superintendent, Business Services of the District, the Executive Director of Planning Services, and any other officer of the District to whom authority is delegated by one of the named officers for the purposes of the Local Obligations, are hereby authorized and directed to execute and deliver any and all certificates and representations, including signature certificates, no-litigation certificates, representation letters to The Depository Trust Company, the Tax Certificate and any other certificates proposed to be distributed in connection with the sale of the Local Obligations, and to enter into any agreements, including depository agreements, commitment letters and agreements with bond insurers, agreements providing for payment of costs of issuance of Local Obligations, and any other agreements, letters, or representations, which any of them deem necessary or desirable to accomplish the transactions authorized herein. If in order to sell the Local Obligations in separate series or to separate purchasers

as authorized herein, the District is required to prepare and deliver additional official statements, Indentures, Local Obligation Purchase Contracts, continuing disclosure certificates, or other authorized documents, the preparation and delivery of such additional documents is hereby authorized. Actions of the Authorized District Representative heretofore taken to accomplish the purposes of this Resolution and consistent herewith are hereby ratified.

**Section 10. Retention of Services.** This Board hereby appoints Piper Jaffray & Co. as Underwriter, Fieldman, Rolapp & Associates, Inc., as Municipal Advisor, and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel, all with respect to the issuance of the Local Obligations. The Authorized District Representatives, each alone, are hereby authorized to execute an agreement with any of the foregoing in order to provide for the provision of the specified services and for payment in respect thereof, together with payment for other costs of issuance of the Bonds or the Local Obligations from proceeds deposited pursuant to the Indenture.

**Section 11. Value of Property.** In accordance with the requirements of Section 53345.8 of the Act, this Board hereby determines that the value of the real property in CFD 99-2 subject to the special tax to pay debt service on the Local Obligations is at least three times the principal amount of the Local Obligations and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within CFD 99-2.

**Section 12. Notice to California Debt and Investment Advisory Commission.** The Authorized District Representative is hereby authorized and directed to cause notices of the proposed sale and final sale of the Local Obligations to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to California Government Code Section 8855 and Section 53359.5.

**Section 13. Good Faith Estimates.** In accordance with California Government Code Section 5852.1, certain estimates are presented in Exhibit A to this Resolution.

**Section 14. Effective Date.** This Resolution shall take effect from and after its date of adoption.

**PASSED AND ADOPTED** this day, September 13, 2018.

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President of the Board of Trustees of the  
San Dieguito Union High School District

ATTEST:

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Clerk of the Board of Trustees of the  
San Dieguito Union High School District

**CLERK'S CERTIFICATE**

I, Joyce Dalessandro , Clerk of the Board of Trustees of the San Dieguito Union High School District, County of San Diego, California, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Trustees of said District duly and regularly held at the regular meeting place thereof on September 13, 2018, and entered in the minutes thereof, of which meeting all of the members of the Board of Trustees had due notice and at which a quorum thereof was present, and that at said meeting the resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

An agenda of the meeting was posted at least 72 hours before the meeting at 710 Encinitas Boulevard, Encinitas, California, a location freely accessible to members of the public, and a brief description of the resolution appeared on the agenda.

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: September 13, 2018.

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Clerk of the Board of Trustees of the  
San Dieguito Union High School District

**EXHIBIT A****GOOD FAITH ESTIMATES – CFD NO. 99-2 LOCAL OBLIGATIONS**

The good faith estimates for the CFD No. 99-2 Local Obligations (the “Local Obligations”) set forth herein are provided in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the School District by the Underwriter.

Principal Amount. The Underwriter has informed the School District that, based on the School District’s financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the CFD No. 99-2 Local Obligations to be sold is \$275,000 (the “Estimated Principal Amount”). Based on the Estimated Principal Amount, the following good faith estimates are provided:

a) True Interest Cost of the CFD No. 99-2 Local Obligations. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 99-2 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the CFD No. 99-2 Local Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the CFD No. 99-2 Local Obligations, is 4.26%.

b) Finance Charge of the CFD No. 99-2 Local Obligations. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 99-2 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the CFD No. 99-2 Local Obligations, which means the sum of all fees and charges paid to third parties, is \$1,401.90.

c) Amount of Proceeds to be Received. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 99-2 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the School District for sale of the CFD No. 99-2 Local Obligations, less the finance charge of the CFD No. 99-2 Local Obligations paid from CFD No. 99-2 Local Obligations proceeds, and any reserves or capitalized interest to be paid or funded with proceeds of the CFD No. 99-2 Local Obligations, if any, is \$292,343.35.

d) Total Payment Amount. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 99-2 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the School District will make to pay debt service on the CFD No. 99-2 Local Obligations, plus the finance charge for the CFD No. 99-2 Local Obligations as described in (b) above not paid with the proceeds of the CFD No. 99-2 Local Obligations, if any, calculated to the final maturity of the CFD No. 99-2 Local Obligations, is \$446,760.00.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Local Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Local Obligations being

## ITEM 23G

different than the date assumed for purposes of such estimates, (b) the actual principal amount of Local Obligations sold being different from the Estimated Principal Amounts, (c) the actual amortization of the Local Obligations being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Local Obligations being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the School District's financing plan, or a combination of such factors. The actual date of sale of the Local Obligations and the actual principal amount of Local Obligations sold will be determined by the School District based on the timing of the need for proceeds of the Local Obligations and other factors. The actual interest rates borne by the Local Obligations will depend on market interest rates at the time of sale thereof. The actual amortization of the Local Obligations will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the School District.

ITEM 23G

Form of Indenture

CFD No. 99-2



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**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**

**and**

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

**INDENTURE**

**Dated as of October 1, 2018**

**Relating to the**

**[\$Par Amount]  
San Dieguito Union High School District  
Community Facilities District 99-2  
Special Tax Revenue Bonds, Series 2018**

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**INDENTURE**

This Indenture (the “Indenture”) is made and entered into as of October 1, 2018, by and between the SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, a school district located in San Diego County (the “County”), duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “District”), and U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, as Fiscal Agent (the “Fiscal Agent”);

**WITNESSETH:**

WHEREAS, on May 6, 1999, the District duly adopted a Resolution establishing the San Dieguito Union High School District Community Facilities District 99-2 (the “Community Facilities District”) for the purpose of financing certain public facilities and public services in and for the Community Facilities District; and

WHEREAS, in order to assist the Community Facilities District in financing and reimbursing the acquisition and construction of various public facilities, among other purposes, the San Dieguito Public Facilities Authority (the “Prior JPA”) previously issued its Revenue Bonds, 1998 Series A (Tax Exempt), Revenue Bonds 1998 Series B (Taxable) and Revenue Bonds, Series 2004, each refunded in whole by \$91,125,000 aggregate principal amount of its Revenue Refunding Bonds, Series 2006 pursuant to an Indenture of Trust dated as of July 1, 2006 by and between the Prior JPA and U.S. Bank National Association, as Fiscal Agent (the “Prior JPA Bonds”); and

WHEREAS, the Community Facilities District entered into a loan agreement, dated July 1, 2006, by and between the Community Facilities District, along with eight other Community Facilities Districts of the San Dieguito Union High School District (collectively, the “CFDs”), and the Prior JPA (the “Prior Loan Agreement”), whereby the Prior JPA agreed to lend the CFDs certain funds; and

WHEREAS, the District has determined to authorize the issuance of additional indebtedness of Community Facilities District for the purpose of acquiring and constructing school facilities benefitting the CFDs and prepaying certain obligations under the Prior Loan Agreement and Installment Purchase Agreements entered into by each of two CFDs with the Prior JPA (collectively, the “Prior CFD Loans”), allowing for the prepayment of certain of the Prior JPA Bonds; and

WHEREAS, the District has heretofore authorized the formation of the San Dieguito School Facilities Financing Authority (the “Authority”); and

WHEREAS, for the purpose of financing the acquisition and construction of various public school facilities benefitting the CFDs and prepaying the Prior CFD Loans and thereby a portion of the Prior JPA Bonds, the District has determined to issue the San Dieguito Union High School District Community Facilities District 99-2 Special Tax Revenue Bonds, Series 2018 (the “Local Obligations”) in the aggregate principal amount of [\$Par Amount] pursuant to and secured by this Indenture; and

WHEREAS, the Authority has agreed to purchase the Local Obligations pursuant to a Local Obligation Purchase Contract between the Authority and the District, dated as of October \_\_, 2018, with a portion of the proceeds of the Authority's Special Tax Revenue Bonds, Series 2018 (collectively, the "Authority Bonds"); and

WHEREAS, all things necessary to cause the Local Obligations, when executed by the District and authenticated by the Fiscal Agent and delivered as provided herein, to be legal special tax obligations of the District, enforceable in accordance with their terms, and to constitute the Indenture a valid agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery hereof and the execution and delivery of the Local Obligations, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THE INDENTURE WITNESSETH, that in order to secure the payment of the interest on and principal of and redemption premium, if any, on all Local Obligations at any time issued and outstanding hereunder according to their tenor, and to secure the observance and performance of all the agreements, conditions, covenants and terms therein and herein set forth, and to declare the conditions and terms upon and subject to which the Local Obligations are to be issued and received, and in consideration of the premises and of the mutual agreements and covenants herein contained and of the purchase and acceptance of the Local Obligations by the respective owners thereof from time to time, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby agree and covenant with the Fiscal Agent, for the benefit of the respective owners from time to time of the Local Obligations, as follows:

## ARTICLE I

### DEFINITIONS; EQUAL SECURITY

**Section 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Indenture and of the Local Obligations and of any certificate, opinion, report, request or other document mentioned herein or therein have the meanings defined herein. The following definitions shall be equally applicable to both the singular and plural forms of any of the terms defined herein.

#### Additional Parity Obligations

"Additional Parity Obligations" means Local Obligations issued pursuant to Section 2.08 hereof.

#### Annual Special Tax

"Annual Special Tax" has the meaning given to that term set forth in the Rate and Method of Apportionment.

#### Associate Superintendent, Business Services

"Associate Superintendent, Business Services" means the Associate Superintendent, Business Services of the District.

Authority

“Authority” means the San Dieguito School Facilities Financing Authority.

Authority Bonds

“Authority Bonds” means, collectively, the San Dieguito School Facilities Financing Authority Subordinate Special Tax Revenue Bonds, Series 2016, and the the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018, and any additional bonds issued by the Authority.

Authority Bonds Trust Agreement

“Authority Bonds Trust Agreement” means the Trust Agreement, dated as of December 1, 2016, between the Authority and the Authority Bonds Trustee providing for the issuance of the Authority Bonds.

Authority Bonds Trustee

“Authority Bonds Trustee” means U.S. Bank National Association, as Trustee under the Authority Bonds Trust Agreement.

Authority Capital Improvement Fund

“Authority Capital Improvement Fund” means the Capital Improvement Fund established pursuant to Section 5.01 of the Authority Bonds Trust Agreement.

Authority Expense Fund

“Authority Expense Fund” means the Expense Fund established pursuant to Section 5.01 of the Authority Bonds Trust Agreement.

Average Annual Debt Service

“Average Annual Debt Service” means, as of any date of calculation, the average Annual Debt Service during the period from the date of such calculation through the final maturity date of any Outstanding bonds of the District.

Board

“Board” means the Board of Trustees of the District.

Bond Year

“Bond Year” means the twelve-month period ending on March 1 of each year except that the first Bond Year shall commence on the date of the initial delivery of the Local Obligations.

### Certificate of the District

“Certificate of the District” means an instrument in writing signed by the Superintendent or the Associate Superintendent, Business Services, or by any other officer of the District duly authorized by the Board of Trustees for that purpose.

### CFD

“CFD” means each of the Community Facilities District No. 03-1, Community Facilities District No. 94-2, Community Facilities District No. 94-1, Community Facilities District No. 99-2, Community Facilities District No. 95-1, Community Facilities District No. 95-2, Community Facilities District No. 99-2, Community Facilities District No. 99-2, and Community Facilities District No. 99-3 formed by the District, and collectively the “CFDs.”

### Code

“Code” means the Internal Revenue Code of 1986 and the regulations issued thereunder from time to time, and in this regard reference to any particular section of the Code shall include reference to any successor to such section of the Code.

### Community Facilities District

“Community Facilities District” means the San Dieguito Union High School District Community Facilities District 99-2, a community facilities district duly organized and existing in the District under and by virtue of the Law.

### Community Facilities Fund

“Community Facilities Fund” means the San Dieguito Union High School District Community Facilities District 99-2 Special Tax Revenue Bonds, Series 2018 Community Facilities Fund established pursuant to Section 5.02.

### Closing Date

“Closing Date” means October \_\_, 2018, the date upon which the Local Obligations are delivered.

### Debt Service

“Debt Service” means, for any period, the sum of (1) the interest payable during such period on all Outstanding Local Obligations, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid as scheduled at the times of and in amounts equal to the sum of all Mandatory Sinking Account Payments (but excluding the amount of any such interest funded from the proceeds of the sale of Local Obligations or investment earnings thereon), plus (2) the principal amount of all Outstanding Serial Bonds maturing by their terms in such period, plus (3) the aggregate amount of all Mandatory Sinking Account Payments required to be deposited in all Sinking Accounts in such period. For purposes of any test for the issuance of Refunding Local Obligations, Debt Service shall be deemed to include Debt Service on the proposed Refunding Local Obligations but shall not include Debt Service on any Local Obligations proposed to be defeased concurrently.



District

“District” means the San Dieguito Union High School District, a public school district located in San Diego County and validly existing under and by virtue of the Constitution and laws of the State of California.

District Clerk

“District Clerk” means the Clerk of the Board of the District.

Expense Fund

“Expense Fund” means the San Dieguito Union High School District Community Facilities District 99-2 Special Tax Revenue Bonds, Series 2018 Expense Fund established pursuant to Section 5.02 and maintained by the Fiscal Agent.

Expenses

“Expenses” means all expenses paid or incurred by the District for the cost of planning and designing the Improvements or the financing of the fees, including the cost of environmental evaluations of the Improvements and the costs associated with the creation of the Community Facilities District, the issuance of the Local Obligations, the determination of the amount of the Special Tax, the collection of the Special Tax and the payment of the Special Tax, or costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District; all as determined in accordance with Generally Accepted Accounting Principles.

Federal Securities

“Federal Securities” means (a) any securities now or hereafter authorized both the interest on and principal of which are guaranteed by the full faith and credit of the United States of America, and (b) any of the following obligations of federal agencies not guaranteed by the United States of America: (1) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation, (2) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act and bonds of any federal home loan bank established under such act, and (3) stocks, bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association or the Federal Home Loan Mortgage Corporation, as and to the extent that such securities or obligations are eligible for the legal investment of District funds, together with any repurchase agreements which are secured by any of such securities or obligations that (1) have a fair market value (determined at least daily) at least equal to one hundred two percent (102%) of the amount invested in the repurchase agreement, (2) are in the possession of the Fiscal Agent or a third party acting solely as agent for the Fiscal Agent who holds a perfected first lien therein, and (3) are free from all third party claims.

Fiscal Agent

“Fiscal Agent” means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, at its Principal Corporate Trust Office, or any other bank or trust company having a corporate trust office in Los Angeles or

San Francisco, California, which may at any time be substituted in its place as provided in Section 7.01 at its Principal Corporate Trust Office.

Fiscal Year

“Fiscal Year” means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the District as its Fiscal Year in accordance with applicable law.

Generally Accepted Accounting Principles

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

Holder

“Holder” means any person who shall be the registered owner of any Outstanding Local Obligation, as shown on the registration books maintained by the Fiscal Agent pursuant to Section 2.05.

Indenture

“Indenture” means this Indenture and all Supplemental Indentures.

Independent Certified Public Accountant

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the District, and who, or each of whom:

- (1) is in fact independent and not under the domination of the District;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the District; and
- (3) is not connected with the District as an officer or employee of the District, but who may be regularly retained to audit the accounting records of and make reports thereon to the District.

Interest Payment Date

“Interest Payment Date” means March 1 and September 1 of each year, commencing September 1, 2019.

### Law

“Law” means the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 *et seq.* of the Government Code of the State of California) and all laws amendatory thereof or supplemental thereto.

### Legal Investments

“Legal Investments” means any securities in which funds of the District may be legally invested in accordance with the applicable law in effect at the time of such investment and in accordance with the then current investment policy of the District as determined by the Board, including without limitation the California Asset Management Program pooled investment fund.

### Local Obligation Purchase Contract

“Local Obligation Purchase Contract” means the Local Obligation Purchase Contract, dated as of October \_\_, 2018, by and between the Authority and the District providing for the purchase of the Local Obligations by the Authority.

### Local Obligations, Serial Bonds, Term Bonds

“Local Obligations” means the principal amount of special tax bonds of the District at any time Outstanding hereunder that are executed, issued and delivered in accordance with the provisions hereof, including the [\$Par Amount] San Dieguito Union High School District Community Facilities District 99-2 Special Tax Revenue Bonds, Series 2018. “Serial Bonds” means the Local Obligations for which no Mandatory Sinking Account Payments are established. “Term Bonds” means the Local Obligations which are redeemable or payable on or before their specified maturity date or dates from the Mandatory Sinking Account Payments established for the purpose of redeeming or paying such Local Obligations on or before their specified maturity date or dates.

### Mandatory Sinking Account Payments

“Mandatory Sinking Account Payments” means the payments required by all Supplemental Indentures to be deposited in all Sinking Accounts established for the payment of all Term Bonds.

### Maximum Annual Debt Service

“Maximum Annual Debt Service” means the greatest Debt Service in any Bond Year during the period beginning with the then current Bond Year and ending with the Bond Year in which the last Outstanding Local Obligations mature by their terms.

### Moody’s

“Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

### Opinion of Counsel

“Opinion of Counsel” means a written opinion of counsel retained or employed by the District (including, without limitation, the appointed attorney of the District).

### Outstanding

“Outstanding,” when used as of any particular time with reference to Local Obligations, means (subject to the provisions of Section 8.02) all Local Obligations except:

- (1) Local Obligations cancelled and destroyed by the Fiscal Agent or delivered to the Fiscal Agent for cancellation and destruction;
- (2) Local Obligations paid or deemed to have been paid within the meaning of Section 10.01; and
- (3) Local Obligations in lieu of or in substitution for which other Local Obligations shall have been executed by the District and authenticated and delivered by the Fiscal Agent pursuant to Section 2.06.

### Principal Corporate Trust Office

“Principal Corporate Trust Office” means the corporate trust office of the original Fiscal Agent in Los Angeles, California, or such other office designated by the Fiscal Agent from time to time as its Principal Corporate Trust Office.

### Prior JPA Bonds

“Prior JPA Bonds” means the Prior JPA’s Revenue Refunding Bonds, Series 2006.

### Prior Loan Agreement

“Prior Loan Agreement” means that certain Loan Agreement by and between the Community Facilities District, along with eight other community facilities districts of the District, and the Prior JPA, dated July 1, 2006 (as amended), related to the Prior CFD Loans and the Prior JPA Bonds.

### Rate and Method of Apportionment

“Rate and Method of Apportionment” means the Rate and Method of Apportionment of Special Taxes for Community Facilities District No. 99-2 of the San Dieguito Union High School District, attached as Exhibit B to the Resolution of Formation of the Board of Trustees of the San Dieguito Union High School District Establishing Community Facilities District No. 99-2 of the San Dieguito Union High School District, Authorizing the Levy of a Special Tax, the Incurrence of Bonded Indebtedness not to exceed \$50,000,000 within Proposed Community Facilities District No. 99-2 and Calling an Election, adopted on May 6, 1999 by the Board of Trustees of the District.

### Redemption Fund

“Redemption Fund” means the San Dieguito Union High School District Community Facilities District 99-2 Special Tax Revenue Bonds, Series 2018 Redemption Fund established pursuant to Section 5.02 and maintained by the Fiscal Agent.

### Redemption Premium

“Redemption Premium,” with respect to the Local Obligations, means such amount in excess of the principal amount of Local Obligations being redeemed as may be necessary to generate sufficient funds to redeem the corresponding maturities of the applicable Authority Bonds on the redemption date.

### Refunding Local Obligations

“Refunding Local Obligations” means Local Obligations issued pursuant to Section 2.02 hereof.

### Resolution of Formation

“Resolution of Formation” means that certain Resolution of Formation of the Community Facilities District, adopted by the District on May 6, 1999.

### Senior Obligations

“Senior Obligations” means the obligations of the Community Facilities District under the Prior Loan Agreement; provided that, for purposes of Sections 2.08 and 2.09, Senior Obligations includes only scheduled obligations due and payable thereunder.

### Special Tax

“Special Tax” means the special tax authorized to be levied and collected annually on all Taxable Land in the Community Facilities District under and pursuant to the Law at the special election held in the Community Facilities District on May 11, 1999 (and at any subsequent election related to annexation of territory into the Community Facilities District, if any), less Senior Obligations, if any.

### Special Tax Fund

“Special Tax Fund” means the San Dieguito Union High School District Community Facilities District 99-2 Special Tax Revenue Bonds, Series 2018 Special Tax Fund established pursuant to Section 5.01.

### Standard & Poor’s

“Standard & Poor’s” or “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC Business, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term

“Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

#### Superintendent

“Superintendent” means the Superintendent of the District or person appointed by the governing board of the District to act in that capacity.

#### Supplemental Indenture

“Supplemental Indenture” means any indenture then in full force and effect that has been made and entered into by the District and the Fiscal Agent, amendatory of or supplemental hereto; but only to the extent that such Supplemental Indenture is specifically authorized hereunder.

#### Tax Certificate

“Tax Certificate” means the certificate delivered upon the issuance of the Local Obligations relating to Section 148 of the Code.

#### Taxable Land

“Taxable Land” means all land within the Community Facilities District taxable under the Law in accordance with the proceedings for the authorization of the issuance of the Local Obligations and the levy and collection of the Special Tax.

#### Written Request of the District

“Written Request of the District” means an instrument in writing signed by the Superintendent or the Associate Superintendent, Business Services, or by any other officer of the District duly authorized by the District for that purpose.

**Section 1.02 Equal Security.** In consideration of the acceptance of the Local Obligations by the Holders thereof, the Indenture shall be deemed to be and shall constitute a contract between the District and the Holders from time to time to secure the full and final payment of the interest on and principal of and Redemption Premium, if any, on all Local Obligations which may from time to time be authorized, sold, executed, authenticated and delivered hereunder, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the District shall be for the equal and proportionate benefit, security and protection of all Holders without distinction, preference or priority as to security or otherwise of any Local Obligations over any other Local Obligations by reason of the number thereof or the time of execution, authentication or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF LOCAL OBLIGATIONS

#### Section 2.01 Authorization and Purpose of Local Obligations.

(a) The Board has reviewed all proceedings heretofore taken relative to the authorization of the Local Obligations and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Local Obligations do exist, have happened and have been performed in due time, form and manner as required by the Law, and the District is now authorized, pursuant to each and every requirement of the Law and hereof, to issue the Local Obligations in the aggregate principal amount of [\$Par Amount] in the form and manner provided herein. The Local Obligations shall be entitled to the benefit, protection and security of the provisions hereof, shall be designated as the "San Dieguito Union High School District Community Facilities District 99-2 Special Tax Refunding Bonds, Series 2018," shall be issued by the District under and pursuant to the Law and under and pursuant hereto. The Local Obligations may contain or have endorsed thereon such other descriptive provisions, specifications and words not inconsistent with the provisions hereof as may be desirable or necessary to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the District prior to the delivery thereof.

(b) The purpose for which the Local Obligations are to be issued is to provide funds to finance or refinance the acquisition and construction of school facilities benefiting the Community Facilities District and to refinance and defease the Prior CFD Loans.

**Section 2.02 Refunding Local Obligations.** The District may at any time after the issuance and delivery of the Local Obligations issue (and the Fiscal Agent shall upon a Written Request of the District authenticate and deliver) Refunding Local Obligations payable from the Special Tax and other assets pledged hereunder and secured by a lien and charge upon the Special Tax and other assets pledged hereunder equal to and on a parity with the lien and charge securing the Outstanding Local Obligations theretofore issued under the Indenture, but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Refunding Local Obligations:

(a) The District shall have delivered or caused to be delivered to the Fiscal Agent the following:

(i) A copy of the resolution adopted by the Board approving the Supplemental Indenture required by subsection (b) of this Section 2.02, and the execution and delivery by the District of such Supplemental Indenture, duly certified by the District Clerk to have been duly adopted by the Board and to be in full force and effect on the date of such certification;

(ii) A Written Request of the District directing that the Fiscal Agent authenticate the Refunding Local Obligations and containing instructions as to the delivery of the Refunding Local Obligations;

(iii) The proceeds of sale of the Refunding Local Obligations;

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(iv) A Certificate of the District stating that the District is not in default in the performance of any of the agreements, conditions, covenants or terms contained in the Indenture;

(v) An original, executed counterpart of the Supplemental Indenture required by subsection (b) of this Section 2.02;

(vi) Directions as to the use of proceeds of the Refunding Local Obligations to refund Local Obligations Outstanding hereunder or to fund capitalized interest; and

(vii) An Opinion of Counsel nationally recognized in the field of municipal finance addressing the validity and tax exempt status of the Refunding Local Obligations, subject to said exceptions as may be reasonable and appropriate.

(b) The issuance of such Refunding Local Obligations shall have been duly authorized under all applicable laws, and the issuance of such Refunding Local Obligations shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(i) The use of proceeds of such Refunding Local Obligations;

(ii) The authorized principal amount of such Refunding Local Obligations;

(iii) The date and the maturity date or dates of such Refunding Local Obligations; provided that (A) maturing principal and Mandatory Sinking Account Payments on the Refunding Local Obligations may occur only on March 1, (B) all such Refunding Local Obligations of like maturity shall be identical in all respects, except as to number, and (C) fixed serial maturities or Mandatory Sinking Account Payments, or any combination thereof, shall be established to provide for the retirement of all such Refunding Local Obligations on or before their respective maturity dates;

(iv) The interest payment dates shall be on March 1 and September 1; provided, that such Refunding Local Obligations may provide for compounding of interest in lieu of payment of interest on such dates;

(v) The authorized denominations of such Refunding Local Obligations to refund Local Obligations Outstanding hereunder or to fund capitalized interest;

(vi) The Redemption Premium, if any, and the redemption terms, if any, for such Refunding Local Obligations;

(vii) The amount and due date of each Mandatory Sinking Account Payment, if any, for such Refunding Local Obligations;

(viii) The amount, if any, of interest to be paid on such Refunding Local Obligations from the proceeds thereof;

(ix) The form of such Refunding Local Obligations; and



(x) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) The Refunding Local Obligations shall be purchased by the Authority.

**Section 2.03 Terms of Local Obligations.**

(a) The interest on and principal of and Redemption Premium, if any, on the Local Obligations shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office of the Fiscal Agent.

(b) The Local Obligations shall be issued as fully registered bonds in such denominations as may be authorized herein and shall be dated as provided herein and shall be numbered as determined by the Fiscal Agent.

(c) Each Local Obligation shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event it shall bear interest from its dated date. Payment of interest on the Local Obligations due on or before the maturity or prior redemption thereof shall be made only to the Holder whose name appears in the registration books required to be kept by the Fiscal Agent pursuant to Section 2.05 at the close of business as of the 15th day of the calendar month preceding the month in which the applicable Interest Payment Date falls, such interest to be paid by check mailed by first class mail on each such Interest Payment Date to such registered owner at his address as it appears on such books, except that in the case of a Holder of one million dollars (\$1,000,000) or more in principal amount of Local Obligations then Outstanding, payment shall be made at such Holder's option by wire transfer on any Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such Holder to the Fiscal Agent at least fifteen (15) days before each such Interest Payment Date. Payment of the principal of and Redemption Premium, if any, on the Local Obligations shall be made only to the Holder whose name appears in the registration books required to be kept by the Fiscal Agent pursuant to Section 2.05, such principal and Redemption Premium, if any, to be paid only on the surrender of the Local Obligations at the Principal Corporate Trust Office of the Fiscal Agent at maturity or on redemption prior to maturity. All such payments of interest and principal and Redemption Premium, if any, on any Local Obligation shall be valid and effectual to satisfy and discharge the liability on such Local Obligation to the extent of the sum or sums so paid.

(d) The Local Obligations shall recite in substance that the interest on and principal of and Redemption Premium, if any, on the Local Obligations are payable solely from the proceeds of the Special Tax, and that the District is not obligated to pay the Local Obligations except from the proceeds of the Special Tax; that the General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, and that no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or Redemption Premium, if any, on the Local Obligations; that the Local Obligations are not secured by a legal or

equitable pledge of or charge, lien or encumbrance upon any of the property of the District or any of its income or receipts except the money in the Special Tax Fund; and that neither the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations is a general debt, liability or obligation of the District.

(e) From and after the issuance of the Local Obligations the findings and determinations of the Board related to the Local Obligations shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such Local Obligations is at issue, and no bona fide purchaser of any of such Local Obligations shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance or to the application of the purchase price paid for such Local Obligations. The validity of the issuance of the of Local Obligations shall not be dependent on or affected in any way by (i) any proceedings taken by the District for the acquisition or construction of any Improvements, or (ii) any contracts made by the District in connection therewith, or (iii) the failure to complete the acquisition or construction of any Improvements. The recital contained in the Local Obligations that the Local Obligations are issued under and pursuant to the Law and under and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance and all Local Obligations shall be incontestable from and after their issuance. The Local Obligations shall be deemed to be issued, within the meaning hereof, whenever the definitive Local Obligations (or any temporary Local Obligations exchangeable therefor) have been delivered to the purchaser thereof and the purchase price thereof received.

**Section 2.04 Execution of Local Obligations.** The Local Obligations shall be signed on behalf of the District by the manual or facsimile signature of the President of the Board and countersigned by the manual or facsimile signature of the Secretary of the Board. In case any officer of the District who shall have signed any of the Local Obligations shall cease to be such officer before the Local Obligations so signed shall have been delivered to the purchaser by the Fiscal Agent, such Local Obligations may nevertheless be delivered and issued and, upon such delivery and issuance, shall be as binding upon the District as though such officer who signed the same had continued to be such officer until such delivery and issuance. Also, any Local Obligation may be signed on behalf of the District by any person who on the actual date of the execution of such Local Obligation shall be the proper officer of the District, although on the nominal date of such Local Obligation such person shall not have been such officer of the District. Only those Local Obligations that bear thereon a certificate of authentication manually executed by the Fiscal Agent shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Fiscal Agent shall be conclusive evidence that the Local Obligations so authenticated have been duly authorized, sold, executed, authenticated and delivered hereunder and are entitled to the benefits hereof.

**Section 2.05 Transfer and Exchange of Local Obligations.** The Fiscal Agent shall keep at its Principal Corporate Trust Office sufficient books for the transfer and exchange of the Local Obligations, which books shall at all times during normal business hours with reasonable prior notice be open to inspection by the District or by any Holder. Any Local Obligation may, in accordance with its terms, be transferred or exchanged on such books by the person in whose name it is registered, in person or by his duly authorized attorney, upon payment by the Holder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange and upon surrender of such Local Obligation for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form acceptable to the Fiscal Agent. Whenever any bond or bonds shall be surrendered for transfer or exchange, the

District shall execute and the Fiscal Agent shall authenticate and deliver a new bond or bonds of the same maturity date and of authorized denominations for the same aggregate principal amount, except that neither the District nor the Fiscal Agent shall be required (i) to transfer or exchange any Local Obligations during the fifteen-day period prior to the selection of any Local Obligations for redemption under Article IV, or (ii) to transfer or exchange any Local Obligation which has been selected for redemption in whole or in part, except the unredeemed portion of such Local Obligation selected for redemption in part, from and after the day that such Local Obligation has been selected for redemption in whole or in part under Article IV.

**Section 2.06 Mutilated, Destroyed, Stolen or Lost Local Obligations.** In case any Local Obligation shall become mutilated in respect of the body of such Local Obligation or shall be believed by the District to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the District and the Fiscal Agent and upon the surrender of such mutilated Local Obligation at the Principal Corporate Trust Office of the Fiscal Agent, or upon the receipt of evidence satisfactory to the District and the Fiscal Agent of such destruction, theft or loss and upon receipt of indemnity satisfactory to the District and the Fiscal Agent, and also upon payment of all expenses incurred by the District and the Fiscal Agent in the premises, the District shall execute and the Fiscal Agent shall authenticate and deliver at its Principal Corporate Trust Office a new bond or bonds of the same maturity date for the same aggregate principal amount in authorized denominations of like tenor and date and bearing such numbers and notations as the Fiscal Agent shall determine in exchange and substitution for and upon cancellation of the mutilated Local Obligation or in lieu of and in substitution for the Local Obligation so destroyed, stolen or lost.

If any such destroyed, stolen or lost Local Obligation shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the Fiscal Agent upon receipt of like proof, indemnity and payment of expenses.

Any replacement Local Obligations issued pursuant to this section shall be entitled to equal and proportionate benefits with all other Local Obligations issued hereunder, and the District and the Fiscal Agent shall not be required to treat both the original Local Obligation and any replacement Local Obligation as being Outstanding for the purpose of determining the principal amount of Local Obligations which may be issued hereunder or for the purpose of determining any percentage of Local Obligations Outstanding hereunder, but both the original and the replacement Local Obligation shall be treated as one and the same.

**Section 2.07 Temporary Local Obligations.** Any Local Obligations may be initially issued in temporary form exchangeable for definitive Local Obligations when ready for delivery. The temporary Local Obligations shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the District, shall be issued in fully registered form, shall contain such reference to any of the provisions hereof as may be appropriate and shall be executed by the District upon the same conditions and in substantially the same manner as the definitive Local Obligations. If the District issues temporary Local Obligations, it shall execute and furnish definitive Local Obligations without delay, and thereupon the temporary Local Obligations may be surrendered in exchange therefor at the Principal Corporate Trust Office of the Fiscal Agent, and the Fiscal Agent shall deliver in exchange for such temporary Local Obligations an equal aggregate principal amount of definitive Local Obligations of authorized denominations of the same maturity date or dates, and until so exchanged, the temporary Local Obligations shall be entitled to the same benefits as definitive Local Obligations issued hereunder.

**Section 2.08 Additional Parity Obligations.** The District covenants that it will not issue any additional obligations on a parity with the Local Obligations hereunder, except as provided below.

(a) the District may issue Refunding Local Obligations pursuant to Section 2.02 hereof;

(b) to the extent permitted by applicable law, the District may issue Additional Parity Obligations if the following conditions have been satisfied: (i) the Maximum Special Tax (as defined in the Rate and Method of Apportionment related to the Community Facilities District) related to the Local Obligations derived from Special Taxes collected from all property within the Community Facilities District is estimated to cover one hundred percent (100%) of the sum of: (x) the debt service in each Fiscal Year of all Senior Obligations, plus (y) the debt service in each Fiscal Year of all Local Obligations (including all proposed Additional Parity Obligations), and; (ii) the assessed property value of all property within the Community Facilities District for the Fiscal Year in which additional parity debt is proposed is at least twenty (20) times the sum of the principal amount of outstanding Senior Obligations and Local Obligations (including any proposed Additional Parity Obligations) plus any assessment liens or special tax liens secured by such property.

(c) the District shall have delivered or caused to be delivered to the Fiscal Agent the following:

(i) A copy of the resolution adopted by the Board approving the Supplemental Indenture required by subsection (d) of this Section 2.08, and the execution and delivery by the District of such Supplemental Indenture, duly certified by the District Clerk to have been duly adopted by the Board and to be in full force and effect on the date of such certification;

(ii) A Written Request of the District directing that the Fiscal Agent authenticate the Additional Parity Obligations and containing instructions as to the delivery of the Additional Parity Obligations;

(iii) The proceeds of sale of the Additional Parity Obligations;

(iv) A Certificate of the District stating that the District is not in default in the performance of any of the agreements, conditions, covenants or terms contained in the Indenture;

(v) An original, executed counterpart of the Supplemental Indenture required by subsection (d) of this Section 2.08;

(vi) Directions as to the use of proceeds to finance the acquisition and construction of school facilities benefitting the Community Facilities District; and

(vii) An Opinion of Counsel nationally recognized in the field of municipal finance addressing the validity and tax exempt status of the Additional Parity Obligations, subject to said exceptions as may be reasonable and appropriate.

(d) The issuance of such Additional Parity Obligations shall have been duly authorized under all applicable laws, and the issuance of such Additional Parity Obligations shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

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- (i) The use of proceeds of such Additional Parity Obligations;
- (ii) The authorized principal amount of such Additional Parity Obligations;
- (iii) The date and the maturity date or dates of such Additional Parity Obligations; provided that (A) maturing principal and Mandatory Sinking Account Payments on the Additional Parity Obligations may occur only on March 1, (B) all such Additional Parity Obligations of like maturity shall be identical in all respects, except as to number, and (C) fixed serial maturities or Mandatory Sinking Account Payments, or any combination thereof, shall be established to provide for the retirement of all such Additional Parity Obligations on or before their respective maturity dates;
- (iv) The interest payment dates shall be on March 1 and September 1; provided, that such Additional Parity Obligations may provide for compounding of interest in lieu of payment of interest on such dates;
- (v) The authorized denominations of such Additional Parity Obligations hereunder or to fund capitalized interest;
- (vi) The Redemption Premium, if any, and the redemption terms, if any, for such Additional Parity Obligations;
- (vii) The amount and due date of each Mandatory Sinking Account Payment, if any, for such Additional Parity Obligations;
- (viii) The amount, if any, of interest to be paid on such Additional Parity Obligations from the proceeds thereof;
- (ix) The form of such Additional Parity Obligations; and
- (x) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

### ARTICLE III

#### THE LOCAL OBLIGATIONS

**Section 3.01 Authorization and Designation of Local Obligations.** The District has reviewed all proceedings heretofore taken relative to the authorization of the Local Obligations and has found, as a result of such review, and hereby finds and determines, that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Local Obligations do exist, have happened and have been performed in due time, form and manner as required by the Law, and the District is now authorized, pursuant to each and every requirement of the Law and hereof, to issue the Local Obligations in the aggregate principal amount of [\$Par Amount] in the form and manner provided herein, which Local Obligations shall be entitled to the benefit, protection and security of the provisions hereof.

**Section 3.02 Denominations of Local Obligations.** The Local Obligations shall be issued as fully registered bonds in denominations of five thousand dollars (\$5,000) or any integral multiple

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of five thousand dollars (\$5,000) (not exceeding the principal amount of Local Obligations maturing at any one time).

**Section 3.03 Date and Maturity Dates of and Interest Rates on Local Obligations.** The Local Obligations shall be dated October \_\_, 2018. The Local Obligations shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum as set forth in the following schedule:

<i>Maturity Date</i>			
<i>March 1</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			

**Section 3.04 Interest Payment Dates of Local Obligations.** Interest on the Local Obligations shall be computed on the basis of a 360-day year of twelve (12) 30-day calendar months, and shall be payable semiannually on March 1 and September 1 in each year, commencing on September 1, 2019. The Local Obligations shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) they are authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event they shall bear interest from such Interest Payment Date, or (ii) they are authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event they shall bear interest from their

dated date; provided, that if at the time of authentication of any Local Obligation interest is then in default on the Outstanding Local Obligations, such Local Obligations shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Local Obligations.

**Section 3.05 Redemption Prices and Terms of Local Obligations.** The Local Obligations maturing on or after [March 1, 2030] are subject to optional redemption by the District prior to their respective maturity dates as a whole or in part on or after [March 1, 2029], from money derived by the District from any source other than prepayments of the Special Tax under the Law, upon mailed notice as provided herein, at a redemption price equal to 100% of the principal amount of the Local Obligations or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, plus Redemption Premium.

**Section 3.06 Form of Local Obligations.** The Local Obligations and the authentication endorsement and the form of assignment to appear thereon shall be substantially in the forms set forth in Exhibit A hereto.

**Section 3.07 Registration of Local Obligations.** The Local Obligations shall be registered in the name of the Authority Bonds Trustee and delivered to the Authority Bonds Trustee upon the issuance thereof in accordance with the provisions of the Local Obligation Purchase Contract.

**Section 3.08 Application of Proceeds of Sale of Local Obligations and Other Available Moneys.** On the Closing Date, the Fiscal Agent shall set aside and deposit the net proceeds of sale of the Local Obligations in the amount of \$\_\_\_\_\_ in the following funds, which the Fiscal Agent shall establish and maintain, in the following order:

(i) The Fiscal Agent shall transfer to U.S. Bank National Association, as trustee for the San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006A (Senior Bonds) and San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006B (Subordinate Bonds) (collectively, the "Prior Bonds"), the sum of \$\_\_\_\_\_ for redemption of such Prior Bonds;

(ii) The Fiscal Agent shall deposit in the Authority Capital Improvement Fund established pursuant to the Authority Bonds Trust Agreement the sum of \$\_\_\_\_\_; and

(iii) The Fiscal Agent shall deposit in the Authority Expense Fund established pursuant to the Authority Bonds Trust Agreement the sum of \$\_\_\_\_\_ for payment of the costs of issuance of the Local Obligations and the Authority Bonds.

## ARTICLE IV

### REDEMPTION OF LOCAL OBLIGATIONS

**Section 4.01 Privilege of Redemption of Local Obligations.** Any Local Obligations subject to redemption prior to maturity pursuant hereto shall be redeemable, upon notice being given as provided in this article, at such times, upon payment of such Redemption Premium, if any, and upon such terms (in addition to and consistent with the terms contained in this article) as may be specified herein or in the Supplemental Indenture authorizing the issuance of the Local Obligations;

provided, that redemption of Local Obligations other than from Mandatory Sinking Account Payments or from the application of refunding bond proceeds shall be made only from and to the extent of funds on deposit with the Fiscal Agent and available for such purpose on the date such notice is given. Any Local Obligation shall only be subject to redemption hereunder upon the concurrent redemption of the corresponding maturity of the applicable Authority Bonds.

**Section 4.02 Selection of Local Obligations for Redemption.** If less than all the Outstanding Local Obligations are to be redeemed at any one time pursuant to Section 3.05 hereof, the District shall select the maturity dates from which the Local Obligations shall be redeemed, and if less than all the Outstanding Local Obligations of any one maturity date are to be redeemed at any one time, the District shall notify the Fiscal Agent in writing at least fifteen (15) days prior to the date fixed for the selection of any such Local Obligations for redemption and the Fiscal Agent shall select the Local Obligations or the portions thereof of Local Obligations of such maturity date to be redeemed in integral multiples of five thousand dollars (\$5,000) by lot in any manner that it deems appropriate.

**Section 4.03 Notice of Redemption of Local Obligations.** The Fiscal Agent shall mail by first class mail a notice of redemption, not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, and otherwise pursuant to Section 11.09, to the respective Holders of all Local Obligations selected for redemption in whole or in part and to all securities depositories and securities information services selected by the District to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the District in its sole discretion and to the original underwriter of the Local Obligations, but neither failure to receive any such mailed notice nor any immaterial defect contained therein shall affect the sufficiency or validity of any such proceedings for redemption. Such notice shall state the date of such notice, the Local Obligations to be redeemed, the date of issue of such Local Obligations, the redemption date, the redemption price, the place of redemption (including the name and appropriate address of the Fiscal Agent), the CUSIP number of the maturity or maturities and, if less than all of any such maturity, the numbers of the Local Obligations of such maturity to be redeemed and, in the case of Local Obligations to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall give notice that further interest on such Local Obligations or the portions thereof to be redeemed will not accrue from and after the redemption date, and shall require that such Local Obligations be then surrendered for redemption at the Principal Corporate Trust Office of the Fiscal Agent so designated; provided, that neither the District nor the Fiscal Agent shall have any responsibility for any defect in the CUSIP number that appears on any Local Obligation or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the District nor the Fiscal Agent shall be liable for any inaccuracy in such numbers. If any Local Obligation so chosen for redemption shall not be redeemable in whole, such notice shall also state that such Local Obligation is to be redeemed in part only and that upon presentation of such Local Obligation for redemption there will be issued in lieu of the unredeemed portion of principal thereof a new Local Obligation or Local Obligations of the same maturity date of authorized denominations equal in aggregate principal amount to such unredeemed portion.

**Section 4.04 Partial Redemption of Local Obligations.** Upon surrender of any Local Obligation redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner thereof at the expense of the District a new Local Obligation or



Local Obligations of the same maturity date and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Local Obligation surrendered.

**Section 4.05 Effect of Redemption of Local Obligations.** If notice of redemption has been duly given as aforesaid and money for the payment of the principal of and Redemption Premium, if any, on, together with interest to the redemption date on, the Local Obligations or portions thereof so called for redemption is held by the Fiscal Agent, then on the redemption date designated in such notice such Local Obligations or such portions thereof shall become due and payable, and from and after the date so designated interest on the Local Obligations or such portions thereof so called for redemption shall cease to accrue and the Holders of such Local Obligations shall have no rights in respect thereof except to receive payment of the principal or such portions thereof and the Redemption Premium, if any, thereon and the interest accrued thereon to the redemption date.

## ARTICLE V

### SPECIAL TAX

#### **Section 5.01 Deposit of Proceeds of the Special Tax in the Special Tax Fund.**

(a) The District agrees and covenants that all proceeds of the Special Tax (including any amounts, net of any costs of collection and enforcement, received as a result of foreclosure of the lien securing the Special Taxes or other actions by the District to collect delinquent Special Taxes), when and as received, shall be immediately transferred by it to the Fiscal Agent, and the Fiscal Agent shall deposit such proceeds as and when received in the San Dieguito Union High School District Community Facilities District 99-2 Special Tax Revenue Bonds, Series 2018 Special Tax Fund, which fund the Fiscal Agent shall establish, and all money in such fund shall be held by the Fiscal Agent in trust hereunder and shall be disbursed, allocated and applied solely to the uses and purposes hereinafter set forth in this article.

(b) The Special Taxes, all funds and accounts established hereunder and any investment earnings thereon are hereby pledged to the payment of, and shall constitute a trust fund for, the principal of and interest on the Local Obligations. So long as the principal of and interest on such bonds remains unpaid, the Special Taxes, such funds and accounts, and any investment earnings thereon shall not be used for any other purpose, except as otherwise permitted by the Indenture, and shall be held in trust for the benefit of the owners thereof and shall be applied pursuant to the Indenture.

**Section 5.02 Allocation of Money in the Special Tax Fund.** All money in the Special Tax Fund shall be set aside by the Fiscal Agent in the following respective funds in the following order of priority, and all money in each of such funds shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section, namely:

- (i) Redemption Fund,
- (ii) Expense Fund, and
- (iii) Community Facilities Fund.

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(1) Redemption Fund. There is hereby established a fund to be known as the “San Dieguito Union High School District Community Facilities District 99-2 Special Tax Revenue Bonds, Series 2018 Redemption Fund,” which fund shall be held and maintained in trust hereunder by the Fiscal Agent. At least fifteen (15) Business Days prior to each March 1 and September 1, commencing September 1, 2019, the Associate Superintendent, Business Services shall, from the money in the Special Tax Fund, transfer to the Fiscal Agent for deposit in the Redemption Fund an amount of money equal to the aggregate amount of interest becoming due and payable on all Outstanding Local Obligations on such dates, except no such transfer need be made to the extent amounts have previously been deposited in the Redemption Fund and set aside therein for the payment of such interest, including without limitation sale proceeds of Local Obligations deposited in such fund for such purpose. At least fifteen (15) Business Days prior to March 1 of each year, commencing March 1, 2020, the Associate Superintendent, Business Services shall, from the then remaining money in the Special Tax Fund, transfer to the Fiscal Agent for deposit in the Redemption Fund an amount of money equal to the aggregate amount of principal becoming due and payable on all Outstanding Serial Bonds on such date plus the aggregate of the Mandatory Sinking Account Payments required by the Indenture and by all Supplemental Indentures to be made on such date into the Sinking Accounts; provided, that all of the aforesaid Mandatory Sinking Account Payments shall be made without priority of the payment of any one Mandatory Sinking Account Payment over the payment of any other Mandatory Sinking Account Payment, and in the event that the money in the Redemption Fund on any March 1 is not equal to the amount of principal to become due and payable on the Outstanding Serial Bonds on such March 1 plus the principal of and Redemption Premium, if any, on the Outstanding Term Bonds required to be redeemed or paid at maturity on such March 1, then such money shall be applied pro rata in such proportion as such Serial Bonds and the portion of such Term Bonds then required to be redeemed or paid at maturity shall bear to each other, after first deducting for such purposes for such Term Bonds any of such Term Bonds as shall have been redeemed or purchased during the twelve-month period ending on such March 1 and commencing on the immediately preceding March 2.

No deposit need be made into the Redemption Fund if the amount of money contained therein is at least equal to the amount required by the terms of the preceding paragraph to be deposited therein at the times and in the amounts provided herein.

All money in the Redemption Fund shall be used and withdrawn by the Fiscal Agent solely to pay the interest on the Local Obligations as it shall become due and payable (including accrued interest on any Local Obligations purchased or redeemed prior to maturity) plus the principal of the Local Obligations as they shall mature or upon the prior redemption thereof, except that any money in any Sinking Account shall be used only to purchase or redeem or retire the Term Bonds for which such Sinking Account was established as provided in the Indenture or in any Supplemental Indenture.

(2) Expense Fund. The Fiscal Agent shall establish and maintain a fund to be known as the “San Dieguito Union High School District Community Facilities District 99-2 Special Tax Revenue Bonds, Series 2018 Expense Fund,” which fund shall be held and maintained in trust hereunder by the Fiscal Agent. On or before each March 1 and September 1, commencing September 1, 2019, the Associate Superintendent, Business Services shall, from the then remaining money in the Special Tax Fund, transfer to and deposit in the Expense Fund a sum equal to the amount required by the District for the payment of budgeted Expenses during the six-month period beginning on such date (or required by the District to reimburse it for the payment of unbudgeted Expenses during the prior six-month period). All money in the Expense Fund shall be used and

withdrawn by the Fiscal Agent only to pay budgeted Expenses as provided herein (or to reimburse the District for the payment of unbudgeted Expenses as provided herein), or to be transferred to the Redemption Fund to pay interest on or principal of or Redemption Premium, if any, on the Local Obligations in the event that no other money is available therefor. Amounts in the Expense Fund shall be applied by the Fiscal Agent solely as directed in a Written Request of the District, each of which shall be separately numbered as “Requisition No. \_\_,” and each of which shall state (i) the amount, purpose and payee of the disbursement, (ii) that the disbursement is a proper charge against the Expense Fund as provided in the Indenture and (iii) that the disbursement has not previously been paid from the Expense Fund.

(3) Community Facilities Fund. There is hereby established in the treasury of the District a fund to be known as the “San Dieguito Union High School District Community Facilities District 99-2 Special Tax Revenue Bonds, Series 2018 Community Facilities Fund,” which fund shall be held and maintained in trust hereunder by the Associate Superintendent, Business Services, and all money remaining in the Special Tax Fund on March 1 of each year, after transferring all of the sums required to be transferred therefrom on or prior to such date by the provisions of Sections 5.02(1), (2) and (3), shall be deposited by the Associate Superintendent, Business Services in the Community Facilities Fund. All money in the Community Facilities Fund shall be used and withdrawn by the Associate Superintendent, Business Services solely for the benefit of the Community Facilities District in accordance with the Law.

## ARTICLE VI

### COVENANTS OF THE DISTRICT

**Section 6.01 Punctual Payment and Performance.** The District will punctually pay the interest on and principal of and Redemption Premium, if any, to become due on every Local Obligation issued hereunder in strict conformity with the terms of the Law and hereof and of the Local Obligations, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein and in the Local Obligations required to be observed and performed by it.

**Section 6.02 Against Indebtedness and Encumbrances; Priority of Payment.**

(a) The District will not issue any evidences of indebtedness payable from the proceeds of the Special Tax except as provided herein, and will not create, nor permit the creation of, any pledge, lien, charge or other encumbrance upon any money in the Special Tax Fund other than as provided herein; provided, that the District may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose of the Community Facilities District which are payable from any money in the Community Facilities Fund as may from time to time be deposited therein (as provided in Section 5.02) so long as any payments due thereunder shall be subordinate in all respects to the use of the proceeds of the Special Tax as provided herein.

(b) The District will not issue or incur any pledge, lien, security interest, encumbrance or charge of any kind which is senior in priority and superior to the lien of the Indenture, including any Senior Obligations (new money or refunding obligations). In addition, the District will not issue or incur, or cause to be issued or incurred by any community facilities district that is a party to the Prior Loan Agreement, any additional obligations thereunder (new money or refunding obligations).

(c) In any Fiscal Year, prior to making any transfer of Annual Special Tax revenues to the Administrative Expense Fund pursuant to the Prior Loan Agreement for the Community Facilities District for which Local Obligations have been issued hereunder, the District shall first transfer the Special Taxes as provided in Section 5.02 hereof.

(d) The District will not amend or supplement the Prior Loan Agreement in any manner that (in the reasonable opinion of the District) adversely affects the interests of the Holders.

**Section 6.03 Against Federal Income Taxation.**

(a) The District covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would result in the interest on the Authority Bonds or the Local Obligations not being excluded from gross income for federal income tax purposes under Section 103 of the Code.

(b) The provisions of this Section 6.03 shall survive the defeasance of the Local Obligations.

**Section 6.04 Payment of Claims.** The District will pay and discharge any and all lawful claims which, if unpaid, might become payable from the proceeds of the Special Tax or any part thereof or upon any funds in the hands of the Associate Superintendent, Business Services or the Fiscal Agent allocated to the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, or which might impair the security of the Local Obligations.

**Section 6.05 Expense Budgets.** The Associate Superintendent, Business Services will, on or before March 1 in each year, prepare and approve a budget setting forth the estimated Expenses for the period from such March 1 through the next succeeding February 28 or February 29, as applicable. Any budget approved in accordance with this section may be amended at any time.

**Section 6.06 Accounting Records; Financial Statements and Other Reports.**

(a) The District will keep, or in the case of transactions made by the Fiscal Agent, it will cause the Fiscal Agent to keep, appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the proceeds of the Special Tax and of the proceeds of the Local Obligations, which accounting records shall at all times during business hours with reasonable prior notice be subject to the inspection of any Holder (or his representative authorized in writing) and (upon the prior written consent of the District) of any investment banker, security dealer or other person interested in the Local Obligations.

(b) The District will prepare annually within two hundred seventy (270) days after the close of each Fiscal Year financial statements of the District for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles. The District will furnish a copy of such financial statements to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Local Obligations requesting copies thereof, but in any event only upon payment to the District of the reasonable costs incurred by the District in complying with such request.

(c) The District will prepare annually not more than two hundred seventy (270) days after the close of each Fiscal Year a summary report showing in reasonable detail the proceeds of the Special Tax levied and collected and the Expenses for the preceding Fiscal Year and containing a general statement of the physical condition of the Improvements. The District will furnish a copy of such summary report without charge to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Local Obligations requesting a copy thereof.

(d) The District will prepare annually not later than October 31 of each year and file with the California Debt and Investment Advisory Commission by mail, postage prepaid, all necessary information required to be filed under the Law, including:

(1) The principal amount of the Local Obligations Outstanding;

(2) The balance in the Redemption Fund constituting capitalized interest, if any;

(3) The number of parcels securing the Local Obligations which are delinquent with respect to their Special Tax payments, the amount that each delinquent parcel is delinquent, the length of time that each delinquent parcel has been delinquent and when foreclosure was commenced for each delinquent parcel; and

(4) The assessed value of all parcels subject to the levy of the Special Tax to repay the Local Obligations, as shown on the most equalized assessment roll of the County of San Diego.

Additionally, the District will notify the California Debt and Investment Advisory Commission by mail, postage prepaid, within ten (10) days if the District or the Fiscal Agent fails to pay any interest on or principal of any of the Local Obligations on any scheduled payment date to pay any interest on or principal of the Local Obligations.

**Section 6.07 Protection of Security and Rights of Holders.** The District will preserve and protect the security of the Local Obligations and the rights of the Holders and will warrant and defend their rights against all claims and demands of all persons.

**Section 6.08 Payment of Governmental Charges and Compliance with Governmental Regulations.** The District will pay and discharge all taxes or payments in lieu of taxes, assessments and other governmental charges or liens that may be levied, assessed or charged upon the Improvements or any part thereof promptly as and when the same shall become due and payable, except that the District shall not be required to pay any such governmental charges so long as the application or validity thereof shall be contested in good faith and the District shall have set aside reserves to cover such charges. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Improvements or any part thereof, except that the District shall not be required to comply with any such regulations or requirements so long as the application or validity thereof shall be contested in good faith.

**Section 6.09 Levy and Collection of the Special Tax.** The District, so long as any Local Obligations are Outstanding, will annually levy the Special Tax against all Taxable Land in the Community Facilities District and make provision for the collection of the Special Tax in amounts

which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained herein, and which in any event will be sufficient to pay the interest on and principal of and all Mandatory Sinking Account Payments for and Redemption Premium, if any, on the Local Obligations as they become due and payable and to pay all current Expenses as they become due and payable in accordance with the provisions and terms hereof. The Special Tax shall be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as otherwise provided in Section 6.10 and in the Law, shall be subject to the same penalties and the same collection procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes.

**Section 6.10 Foreclosure of Special Tax Liens.** The District will annually on or before August 1 of each year review the public records of the County of San Diego relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and if the District determines on the basis of such review that the amount so collected is deficient by more than five percent (5%) of the total amount of the Special Tax levied in such Fiscal Year, it will within sixty (60) days thereafter institute foreclosure proceedings as authorized by the Law in order to enforce the lien of the delinquent installments of the Special Tax against each lot or parcel of land in the Community Facilities District, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that irrespective of the foregoing if the District determines on the basis of such review that property owned by any single property owner in the Community Facilities District is delinquent by more than five thousand dollars (\$5,000) with respect to the Special Tax due and payable by such property owner by such delinquency date, then the District will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided herein against such property owner; and provided further, that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Government Code of the State of California.

**Section 6.11 Further Assurances.** The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Holders of the rights and benefits provided herein.

## ARTICLE VII

### THE FISCAL AGENT

**Section 7.01 The Fiscal Agent.** U.S. Bank National Association at its Principal Corporate Trust Office is hereby appointed Fiscal Agent for the purpose of receiving all money which the District is required to transfer to it hereunder and for applying and using such money as provided herein for the purpose of paying the interest on and principal of and Redemption Premium, if any, on the Local Obligations. The District agrees that it will at all times maintain a Fiscal Agent having a corporate trust office in Los Angeles or San Francisco, California.

The District may remove the Fiscal Agent initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, that any such successor shall be a bank or trust company doing business and having a corporate trust office in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and subject to supervision or

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examination by a federal or state banking authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Fiscal Agent may at any time resign by giving written notice of such resignation to the District and by giving notice of such resignation by mail pursuant to Section 11.09 to the Holders, and upon receiving such notice of resignation, the District shall promptly appoint a successor Fiscal Agent by an instrument in writing having the qualifications required hereby. Any resignation or removal of a Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon the acceptance of appointment by the successor Fiscal Agent. If within thirty (30) days after notice of the removal or resignation of the Fiscal Agent no successor Fiscal Agent shall have been appointed by the District and shall have accepted such appointment, the removed or resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Fiscal Agent having the qualifications required hereby.

The Fiscal Agent is hereby authorized to pay interest on the Local Obligations due on or before the maturity or prior redemption thereof to the Holders as their names appear, at the close of business as of the fifteenth day of the calendar month preceding the calendar month in which the applicable Interest Payment Date falls, on the registration books required to be kept by it pursuant to Section 2.05 as the registered owners thereof, such interest to be paid by check mailed by first class mail to the Holders at their addresses appearing on such books, except that in the case of a Holder of one million dollars (\$1,000,000) or more in principal amount of Local Obligations then Outstanding, payment shall be made at such Holder's option by wire transfer on each such Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such Holder to the Fiscal Agent at least fifteen (15) days before each such Interest Payment Date, and to pay to the Holders the principal of and Redemption Premium, if any, on the Local Obligations upon presentation and surrender of the Local Obligations to the Fiscal Agent at maturity or on redemption prior to maturity. The Fiscal Agent shall cancel and destroy all Local Obligations paid by it at maturity or on redemption prior to maturity and all Local Obligations surrendered to it by the District, and shall deliver to the District a certificate of such destruction, and the Fiscal Agent shall keep accurate records of all Local Obligations cancelled and destroyed by it hereunder. All money held by or on behalf of the Fiscal Agent for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, whether at maturity or upon prior redemption, shall be held in trust for the account of the Holders thereof, and the Fiscal Agent shall not be required to pay Holders or the District any interest on, or be liable to the District, the Holders or any other person for any interest earned on, any money so held.

The District shall from time to time, subject to any agreement between the District and the Fiscal Agent then in force, pay the Fiscal Agent compensation for its services, reimburse the Fiscal Agent for all its advances and expenditures, including but not limited to advances to and fees and expenses by independent accountants, counsel and engineers or other experts employed by it in the exercise and performance of its rights and obligations hereunder, and indemnify and save the Fiscal Agent harmless against loss, expenses, costs, claims and liabilities (including without limitation those of its attorneys and agents) not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its rights and obligations hereunder, which obligation shall survive the resignation or removal of any Fiscal Agent or the defeasance of the Local Obligations.

**Section 7.02 Duties, Immunities and Liability of the Fiscal Agent.**

(a) The recitals of facts, agreements and covenants contained herein and in the Local Obligations shall be taken as statements, agreements and covenants of the District, and the Fiscal Agent does not assume any responsibility for the correctness of the same and does not make any representation as to the sufficiency or validity hereof or of the Local Obligations or of the Special Tax, or as to the financial or technical feasibility of the Improvements, and shall not incur any responsibility in respect thereof other than in connection with the rights and obligations expressly assigned to or imposed upon it herein or in the Local Obligations, and shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. The Fiscal Agent shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts, and no provision hereof shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any liability for the performance of its duties hereunder, or in the exercise of any of its rights or powers hereunder.

(b) The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts. The Fiscal Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, but the Fiscal Agent shall be answerable for the negligence or misconduct of any such attorney, agent, or receiver selected by it; provided that the Fiscal Agent shall not be answerable for the negligence or misconduct of any attorney or certified public accountant selected by it with due care.

(c) The Fiscal Agent shall perform only those duties expressly set forth in the Indenture and no implied duties or obligations shall be read into the Indenture against the Fiscal Agent.

(d) The Fiscal Agent shall not have any responsibility with respect to any information, statement or recital contained in any official statement, offering memorandum or any other disclosure material prepared or distributed by the District with respect to any of the Local Obligations.

(e) No provision in this Indenture shall require the Fiscal Agent to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder. The Fiscal Agent shall be entitled to interest on all moneys advanced by it hereunder at its prime rate then in effect plus two percent.

(f) In accepting the trust hereby created, the Fiscal Agent acts solely as Fiscal Agent for the Owners and not in its individual capacity, and under no circumstances shall the Fiscal Agent be liable in its individual capacity for the obligations evidenced by the Local Obligations.

(g) The Fiscal Agent makes no representation or warranty, express or implied, as to the compliance with legal requirements of the use contemplated by the Issuer of the funds under this Indenture.

(h) The Fiscal Agent shall not be responsible for the validity or effectiveness or value of any collateral or security securing the Local Obligations. The Fiscal Agent shall not be



responsible for the recording or filing of any document relating to this Agreement or the Local Obligations or of financing statements (or continuation statements in connection therewith) or mortgage or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests or lien on or in any collateral or security securing the Local Obligations. The Fiscal Agent shall not be deemed to have made representations as to the security afforded thereby or as to the validity or sufficiency of any such document, collateral or security.

(i) The Fiscal Agent shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof at its corporate trust office in San Francisco, California.

(j) The Fiscal Agent shall not be accountable for the use or application by the Issuer or any other party of any funds which the Fiscal Agent has released under this Indenture.

(k) The Fiscal Agent shall provide a monthly accounting of all Funds held pursuant to this Indenture (and all funds held by the Fiscal Agent as Fiscal Agent or fiscal agent pursuant to the Local Obligations) to the Issuer within fifteen (15) Business Days after the end of such month and shall provide statements of account for each annual period beginning July 1 and ending June 30, within 90 days after the end of such period. Such accounting shall show in reasonable detail all financial transactions during the accounting period and the balance in any Funds and accounts created under this Indenture as of the beginning and close of such accounting period.

(l) The Fiscal Agent makes no representations with respect to any information, statement, or recital in, and shall have no liability with respect to, any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Local Obligations.

**Section 7.03 Notice to the Fiscal Agent.** The Fiscal Agent shall be protected in acting upon any bond, Certificate of the District, consent, notice, opinion, report, resolution, Written Request of the District or other document or paper believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, including, without limitation, counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection with respect to any action taken or suffered hereunder in good faith and in accordance therewith.

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

**Section 7.04 Merger or Consolidation.** Any company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Fiscal

Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under Section 7.01 hereof, shall succeed to the rights and obligations of such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

**Section 7.05 Right to Rely on Documents.** The Fiscal Agent may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, who may be counsel of or to the Issuer, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by this Indenture the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officer's Certificate, and such Officer's Certificate shall be full warrant to the Fiscal Agent for any action taken or suffered or omitted in good faith under the provisions of this Indenture in reliance upon such Officer's Certificate, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Fiscal Agent shall be entitled to advice of counsel and other professionals or agents concerning all matters of trust and its duty hereunder, but the Fiscal Agent shall not be answerable for the acts or omissions of any agent, attorney-at-law, certified public accountant, or other professional if such agent, attorney-at-law, certified public accountant or other professional was selected by the Fiscal Agent with due care.

**Section 7.06 Preservation and Inspection of Documents.** All documents received by the Fiscal Agent under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon prior notice to the inspection of the Issuer, the Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Local Obligations, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

**Section 7.07 Indemnity for Fiscal Agent.** Before taking any action or exercising any rights or powers under this Indenture, the Fiscal Agent may require that satisfactory indemnity be furnished to it for the reimbursement of all costs and expenses which it may incur and to indemnify it against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

## ARTICLE VIII

### AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE

**Section 8.01 Amendment or Supplement by Consent of Holders.** The Indenture and the rights and obligations of the District and of the Holders may be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the District and the Fiscal Agent, which Supplemental Indenture shall become binding when the written consents of the Holders of

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sixty percent (60%) or more in aggregate principal amount of the Local Obligations then Outstanding, exclusive of Local Obligations disqualified as provided in Section 8.02, are filed with the Fiscal Agent. For this purpose, the purchase and acceptance of Additional Parity Obligations or Refunding Local Obligations shall be deemed to be the written consent of the Holders thereof to any such amendment or supplement provided that the terms thereof are disclosed to such Holders prior to the effectiveness of any binding agreement to purchase such Additional Parity Obligations or Refunding Local Obligations. No such amendment or supplement shall (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the District to pay the interest on or principal of or Mandatory Sinking Account Payment for or Redemption Premium, if any, on any Local Obligation at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the Holder of such Local Obligation, or (2) permit the issuance by the District of any obligations payable from the proceeds of the Special Tax other than the Local Obligations (including Refunding Local Obligations and Additional Parity Obligations) as provided herein, or jeopardize the ability of the District to levy and collect the Special Tax, or (3) reduce the percentage of Local Obligations required for the written consent to any such amendment or supplement, or (4) modify any rights or obligations of the Fiscal Agent without its prior written assent thereto.

The Indenture and the rights and obligations of the District and of the Holders may also be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the District and the Fiscal Agent, which Supplemental Indenture shall become binding upon execution without the prior written consent of any Holders, but only to the extent permitted by law and after receiving an approving Opinion of Counsel and only for any one or more of the following purposes:

(a) To add to the agreements and covenants required herein to be performed by the District other agreements and covenants thereafter to be performed by the District which shall not (in the opinion of the District) adversely affect the interests of the Holders, or to surrender any right or power reserved herein to or conferred herein upon the District which shall not (in the opinion of the District) adversely affect the interests of the Holders;

(b) To make such provisions for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein or in regard to questions arising hereunder which the District may deem desirable or necessary and not inconsistent herewith and which shall not (in the opinion of the District) adversely affect the interests of the Holders;

(c) To authorize the issuance under and subject to the Law of any refunding Local Obligations for any of the Local Obligations and to provide the conditions and terms under which such refunding Local Obligations may be issued subject to Section 2.02;

(d) To authorize the issuance under and subject to the Law of Additional Parity Obligations and to provide the conditions and terms under which such bonds may be issued subject to Section 2.08;

(e) To make such additions, deletions or modifications as may be necessary or appropriate to ensure exclusion from gross income for purposes of federal income taxation of the interest on the Local Obligations; or

(f) To make such additions, deletions or modifications as may be necessary or appropriate to maintain any then current rating on the Local Obligations.

**Section 8.02 Disqualified Local Obligations.** Local Obligations owned or held for the account of the District shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Local Obligations provided for in this article or in Article VIII, and shall not be entitled to consent to or take any other action provided for in this article or in Article X.

**Section 8.03 Endorsement or Replacement of Local Obligations After Amendment or Supplement.** After the effective date of any action taken as hereinabove provided, the District may determine that the Local Obligations may bear a notation by endorsement in form approved by it as to such action, and in that case upon demand of the Holder of any Local Obligation Outstanding on such effective date and presentation of his Local Obligation for such purpose at the Principal Corporate Trust Office of the Fiscal Agent a suitable notation as to such action shall be made on such Local Obligation. If the District shall so determine, new Local Obligations so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Holder of any Local Obligation Outstanding on such effective date such new Local Obligations shall, upon surrender of such Outstanding Local Obligations, be exchanged at the Principal Corporate Trust Office of the Fiscal Agent, without cost to each Holder, for Local Obligations then Outstanding.

**Section 8.04 Amendment or Supplement by Mutual Consent.** The provisions of this article shall not prevent any Holder from accepting any amendment or supplement as to any particular Local Obligations held by him; provided, that due notation thereof is made on such Local Obligations.

## ARTICLE IX

### REMEDIES OF HOLDERS

**Section 9.01 Remedies of Holders.** Any Holder shall have the right for the equal benefit and protection of all Holders similarly situated:

(a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the District, its Board of Trustees, or any of the officers or employees of the District, and to compel the District, its Board of Trustees, or any such officers or employees to perform and carry out their duties under the Law and the agreements and covenants with the Holders contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Holders; or

(c) by suit in equity upon the nonpayment of the Local Obligations to require the District, its Board of Trustees or its officers and employees to account as the Fiscal Agent of an express trust.

**Section 9.02 Non-waiver.** Nothing in this article or in any other provision herein or in the Local Obligations shall affect or impair the obligation of the District, which is absolute and

unconditional, to pay the interest on and principal of and Redemption Premium, if any, on the Local Obligations to the respective Holders of the Local Obligations at the respective dates of maturity or upon redemption prior to maturity as provided herein from the proceeds of the Special Tax and the other funds provided herein, or shall affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Local Obligations.

A waiver of any default or breach of duty or contract by any Holder shall not affect any subsequent default or breach of duty or contract and shall not impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right and remedy conferred upon the Holders by the Law or hereby may be enforced and exercised from time to time and as often as shall be deemed expedient by the Holders.

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

**Section 9.03 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and 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 without exhausting and without regard to any other remedy conferred by the Law or any other law.

## ARTICLE X

### DEFEASANCE

#### **Section 10.01 Discharge of the Local Obligations.**

(a) If the District shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding Local Obligations the interest thereon and the principal thereof and the Redemption Premium, if any, thereon at the times and in the manner stipulated therein and herein, then all agreements, covenants and other obligations of the District to the Holders of such Local Obligations hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Fiscal Agent shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Fiscal Agent shall pay over or deliver to the District for deposit in the Community Facilities Fund all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and Redemption Premium, if any, on such Local Obligations.

(b) Any Outstanding Local Obligations shall on the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall be on deposit with the Fiscal Agent money which is sufficient to pay the interest due on such Local Obligations on such date and the principal and Redemption Premium, if any, due on such Local Obligations on such date.

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(c) Any Outstanding Local Obligations shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this section if (1) in case any of such Local Obligations are to be redeemed on any date prior to their maturity date, the District shall have agreed to mail pursuant to Section 11.09 a notice of redemption to the respective Holders of all such Outstanding Local Obligations and to such securities depositories or securities information services selected by it pursuant to Section 4.03, (2) there shall have been deposited with an escrow agent or the Fiscal Agent either money in an amount which shall be sufficient or Federal Securities which are not subject to redemption except by the holder thereof prior to maturity (including any Federal Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or municipal obligations which have been defeased with Federal Securities and which are rated in the highest rating category by either Moody's or Standard & Poor's, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with such escrow agent or the Fiscal Agent at the same time, shall be sufficient to pay when due the interest to become due on such Local Obligations on and prior to the maturity dates or redemption dates thereof, as the case may be, and the principal of and Redemption Premium, if any, on such Local Obligations on and prior to the maturity dates or the redemption dates thereof, as the case may be, as evidenced by a report of an Independent Certified Public Accountant or nationally recognized, independent municipal finance consultant, on file with the District and the Fiscal Agent, and (3) in the event such Local Obligations are not by their terms subject to redemption within the next succeeding ninety (90) days, the District shall have agreed to mail pursuant to Section 11.09 a notice to the Holders of such Local Obligations and to such securities depositories and securities information services selected by it pursuant to Section 4.03 that the deposit required by clause (2) above has been made with such escrow agent or the Fiscal Agent and that such Local Obligations are deemed to have been paid in accordance with this section and stating the maturity dates or redemption dates, as the case may be, upon which money is to be available for the payment of the principal of and Redemption Premium, if any, on such Local Obligations.

**Section 10.02 Unclaimed Money.** Anything contained herein to the contrary notwithstanding, any money held by the Fiscal Agent in trust for the payment and discharge of any of the Local Obligations or any interest thereon which remains unclaimed for two (2) years after the date when such Local Obligations or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Fiscal Agent on such date, or for two (2) years after the date of deposit of such money if deposited with the Fiscal Agent after the date when such Local Obligations or interest thereon became due and payable, shall be repaid by the Fiscal Agent to the District as its absolute property free from trust for deposit in the Community Facilities Fund and for use in accordance with the Law, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Holders shall look only to the District for the payment of such Local Obligations and interest thereon; provided, that before the Fiscal Agent shall be required to make any such repayment the District shall mail pursuant to Section 11.09 a notice to the Holders of all Outstanding Local Obligations and to such securities depositories and securities information services selected pursuant to Section 4.03 that such money remains unclaimed and that after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District for deposit in the Community Facilities Fund.

## ARTICLE XI

### MISCELLANEOUS

**Section 11.01 Liability of District Limited to Proceeds of the Special Tax.** Notwithstanding anything contained herein, the District shall not be required to advance any money derived from any source of income other than the proceeds of the Special Tax and the other funds as provided herein for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations.

The Local Obligations are special tax obligations of the District and the interest on and principal of and Redemption Premium, if any, on the Local Obligations are payable solely from the proceeds of the Special Tax and such other funds, and the District is not obligated to pay them except from the proceeds of the Special Tax and such other funds. The General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or Redemption Premium, if any, on the Local Obligations. The Local Obligations are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the District or any of its income or receipts except the proceeds of the Special Tax and such other funds, and neither the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations is a general debt, liability or obligation of the District. The Local Obligations do not constitute an indebtedness of the District within the meaning of any constitutional or statutory debt limitation or restriction, and neither the Board of Trustees nor the District nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations otherwise than from the proceeds of the Special Tax and the other funds as provided herein.

**Section 11.02 Benefits of the Indenture Limited to Certain Parties.** Nothing contained herein, express or implied, is intended to give to any person other than the Board of Trustees, the District, the Fiscal Agent and the Holders any right, remedy or claim under or by reason hereof, and any agreement or covenant required herein to be performed by or on behalf of the Board of Trustees or the District or any officer or employee thereof shall be for the sole and exclusive benefit of the Fiscal Agent and the Holders.

**Section 11.03 Successor is Deemed Included in All References to Predecessor.** Whenever either the Board of Trustees or the District or any officer or employee thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions with respect to the administration, control and management of the affairs of the Board of Trustees and the District that are presently vested in the Board of Trustees or the District or such officer or employee, and all agreements and covenants required herein to be performed by or on behalf of the Board of Trustees or the District or any officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

**Section 11.04 Execution of Documents by Holders.** Any declaration, request or other instrument which is permitted or required herein to be executed by Holders may be in one or more instruments of similar tenor, and may be executed by Holders in person or by their attorneys duly authorized in writing. The fact and date of the execution by any Holder or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by

the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness to such execution duly sworn to before such notary public or other officer. The ownership of Local Obligations and the amount, maturity, number and date of holding the same shall be proved by the registration books required to be kept by the Fiscal Agent pursuant to Section 2.05.

Any declaration, request or other instrument or writing of the Holder of any Local Obligation shall bind all future Holders of such Local Obligation with respect to anything done or suffered to be done by the District in good faith and in accordance therewith.

**Section 11.05 Deposit and Investment of Moneys in Funds.** All money held by the Associate Superintendent, Business Services in any fund established herein shall be deposited by the Associate Superintendent, Business Services in Legal Investments, and shall be secured at all times by such obligations as are required by law to the fullest extent required by law. All money held by the Fiscal Agent in the Redemption Fund and Expense Fund shall be invested by the Fiscal Agent in Legal Investments upon the written direction of the District. In the absence of a written investment direction of the District, the Fiscal Agent shall invest such moneys in a taxable money market portfolio composed of or fully secured by U.S. government securities. The Fiscal Agent may rely upon any investment direction from the District as a certification to the Fiscal Agent that such investment constitutes a Legal Investment. The Fiscal Agent (or any of its affiliates) may act as principal or agent or as sponsor, advisor or manager in connection with the making of any investment by the Fiscal Agent hereunder and may impose its customary charges therefor, and the Fiscal Agent shall not be responsible for any loss suffered in connection with any investment made in accordance herewith.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law; provided, that the Fiscal Agent will furnish the District periodic cash transaction statements which include details for all investment transactions made by the Fiscal Agent hereunder.

All interest received on any such money so deposited or invested which exceeds the requirements of the fund from which such money was deposited or invested shall (subject to the requirements of Section 6.03) be deposited in the Redemption Fund, and all losses on any such money so deposited or invested shall be borne by the fund from which the deposit or investment was made.

**Section 11.06 Waiver of Personal Liability.** No member of the Board of Trustees or officer or employee of the District shall be individually or personally liable for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, but nothing herein contained shall relieve any member of the Board of Trustees or officer or employee of the District from the performance of any official duty provided hereby or by the Law or by any other applicable provisions of law.



**Section 11.07 Acquisition of Local Obligations by District.** All Local Obligations acquired by the District, whether by purchase or gift or otherwise, shall be surrendered to the Fiscal Agent for cancellation and destruction by it.

**Section 11.08 Content of Certificates and Reports.** Every certificate or report with respect to compliance with an agreement, condition, covenant or term provided herein shall include (a) a statement that the person or persons making or giving such certificate or report have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the opinion contained in such certificate or report is based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any such certificate made or given by an officer of the District may be based, insofar as it relates to legal matters, upon a representation made in an Opinion of Counsel unless such officer knows that the representation with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any such Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the District, upon a representation by an officer or officers of the District unless the counsel giving such Opinion of Counsel knows that the representation with respect to the matters upon which his representation may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

**Section 11.09 Notice by Mail.** Any notice required to be given by mail to any Holders or to any securities depositories or securities information services shall be given by mailing a copy of such notice, first class postage prepaid, to such Holders at their addresses appearing in the books required to be kept by the Fiscal Agent pursuant to the provisions of Section 2.05 or to such securities depositories or securities information services not less than thirty (30) days nor more than sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given; provided, that neither failure to receive any such notice nor any immaterial defect contained therein shall affect the sufficiency or validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

**Section 11.10 Maintenance of Funds.** Any fund required herein to be established and maintained by the Associate Superintendent, Business Services or the Fiscal Agent may be maintained by the Associate Superintendent, Business Services or the Fiscal Agent, as the case may be, in its accounting records in its customary manner either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any financial reports or statements with respect thereto, be treated either as an account or as a fund; but all such accounting records with respect to all such accounts and funds shall at all times be maintained by the Associate Superintendent, Business Services and the Fiscal Agent in accordance with industry standards and with due regard for the protection of the security of the Local Obligations and the rights of the Holders.

**Section 11.11 Article and Section Headings, Gender and References.** The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the construction, effect or meaning hereof,

and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding articles, sections or subdivisions hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular article, section or subdivision hereof.

**Section 11.12 Partial Invalidity.** If any one or more of the agreements, conditions, covenants or terms or portions thereof required hereby to be observed or performed by the District or the Fiscal Agent should be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants or terms or portions thereof and shall in no way affect the validity hereof or of the Local Obligations; and the Holders shall retain all the rights and benefits accorded to them under the Law or any other applicable provisions of law. The District hereby declares that it would have executed the Indenture and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Local Obligations pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**Section 11.13 Execution in Counterparts.** The Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument

**Section 11.14 Governing Law.** The Indenture shall be governed by and construed and interpreted in accordance with the laws of the State of California.

**Section 11.15 Notices.** All written notices to be given hereunder shall be given by first class mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the District:                    San Dieguito Union High School District  
710 Encinitas Blvd.  
Encinitas, California 92024  
Attention: Associate Superintendent, Business Services

If to the Fiscal Agent:            U.S. Bank National Association  
633 W. 5th Street, 24th Floor  
Los Angeles, California 90071  
Attention: Global Corporate Trust Services

**Section 11.16 Effective Date of the Indenture.** The Indenture shall take effect from and after its execution and delivery.

IN WITNESS WHEREOF, the San Dieguito Union High School District has caused the Indenture to be signed in its name by its Associate Superintendent, Business Services and to be attested by the Clerk of the Board of Trustees of the District, and U.S. Bank National Association, as Fiscal Agent, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be signed in its corporate name by its officer thereunto duly authorized and attested by one of its authorized officers, all as of the date and year first above written.

**SAN DIEGUITO UNION HIGH SCHOOL  
DISTRICT**

By \_\_\_\_\_  
Associate Superintendent, Business Services

ATTEST:

\_\_\_\_\_  
President of the Board of Trustees of the District

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

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

**EXHIBIT A****FORMS OF BOND, FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION AND  
ASSIGNMENT**

[FORM OF BOND]

No. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF SAN DIEGOSAN DIEGUITO UNION HIGH SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 99-2  
SPECIAL TAX REVENUE BOND, SERIES 2018***Interest Rate******Maturity Date******Bond Date***

%

March 1, 20\_\_

October \_\_, 2018

REGISTERED OWNER: U.S. Bank National Association as Trustee for the San Dieguito  
School Facilities Financing Authority Special Tax Revenue Bonds,  
Series 2018

PRINCIPAL AMOUNT:

DOLLARS

The San Dieguito Union High School District, a municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "District"), for value received, hereby promises to pay (but only out of the proceeds of the Special Tax hereinafter referred to and certain other funds as described herein) to the registered owner set forth above on the maturity date set forth above (subject to any right of prior redemption hereinafter provided for) the principal amount set forth above, together with interest thereon computed on the basis of a 360-day year of twelve (12) 30-day calendar months from the Interest Payment Date next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event it shall bear interest from the Bond Date shown above until the principal hereof shall have been paid, at the interest rate per annum set forth above, payable semiannually on March 1 and September 1 in each year, commencing on September 1, 2019. The interest on and principal of and redemption premium, if any, on this Bond are payable in lawful money of the United States of America at the Principal Corporate Trust Office (as that term is defined in the Indenture hereinafter referred to, and herein the "Principal Corporate Trust Office") of U.S. Bank National Association, as Fiscal Agent for the Bonds, or any other bank or trust company at its principal corporate trust office which may at any time be substituted in its place as provided in the Indenture hereinafter referred to (the "Fiscal Agent"). The interest on this Bond due on or before the maturity or prior redemption hereof shall be payable only to the person whose name appears in the registration books required to be kept by the Fiscal Agent as the

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registered owner hereof at the close of business as of the fifteenth (15th) day of the calendar month preceding the month in which the applicable Interest Payment Date falls, such interest to be paid by check mailed by first class mail on each such Interest Payment Date to such registered owner at his address as it appears on such books, except that in the case of a registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds then outstanding, payment shall be made at such owner's option by wire transfer on each such Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such owner to the Fiscal Agent at least fifteen (15) days before such Interest Payment Date. The principal of and redemption premium, if any, on this Bond shall be payable only to the person whose name appears in such registration books as the registered owner hereof, such principal and redemption premium, if any, to be paid only on the surrender of this Bond at the Principal Corporate Trust Office of the Fiscal Agent at maturity or on redemption prior to maturity.

This Bond is one of a duly authorized issue of Bonds in the aggregate principal amount of [\$Par Amount] issued by the District for the San Dieguito Union High School District Community Facilities District 99-2 (the "Community Facilities District") located in Encinitas, California, designated the "San Dieguito Union High School District Community Facilities District 99-2 Special Tax Revenue Bonds, Series 2018" (the "Bonds"), which Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 *et seq.* of the Government Code of the State of California) and all laws amendatory thereof or supplemental thereto (the "Law") and under and pursuant to the provisions of an Indenture, dated as of October 1, 2018 (the "Indenture") between the District and U.S. Bank National Association, as Fiscal Agent, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, denominations, maturities, interest rates or redemption provisions). All Bonds, including the Bonds, are equally and ratably secured in accordance with the terms and conditions of the Indenture (copies of which are on file at the office of the Clerk of the District and at the above-mentioned office of the Fiscal Agent), and reference is hereby made to the Law and to the Indenture and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued and for the rights of the registered owners of the Bonds; and all the terms of the Law and the Indenture are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond, to all the provisions of which the registered owner of this Bond, by his acceptance hereof, agrees and consents; and each subsequent registered owner hereof shall have recourse to all the provisions of the Law and the Indenture and shall be bound by all the terms and conditions thereof.

The Bonds are issued to provide funds to refinance and defease the Prior CFD Loans (as that term is defined in the Indenture). The Bonds are special tax obligations of the District and the interest on and principal of and redemption premium, if any, on the Bonds are payable solely from the proceeds of the Special Tax (as that term is defined in the Indenture, and herein the "Special Tax") and certain other funds, as provided in the Indenture, and the District is not obligated to pay them except from the proceeds of the Special Tax and such other funds as so provided. The General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or redemption premium, if any, on the Bonds, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or redemption premium, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the District or any of its income or receipts except the proceeds of the Special Tax and such other funds, as provided in the

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Indenture, and neither the payment of the interest on or principal of or redemption premium, if any, on the Bonds is a general debt, liability or obligation of the District.

The Bonds are subject to redemption by the District prior to their respective maturity dates as a whole or in part on the dates, at the prices and subject to the terms provided in the Indenture.

If less than all outstanding Bonds are to be redeemed at the option of the District at any one time, the District shall select the maturity dates from which the Bonds shall be redeemed, and if less than all the outstanding Bonds of any one maturity date are to be redeemed at any one time, the Fiscal Agent shall select the Bonds or portions thereof of such maturity date to be redeemed in integral multiples of five thousand dollars (\$5,000) by lot in any manner that it deems appropriate.

Notice of redemption of this Bond or any portion hereof shall be mailed by the Fiscal Agent not less than thirty (30) days nor more than sixty (60) days before the redemption date by first class mail to the registered owner hereof and to those securities depositories and securities information services selected by the District in accordance with the Indenture and to the original underwriter of the Bonds, but neither failure to receive any such mailed notice nor any immaterial defect contained therein shall affect the sufficiency or validity of such proceedings for redemption. If notice of redemption has been duly given as aforesaid, then this Bond or the portion thereof to be redeemed shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on this Bond or the portion thereof to be redeemed shall cease to accrue and the registered owner of this Bond shall have no rights in respect hereof except to receive payment of the redemption price of this Bond or the portion thereof to be redeemed, and upon surrender of this Bond if redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner hereof at the expense of the District a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of this Bond so surrendered.

The District has covenanted that, so long as any Bonds are outstanding, it will annually levy against all Taxable Land (as that term is defined in the Indenture) in the Community Facilities District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Indenture, and which in any event will be sufficient to pay the interest on and principal of and redemption premium, if any, on the Bonds as they become due and payable and to pay all current Expenses (as that term is defined in the Indenture) as they become due and payable in accordance with the provisions and terms of the Indenture.

The Bonds are issuable in the form of fully registered Bonds in the denomination of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Bonds maturing at any one time). The registered owner of any Bond or Bonds may surrender the same (together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney) in exchange for an equal aggregate principal amount of Bonds of the same maturity date of any other authorized denominations in the manner, subject to the conditions and upon payment of the charges provided in the Indenture.

The registration of this Bond is transferable on the registration books kept by the Fiscal Agent by the registered owner hereof or by his duly authorized attorney upon surrender of this Bond

## ITEM 23G

together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity date of authorized denominations in the same aggregate principal amount will be issued to the transferee in exchange therefor in the manner, subject to the conditions and terms and upon payment of the charges provided in the Indenture. The District and the Fiscal Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture, and in certain circumstances without the consent of such registered owners, but no such amendment shall (1) extend the maturity of this Bond or reduce the interest rate hereon or otherwise alter or impair the obligation of the District to pay the interest hereon or principal hereof or redemption premium, if any, hereon at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the registered owner of this Bond, or (2) permit the issuance by the District of any obligations payable from the proceeds of the Special Tax other than the Bonds as provided in the Indenture, or jeopardize the ability of the District to levy and collect the Special Tax, or (3) reduce the percentage of Bonds required for the written consent to an amendment of the Indenture, or (4) codify any rights or obligations of the Fiscal Agent without its prior written assent thereto; all as more fully set forth in the Indenture.

The Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory debt limitation or restriction, and neither the San Dieguito Union High School District nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or redemption premium, if any, on the Bonds other than from the proceeds of the Special Tax and such other funds as may be pledged therefor, as provided in the Indenture.

This Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by an authorized signatory of the Fiscal Agent.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and 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 the amount of this Bond, together with all other obligations of the District and the Community Facilities District, does not exceed any limit prescribed by the laws of the State of California and is not in excess of the principal amount of the Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, the San Dieguito Union High School District has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the President of the Board of the District and countersigned by the manual or facsimile signature of the District Clerk, and has caused this Bond to be dated as of the Bond Date set forth above.

SAN DIEGUITO UNION HIGH SCHOOL  
DISTRICT

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

Countersigned:

\_\_\_\_\_  
Clerk of the Board of Trustees

[FORM OF FISCAL AGENT’S CERTIFICATE OF AUTHENTICATION  
TO APPEAR ON BONDS]

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated on \_\_\_\_\_.

U.S. Bank National Association,  
as Fiscal Agent

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



[FORM OF ASSIGNMENT TO  
APPEAR ON BONDS]

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

\_\_\_\_\_

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

SIGNATURE GUARANTEED BY:

\_\_\_\_\_

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee:

\_\_\_\_\_

ITEM 23G

Form of Local Obligation Purchase Contract

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**

**COMMUNITY FACILITIES DISTRICT NO. 94-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 94-3  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 95-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 95-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-3  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**and**

**COMMUNITY FACILITIES DISTRICT NO. 03-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018**

**LOCAL OBLIGATION PURCHASE CONTRACT**

**dated as of October \_\_, 2018**

San Dieguito Union High School District  
710 Encinitas Blvd.  
Encinitas, CA 92024

Ladies and Gentlemen:

The undersigned San Dieguito School Facilities Financing Authority (the “Authority”) offers to enter into this Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) with you, the Board of Trustees (the “Board of Trustees”) of the San Dieguito Union High School District, acting as the legislative body of the above named community facilities districts (the “District”), which, upon acceptance, will be binding upon the District and the Authority; and except as otherwise provided herein, all capitalized terms used herein shall have the meanings attributed to them in the Trust Agreement, dated as of December 1, 2016 (the “Original Trust Agreement”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented by that First Supplemental Trust Agreement, dated as of October 1, 2018, by and between the Authority and the Trustee (the “First Supplemental Trust Agreement” and, collectively with the Original Trust Agreement, the “Trust Agreement”). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Original Trust Agreement.

1. Purchase, Sale and Delivery of the Obligations.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Authority hereby agrees to purchase from the District, and the District hereby agrees to sell to the Authority, all (but not less than all) of the following securities:

(i) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 94-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 94-2 Local Obligations," and together with the CFD No. 03-1 Local Obligations, the "Local Obligations") issued under an Indenture, dated as of December 1, 2016, as supplemented and amended by a First Supplemental Indenture, dated as of October 1, 2018 (collectively, the "CFD No. 94-2 Indenture"), each by and between the District and U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent");

(ii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 94-3 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 94-3 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 94-3 Indenture");

(iii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 95-1 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 95-1 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 95-1 Indenture");

(iv) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 95-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 95-2 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 95-2 Indenture");

(v) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-1 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-1 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 99-1 Indenture");

(vi) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-2 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 99-2 Indenture");

(vii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-3 Local Obligations") issued under an

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Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the “CFD No. 99-3 Indenture”); and

(viii) \$\_\_\_\_\_ aggregate principal amount of the District’s San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018 (the “CFD No. 03-1 Local Obligations” and together with the CFD No. 94-2 Local Obligations, the CFD No. 94-3 Local Obligations, the CFD No. 95-1 Local Obligations, the CFD No. 95-2 Local Obligations, the CFD No. 99-1 Local Obligations, the CFD No. 99-2 Local Obligations, and the CFD No. 99-3 Local Obligations, the “Local Obligations”) issued under an Indenture, dated as of December 1, 2016, as amended and supplemented pursuant to a First Supplemental Indenture, dated as of October 1, 2018, each by and between the District and U.S. Bank National Association, as Fiscal Agent (collectively, the “CFD No. 03-1 Indenture”, and together with the CFD No. 94-2 Indenture, the CFD No. 94-3 Indenture, the CFD No. 95-1 Indenture, the CFD No. 95-2 Indenture, the CFD No. 99-1 Indenture, the CFD No. 99-2 Indenture, and the CFD No. 99-3 Indenture, the “Indentures”);

all dated the date of their initial delivery, bearing interest payable on the dates and at the interest rates, and maturing on the dates and in the amounts and subject to the optional and mandatory redemption provisions, as set forth in Exhibit A attached hereto and incorporated herein.

The purchase prices for the Local Obligations shall be paid from the proceeds of sale of the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018, issued under the Trust Agreement (the “Authority Bonds”), and such purchase prices shall be:

(i) for the CFD No. 94-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(ii) for the CFD No. 94-3 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(iii) for the CFD No. 95-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(iv) for the CFD No. 95-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(v) for the CFD No. 99-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(vi) for the CFD No. 99-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

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(vii) for the CFD No. 99-3 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_); and

(viii) for the CFD No. 03-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_).

The Local Obligations shall be substantially in the forms described in, shall be issued and secured under the provisions of, and shall be payable as provided in the Indentures, each of which provide for the issuance of the Local Obligations and the registration thereof in the name of the Trustee.

(b) At 9:00 a.m., Pacific Daylight Time, on October \_\_, 2018, or at such earlier or later time or date as shall be agreed by the District and the Authority (such time and date being herein referred to as the “Closing Date”), the District will deliver to the Authority at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (or such other location as may be designated by the Authority and approved by the District) the Local Obligations in definitive forms, duly executed by the District and authenticated by the Fiscal Agent or the Trustee, as the case may be, for each of the Local Obligations, and will deliver to the Authority the other documents herein mentioned; and the Authority will accept such delivery and pay the total purchase price of the Local Obligations as set forth in paragraph (a) of this section as provided in the Trust Agreement (such delivery and payment being herein referred to as the “Closing”).

2. Representations, Warranties and Agreements of the District. The District represents and warrants to and agrees with the Authority that:

(a) The District is and will be at the Closing Date duly organized and existing as a school district under and by virtue of the Constitution and laws of the State of California, with full power and authority to issue the Local Obligations and to carry out and consummate the transactions contemplated by the Local Obligations, the Local Obligation Purchase Contract, the Trust Agreement, and the Indentures (collectively, the “Financing Documents”), and the Financing Documents are and will be at the Closing Date valid and binding obligations of the District;

(b) When delivered to and paid for by the Authority at the Closing in accordance with the provisions of the Local Obligation Purchase Contract, the Local Obligations will have been duly authorized, executed, issued and delivered and will constitute valid and binding obligations of the District in conformity with, and entitled to the benefit and security of, their respective Indentures;

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has authorized and approved the execution and delivery of the Financing Documents, and authorized and approved the performance by the District of the obligations on its part contained in the Financing Documents and has authorized and approved the consummation by the District of all other transactions contemplated by the Local Obligation Purchase Contract;

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(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the knowledge of the District, threatened against the District or its properties or operations (i) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Local Obligations, (ii) in any way contesting or affecting the validity or enforceability of any of the Financing Documents, any proceedings of the District taken concerning the issuance or sale of the Local Obligations, the collection of the special taxes securing the Local Obligations or the existence or powers of the District relating to the issuance of the Local Obligations or (iii) which, if determined adversely to the District or its interests, would have a material and adverse effect on the consummation of the transactions contemplated by or the validity of the Financing Documents or on the operations of the District with respect to the Local Obligations;

(e) The execution and delivery of the Financing Documents, and the consummation of the transactions therein and herein contemplated, and the fulfillment of or compliance with the terms and conditions thereof and hereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents or the operations of the District with respect to the Local Obligations;

(f) The District is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default may have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default under any such instrument;

(g) All approvals, consents, authorizations, certifications and other orders of any governmental authority, board, agency or commission having jurisdiction, and all filings with any such entities, which would constitute conditions precedent to or the failure to obtain which would materially adversely affect the performance by the District of its obligations under the Financing Documents have been duly obtained, and no further consent, approval, authorization or other action or filing with or by any governmental or regulatory authority having jurisdiction over the District is or will be required for the issue and sale of the Local Obligations or the consummation by the District of the other transactions described in the Financing Documents;

(h) The special taxes constituting the security for the Local Obligations have been duly and lawfully authorized under and pursuant to the Mello-Roos Community Facilities

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District Act of 1982 (the “Act”) and such special taxes are secured by a valid and legally binding continuing lien on the land subject to the special taxes as provided in the Act;

(i) The District has authorized and will annually levy and collect special taxes, in addition to amounts necessary to pay debt service on the Local Obligations, in an amount sufficient (subject to any maximum special tax permitted by law) to pay the Expenses (as defined in the Indentures) arising directly from the administration or enforcement of the Local Obligations.

The execution and delivery of the Local Obligation Purchase Contract by the District shall constitute a representation by the District to the Authority that the representations, warranties and agreements contained in this Section 2 are true as of the date hereof; provided, that as to all matters of law the District is relying on the advice of counsel to the District; and provided further, that no member of the Board of Trustees of the District shall be individually liable for the breach of any representation, warranty or agreement contained herein.

3. Conditions to the Purchase of the Local Obligations by the Authority. The obligation of the Authority to accept delivery of and pay for the Local Obligations on the Closing Date shall be subject, at the option of the Authority, to the accuracy in all material respects of the representations, warranties and agreements on the part of the District contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the District made in any certificates, or other documents furnished pursuant to the provisions hereof, and to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Financing Documents shall be in full force and effect in the form heretofore submitted to the Authority and there shall have been taken in connection with the issuance of the Local Obligations and with the transactions contemplated thereby and by the Local Obligation Purchase Contract, all such actions as, in the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”), shall be necessary and appropriate;

(b) At the Closing Date, the Financing Documents shall not have been amended, modified or supplemented, except as may have been agreed to by the Authority;

(c) At or prior to the Closing Date, the Authority and the Trustee shall have received the following documents, in each case satisfactory in form and substance to the Authority:

(1) An executed copy of each of the Financing Documents;

(2) An unqualified approving opinion of Bond Counsel, dated the Closing Date and addressed to the District, as to the validity of the Local Obligations;

(3) An opinion of the District Counsel, dated the Closing Date and addressed to the District and the Authority, in substantially the form attached hereto as Exhibit B; and



(4) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Authority or Bond Counsel may reasonably request to evidence compliance by the District with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the District contained herein, and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

If the District shall be unable to satisfy the conditions to the Authority's obligations contained in the Local Obligation Purchase Contract, the Local Obligation Purchase Contract shall terminate and neither the Authority nor the District shall have any further obligation hereunder.

4. Expenses. All expenses and costs of the District and the Authority incident to the authorization, issuance and sale of the Local Obligations and the Authority Bonds, including fees and expenses of consultants, the Trustee, Bond Counsel and counsel for the District and the fees and expenses incurred by the Authority in connection with the sale of the Authority Bonds shall be paid by the District and the District agrees that it will pay, from the proceeds of the Local Obligations.

5. Notices. Any notice or other communication to be given to the District under the Local Obligation Purchase Contract may be given by delivering the same in writing at the District's address set forth above, Attention: Executive Director of Planning Services, and any such notice or other communications required to be given to the Authority may be given by delivering the same in writing to the Authority at 710 Encinitas Blvd., Encinitas, CA 92024, Attention: Treasurer. The approval of the Authority when required hereunder or the determination of their satisfaction as to any document referred to herein shall be in writing signed by the Authority and delivered to the District.

6. Parties In Interest; Governing Law. The Local Obligation Purchase Contract is made solely for the benefit of the District, the Authority and the Trustee and no other persons, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. The Local Obligation Purchase Contract shall be governed by the laws of the State of California.

7. Pledge; Assignment. The District hereby approves the pledge and assignment of all of the Authority's right, title and interest in the Local Obligations to the Trustee under the Trust Agreement for the benefit of the Owners of the Authority Bonds.

8. Limitation on Liability. The Authority shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereby, and shall be under no obligation to purchase the Local Obligations hereunder, except from proceeds of the Authority Bonds available therefor held by the Trustee under, and subject to the conditions set forth in, the Trust Agreement. The District shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereunder, except as otherwise provided in Sections 4 and 5 hereof, or be obligated to make any payments with respect to the Local Obligations, except from amounts pledged to the payment of the Local Obligations (including special taxes levied and collected in the applicable community facilities districts) pursuant to the terms thereof.

9. Counterparts. The Local Obligation Purchase Contract may be signed in two or more counterparts; all such counterparts, when signed by all parties, shall constitute but one single agreement.

SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY

By \_\_\_\_\_  
Treasurer

ACCEPTED AND AGREED TO:

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT

By \_\_\_\_\_  
Executive Director of Planning Services

Exhibit A

LOCAL OBLIGATIONS MATURITY SCHEDULES AND REDEMPTION PROVISIONS

**CFD No. 94-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			

**CFD No. 94-3 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			

**CFD No. 95-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			

**CFD No. 95-2 Local Obligations Maturity Schedule**

\$\_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
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2043			
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2047			

**CFD No. 99-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
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2036			
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2041			
2042			
2043			
2044			
2045			
2046			
2047			

**CFD No. 99-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
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2032			
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2035			
2036			
2037			
2038			
2039			
2040			
2041			



**CFD No. 99-3 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
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2044			
2045			
2046			

**CFD No. 03-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
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2047			

### **Local Obligation Redemption Provisions**

(a) Optional Redemption. The Local Obligations maturing on or after March 1, 2030 are subject to optional redemption by the District prior to their respective maturity dates as a whole or in part on any Interest Payment Date on or after March 1, 2029, from money derived by the District from any source other than such prepayments of the Special Tax, upon mailed notice as provided in the applicable Indenture, at a redemption price equal to 100% of the principal amount of the Local Obligations or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, without premium.

[Remainder of page intentionally left blank]

Exhibit B

[Form of District Counsel Opinion]

October \_\_, 2018

Governing Board  
San Dieguito School Facilities Financing Authority  
Encinitas, California

Board of Trustees  
San Dieguito Union High School District  
Encinitas, California

U.S. Bank National Association  
San Francisco, California

San Dieguito Union High School District  
Community Facilities District No. 94-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 94-3  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 95-1  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 95-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-1  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-3  
Special Tax Revenue Bonds; and

San Dieguito Union High School District  
Community Facilities District No. 03-1  
Special Tax Revenue Bonds

Ladies and Gentlemen:

I have served as counsel to the San Dieguito Union High School District (the “District”) in connection with the issuance, sale and delivery of the above-reference securities (collectively, the “Local Obligations”), and this letter is being delivered pursuant to the Local Obligation Purchase Contract dated as of October \_\_, 2018 (the “Local Obligation Purchase

Contract”) by and between the San Dieguito School Facilities Financing Authority (the “Authority”) and the Board of Trustees of the District, acting as the legislative body for each of the above-referenced community facilities districts of the District, and all capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Local Obligation Purchase Contract.

As such counsel, I have examined and am familiar with (i) those documents relating to the existence, organization and operation of the District; and (ii) all necessary documentation of the District relating to the authorization, execution and delivery of the Local Obligations and all of the Financing Documents.

Based on the foregoing, I am of the opinion that:

1. The District is a school district located in San Diego County (the “County”), duly organized and existing under and by virtue of the Constitution and laws of the State of California.

2. The District has the full legal right, power and authority to execute, deliver and perform its obligations and duties under the Financing Documents, and the District has complied with the provisions of applicable law in all matters relating to the transactions contemplated by the Financing Documents.

3. The Financing Documents have each been duly authorized, executed and delivered by the District, are each in full force and effect and, assuming due authorization, execution and delivery by the other parties thereto, each constitutes a legal, valid and binding agreement of the District enforceable against the District in accordance with its terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the District of the Financing Documents or the performance by the District of its respective obligations thereunder.

5. The execution and delivery of the Financing Documents by the District, and compliance with the provisions thereof, will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the District, or any commitment, agreement or other instrument to which the District is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the District (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the District and its affairs.

6. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body pending or threatened against or affecting the District or any of its officers in their respective capacities as such which questions the powers of the District referred to in paragraph 2 above or in connection with the transactions contemplated by the Financing Documents, or the validity of the proceedings taken by the District in connection with the authorization, execution or delivery of the Financing Documents, wherein any unfavorable decision, ruling or finding would adversely

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affect the transactions contemplated thereby or by the Official Statement, or which, in any way, would adversely affect the validity or enforceability of the Financing Documents or, in any material respect, the ability of the District to perform its obligations under the Financing Documents.

Very truly yours,

District Counsel

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Form of Continuing Disclosure Agreement

## CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (“Disclosure Agreement”), dated as of [\_\_\_\_\_ 1, 2018], is executed and delivered by the SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY (the “Issuer”), and Willdan Financial Services, as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of \$ aggregate principal amount of the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement, dated as of December 1, 2016, as amended and supplemented by the First Supplemental Trust Agreement, dated as of [\_\_\_\_\_ 1, 2018] (together, the “Trust Agreement”), between the Issuer and U.S. Bank National Association (the “Trustee”). The proceeds of the Bonds will be used to acquire the Local Obligations (as defined below) and refund certain outstanding bonds of the Authority and the Districts (as defined below), to fund the reserve funds securing the Bonds and to pay costs of issuance of the Bonds. The Issuer and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income purposes.

“Disclosure Representative” shall mean the Executive Director of the Issuer, or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Willdan Financial Services, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee and the Issuer a written acceptance of such designation.

“Districts” shall mean San Dieguito Union High School District Community Facilities District No. 94-2, San Dieguito Union High School District Community Facilities District No. 94-3, San Dieguito Union High School District Community Facilities District No. 95-1, San Dieguito Union High School District Community Facilities District No. 95-2, San Dieguito Union High School District Community Facilities District No. 99-1, San Dieguito Union High



School District Community Facilities District No. 99-2, San Dieguito Union High School District Community Facilities District No. 99-3 and San Dieguito Union High School District Community Facilities District No. 03-1.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“Local Obligations” shall mean, collectively, the San Dieguito Union High School District Community Facilities District No. 94-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 94-3 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 95-1 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 95-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-1 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018 and San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018.

“MSRB” shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

“Official Statement” means the Official Statement for the Bonds dated \_\_\_\_\_, 2016.

“Owners” shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

“Participating Underwriter” shall mean Piper Jaffray & Co.

“Repository” shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Rule” shall mean 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.

“School District” shall mean the San Dieguito Union High School District.

### Section 3. Provision of Annual Reports.

(a) The Issuer shall, or upon written direction shall cause the Dissemination Agent to, not later than April 1 after the end of the Issuer’s Fiscal Year (currently June 30) commencing

## ITEM 23G

with the report due by April 1, 2019, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer and the School District, if any exist, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the fiscal year of the Issuer or the School District changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(d). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) Not later than (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to inquire if the Issuer is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent in a timely manner shall send a notice to the Repository, in the form required by the Repository.

(d) The Dissemination Agent shall:

- (i) determine each year prior to date for providing the Annual Report the name and address of the Repository if other than the MSRB; and
- (ii) file a report with the Issuer certifying that the Annual Report has been sent to the Repository and the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Agreement, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the Issuer and the School District for the prior fiscal year, if any have been prepared and which, if prepared, shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board; provided, however, that the Issuer and the School District may, from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Issuer or the School District shall modify the basis upon which its financial statements are prepared, the Issuer or the School District, as applicable, shall provide the information referenced in Section 8 below. If the Issuer or the School District are preparing

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audited financial statements and such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following: [UPDATE]

- (i) the principal amount of Bonds outstanding as of the September 2 preceding the filing of the Annual Report;
- (ii) the balance in each fund under the Trust Agreement and the Reserve Requirement as of the September 2 preceding the filing of the Annual Report;
- (iii) any changes to the Rates and Methods of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a description of any parcels for which the Special Taxes have been prepaid in the Fiscal Year for which the Annual Report is being prepared;
- (iv) an update of Tables [\_\_\_\_\_] in the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the current fiscal year;
- (v) the status of any foreclosure actions being pursued by the Districts with respect to delinquent Special Taxes; and
- (vi) any information not already included under (i) through (v) above that the Districts are required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

- (i) principal and interest payment delinquencies;

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- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
- (vi) tender offers;
- (vii) defeasances;
- (viii) ratings changes; and
- (ix) bankruptcy, insolvency, receivership or similar proceedings.

Note: for the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) unless described in paragraph 5(a)(v) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (ii) the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

## ITEM 23G

- (iii) appointment of a successor or additional trustee or the change of the name of a trustee;
- (iv) nonpayment related defaults;
- (v) modifications to the rights of Owners of the Bonds;
- (vi) notices of redemption; and
- (vii) release, substitution or sale of property securing repayment of the Bonds.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under Section 5(b) above, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file a notice of such occurrence with the Repository in a timely manner not more than 10 business days after the event.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Issuer and that the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent shall be Willdan Financial Services. The Dissemination Agent may resign by providing thirty (30) days written notice to the Issuer and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver related to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in

legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking hereunder, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment related to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful

misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

Issuer: San Dieguito School Facilities Financing  
Authority  
710 Encinitas Boulevard  
Encinitas, California 92024  
Attention: Executive Director

Dissemination Agent: Willdan Financial Services

Participating Underwriter: Piper Jaffray & Co.  
One Montgomery Street, 35th Floor  
San Francisco, California 94104  
Attention: Ralph Holmes

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notice or communications should be sent.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

WILLDAN FINANCIAL SERVICES, as  
Dissemination Agent

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

ITEM 23G



**RESOLUTION OF THE BOARD OF TRUSTEES OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 99-3 OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$2,000,000 AGGREGATE PRINCIPAL AMOUNT OF BONDED INDEBTEDNESS OF SUCH COMMUNITY FACILITIES DISTRICT NO. 99-3, PRESCRIBING THE TERMS OF SALE, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE, A LOCAL OBLIGATION PURCHASE CONTRACT, AND A CONTINUING DISCLOSURE CERTIFICATE, AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS**

**WHEREAS**, the Board of Trustees (the “Board of Trustees”) of the San Dieguito Union High School District (the “District”) has heretofore established Community Facilities District No. 99-3 (“CFD 99-3”) along with eight other community facilities districts (collectively, the “CFDs”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, consisting of Sections 53311, et seq., of the California Government Code (the “Act”) (collectively with CFD 99-3, the “CFDs”) in order to finance and reimburse the construction of various public facilities benefitting the CFDs; and

**WHEREAS**, pursuant to a resolution adopted on October 7, 1999, and concurrent with the formation of CFD 99-3, the District authorized the levy of special taxes within CFD 99-3 and CFD 99-3’s ability to incur indebtedness not to exceed \$50,000,000 to finance the costs of acquiring, leasing and/or constructing various public facilities for the benefit of CFD 99-3; and

**WHEREAS**, in order to assist the CFDs in financing and reimbursing the acquisition and construction of various public facilities (the “CFD Projects”), the San Dieguito Public Facilities Authority (the “Prior JPA”) previously issued its Revenue Bonds, 1998 Series A (Tax Exempt), Revenue Bonds 1998 Series B (Taxable) and Revenue Bonds, Series 2004, each refunded in whole by \$91,125,000 aggregate principal amount of its Revenue Refunding Bonds, Series 2006 (the “Prior JPA Bonds”) pursuant to an Indenture of Trust, dated as of July 1, 2006 (as amended, the “Prior Indenture”), by and between the Prior JPA and U.S. Bank National Association, as trustee; and

**WHEREAS**, the CFDs entered into a loan agreement, dated July 1, 2006 (as amended, the “Prior Loan Agreement”), by and between the CFDs and the Prior JPA, whereby the Prior JPA agreed to lend the CFDs certain funds for the CFD Projects; and

**WHEREAS**, the District has determined to authorize the issuance of additional indebtedness of CFD 99-3 for the purpose of acquiring and constructing various public facilities benefitting CFD 99-3 and prepaying certain obligations under the Prior Loan Agreement (the “Prior CFD Loans”), allowing for the defeasance of certain of the Prior JPA Bonds; and

**WHEREAS**, at this time, the Board of Trustees deems it necessary and desirable to authorize and consummate the sale of a series of bonds designated the “San Dieguito Union High School District Community Facilities District 99-3 Special Tax Revenue Bonds, Series 2018” (the “Local Obligations”) in an aggregate initial principal amount not exceeding \$2,000,000; and

**WHEREAS**, the District has heretofore authorized the formation of the San Dieguito School Facilities Financing Authority (the “Authority”); and

**WHEREAS**, the District desires to sell the Local Obligations to the Authority pursuant to a Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”), and, pursuant to Section 53360.4 of the Act, hereby finds and determines that such sale will result in lower overall cost; and

**WHEREAS**, the Authority is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code to issue its bonds for the purpose of purchasing various local obligations issued by certain local agencies, including the Local Obligations; and

**WHEREAS**, the Authority desires to issue its San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Authority Bonds”), pursuant to a Trust Agreement (the “Trust Agreement”), by and between the Authority and U.S. Bank National Association; and

**WHEREAS**, the District has determined pursuant to Section 6588(v) of the Government Code to sell the Local Obligations to the Authority pursuant to a Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) by and between the District and the Authority, and hereby finds and determines that such sale will result in significant public benefits including demonstrable savings in effective interest rate, bond preparation, bond underwriting discount, original issue discount or bond issuance costs, and a form of Local Obligation Purchase Contract has been prepared; and

**WHEREAS**, in order to provide for the authentication and delivery of the Local Obligations, to establish and declare the terms and conditions upon which the Local Obligations are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the District proposes to enter into an Indenture (the “Indenture”) with U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”), and a form of Indenture has been prepared; and

**WHEREAS**, in order to satisfy the disclosure requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”), the District desires to execute and deliver a Continuing Disclosure Certificate (such Continuing Disclosure Certificate, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this Resolution, being referred to herein as the “Continuing Disclosure Certificate”), a form of which has been prepared; and

**WHEREAS**, the form of a Preliminary Official Statement (the “Preliminary Official Statement”) to be used in connection with the offering and sale of the Authority Bonds has been prepared and is on file with the Board of Trustees; and

**WHEREAS**, the Board of Trustees has been presented with the form of each document referred to herein relating to the financing contemplated hereby, and the Board of Trustees has examined each document and desires to approve, authorize and direct the execution of the forms of Local Obligation Purchase Contract, Indenture, and Continuing Disclosure Agreement and the consummation of such financing; and

**WHEREAS**, the Board of Trustees desires to proceed to issue and sell the Local Obligations and to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the offering, sale and issuance of the Local Obligations;

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

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Trustees of the San Dieguito Union High School District, acting as the legislative body of CFD 99-3, as follows:

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

**Section 2. Authority for Issuance.** The Local Obligations described herein are authorized to be issued pursuant to the Act and other applicable provisions of law, including applicable provisions of the Education Code, in an aggregate principal amount not to exceed \$2,000,000.

**Section 3. Designation of Local Obligations.** The Local Obligations shall be sold in one or more series, to be designated the “San Dieguito Union High School District Community Facilities District 99-3 Special Tax Revenue Bonds, Series 2018,” with such additional designations as may be necessary to distinguish between bonds of different payment mechanisms or features, as authorized hereby.

**Section 4. Sale of Local Obligations; Local Obligation Purchase Contract.** The Superintendent of the District, the Associate Superintendent, Business Services of the District, the Executive Director of Planning Services, or such other officer of the District designated for the purpose (each an “Authorized District Representative”), each alone, are hereby authorized, upon consultation with the Municipal Advisor, to sell all or any portion or series of the Local Obligations to the Authority. The Local Obligation Purchase Contract, in substantially the form on file with the Clerk of this Board, is hereby approved, and the Authorized District Representatives, each alone, are hereby authorized and directed to execute and deliver the Local Obligation Purchase Contract with the Authority, on behalf of the Community Facilities District and the District, subject to such changes or revisions therein as may be acceptable to the Authorized District Representative executing the same, and the District’s approval of all such changes shall be conclusively evidenced by the execution and delivery of the Local Obligation Purchase Contract. The Local Obligation Purchase Contract shall provide: (i) that the aggregate purchase price of the Local Obligations sold thereunder shall be no less than the principal amount of such Local Obligations; and (ii) that the Local Obligations sold thereunder shall otherwise conform to the limitations specified in this Resolution, including specifically those terms prescribed by Section 5 hereof.

**Section 5. Terms of the Local Obligations and Interest Payment.** The Local Obligations shall be issued in the form of current interest bonds. The Board hereby determines that: (1) it is anticipated that the prepayment of the Prior CFD Loans will occur on or about October 26, 2018, or such other date as is described in the Local Obligation Purchase Contract, (2) the Local Obligations shall bear the date, be in the denominations, have the maturity dates (which, in the case

of Local Obligations the proceeds of which are used to prepay Prior CFD Loans, do not exceed the latest maturity date of such Prior CFD Loans), and be payable at the place and be in the form specified in the Indenture, (3) the Local Obligations will bear interest at a rate no less than 0.5 percent per annum, and (4) the designated costs of issuing the Local Obligations being used to refund the Prior CFD Loans, as defined by Section 53363.8 of the Act, shall include all of the costs specified in Section 53363.8(a), (b)(2) and (c) of the Act. The Local Obligation Purchase Contract shall recite the terms of the Local Obligations sold under such document in accordance with this section as determined in the sale thereof, and such terms shall be memorialized in the Indenture described in Section 7 hereof. In satisfaction of the requirements contained in Section 53364.2 of the Act, the Board hereby determines that any savings achieved through the issuance of the Local Obligations shall be used to finance additional facilities authorized to be financed by CFD 99-3.

**Section 6. Tax Treatment of Local Obligations.** All or any portion of the Local Obligations shall be issued as exempt from federal income tax, as an Authorized District Representative shall determine upon consultation with the Municipal Advisor, and according to the terms and conditions as Bond Counsel to the District shall advise are appropriate to and necessary for the issuance of tax-exempt bonds.

**Section 7. Approval of Indenture.** The Indenture relating to the Local Obligations between the District and U.S. Bank National Association, as Fiscal Agent (the “Fiscal Agent”), in substantially the form submitted to this Board, including the form of Local Obligations included therein, is hereby approved. The Authorized District Representatives, each alone, are hereby authorized to execute and deliver an instrument in substantially said form, completed with the terms of the Local Obligations determined upon the sale thereof, and with such other changes thereto as the Authorized District Representative executing the same may require or approve, and the District’s approval of the Indenture shall be conclusively evidenced by the execution and delivery thereof.

**Section 8. Approval of Continuing Disclosure Certificate.** The Continuing Disclosure Certificate relating to the Local Obligations, in substantially the form on file with the Clerk of this Board, is hereby approved. The Authorized District Representatives, or the designee thereof, each alone, are hereby authorized on behalf of Community Facilities District and the District to execute and deliver the Continuing Disclosure Certificates in substantially the form submitted to this Board, with such changes thereto as deemed necessary in order to permit the purchaser of the Local Obligations to comply with the requirements of Securities and Exchange Commission Rule 15c2-12. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificates as finally executed and delivered.

**Section 9. Approval of Actions.** The President of this Board of Trustees, the Clerk of this Board of Trustees, the Superintendent of the District, the Associate Superintendent, Business Services of the District, the Executive Director of Planning Services, and any other officer of the District to whom authority is delegated by one of the named officers for the purposes of the Local Obligations, are hereby authorized and directed to execute and deliver any and all certificates and representations, including signature certificates, no-litigation certificates, representation letters to The Depository Trust Company, the Tax Certificate and any other certificates proposed to be distributed in connection with the sale of the Local Obligations, and to enter into any agreements, including depository agreements, commitment letters and agreements with bond insurers, agreements providing for payment of costs of issuance of Local Obligations, and any other agreements, letters, or representations, which any of them deem necessary or desirable to accomplish the transactions authorized herein. If in order to sell the Local Obligations in separate series or to separate purchasers

## ITEM 23H

as authorized herein, the District is required to prepare and deliver additional official statements, Indentures, Local Obligation Purchase Contracts, continuing disclosure certificates, or other authorized documents, the preparation and delivery of such additional documents is hereby authorized. Actions of the Authorized District Representative heretofore taken to accomplish the purposes of this Resolution and consistent herewith are hereby ratified.

**Section 10. Retention of Services.** This Board hereby appoints Piper Jaffray & Co. as Underwriter, Fieldman, Rolapp & Associates, Inc., as Municipal Advisor, and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel, all with respect to the issuance of the Local Obligations. The Authorized District Representatives, each alone, are hereby authorized to execute an agreement with any of the foregoing in order to provide for the provision of the specified services and for payment in respect thereof, together with payment for other costs of issuance of the Bonds or the Local Obligations from proceeds deposited pursuant to the Indenture.

**Section 11. Value of Property.** In accordance with the requirements of Section 53345.8 of the Act, this Board hereby determines that the value of the real property in CFD 99-3 subject to the special tax to pay debt service on the Local Obligations is at least three times the principal amount of the Local Obligations and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within CFD 99-3.

**Section 12. Notice to California Debt and Investment Advisory Commission.** The Authorized District Representative is hereby authorized and directed to cause notices of the proposed sale and final sale of the Local Obligations to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to California Government Code Section 8855 and Section 53359.5.

**Section 13. Good Faith Estimates.** In accordance with California Government Code Section 5852.1, certain estimates are presented in Exhibit A to this Resolution.

**Section 14. Effective Date.** This Resolution shall take effect from and after its date of adoption.

**PASSED AND ADOPTED** this day, September 13, 2018.

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President of the Board of Trustees of the  
San Dieguito Union High School District

ATTEST:

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Clerk of the Board of Trustees of the  
San Dieguito Union High School District

**CLERK'S CERTIFICATE**

I, Joyce Dalessandro, Clerk of the Board of Trustees of the San Dieguito Union High School District, County of San Diego, California, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Trustees of said District duly and regularly held at the regular meeting place thereof on September 13, 2018, and entered in the minutes thereof, of which meeting all of the members of the Board of Trustees had due notice and at which a quorum thereof was present, and that at said meeting the resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

An agenda of the meeting was posted at least 72 hours before the meeting at 710 Encinitas Boulevard, Encinitas, California, a location freely accessible to members of the public, and a brief description of the resolution appeared on the agenda.

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: September 13, 2018.

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Clerk of the Board of Trustees of the  
San Dieguito Union High School District

**EXHIBIT A****GOOD FAITH ESTIMATES – CFD NO. 99-3 LOCAL OBLIGATIONS**

The good faith estimates for the CFD No. 99-3 Local Obligations (the “Local Obligations”) set forth herein are provided in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the School District by the Underwriter.

Principal Amount. The Underwriter has informed the School District that, based on the School District’s financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the CFD No. 99-3 Local Obligations to be sold is \$920,000 (the “Estimated Principal Amount”). Based on the Estimated Principal Amount, the following good faith estimates are provided:

a) True Interest Cost of the CFD No. 99-3 Local Obligations. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 99-3 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the CFD No. 99-3 Local Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the CFD No. 99-3 Local Obligations, is 4.21%.

b) Finance Charge of the CFD No. 99-3 Local Obligations. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 99-3 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the CFD No. 99-3 Local Obligations, which means the sum of all fees and charges paid to third parties, is \$4,689.99.

c) Amount of Proceeds to be Received. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 99-3 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the School District for sale of the CFD No. 99-3 Local Obligations, less the finance charge of the CFD No. 99-3 Local Obligations paid from CFD No. 99-3 Local Obligations proceeds, and any reserves or capitalized interest to be paid or funded with proceeds of the CFD No. 99-3 Local Obligations, if any, is \$978,494.76.

d) Total Payment Amount. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 99-3 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the School District will make to pay debt service on the CFD No. 99-3 Local Obligations, plus the finance charge for the CFD No. 99-3 Local Obligations as described in (b) above not paid with the proceeds of the CFD No. 99-3 Local Obligations, if any, calculated to the final maturity of the CFD No. 99-3 Local Obligations, is \$1,499,942.50.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Local Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Local Obligations being different than

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the date assumed for purposes of such estimates, (b) the actual principal amount of Local Obligations sold being different from the Estimated Principal Amounts, (c) the actual amortization of the Local Obligations being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Local Obligations being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the School District's financing plan, or a combination of such factors. The actual date of sale of the Local Obligations and the actual principal amount of Local Obligations sold will be determined by the School District based on the timing of the need for proceeds of the Local Obligations and other factors. The actual interest rates borne by the Local Obligations will depend on market interest rates at the time of sale thereof. The actual amortization of the Local Obligations will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the School District.



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Form of Indenture

CFD No. 99-3

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**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**

**and**

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

**INDENTURE**

**Dated as of October 1, 2018**

**Relating to the**

**[\$Par Amount]  
San Dieguito Union High School District  
Community Facilities District 99-3  
Special Tax Revenue Bonds, Series 2018**

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## INDENTURE

This Indenture (the “Indenture”) is made and entered into as of October 1, 2018, by and between the SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, a school district located in San Diego County (the “County”), duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “District”), and U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, as Fiscal Agent (the “Fiscal Agent”);

### WITNESSETH:

WHEREAS, on October 7, 1999, the District duly adopted a Resolution establishing the San Dieguito Union High School District Community Facilities District 99-3 (the “Community Facilities District”) for the purpose of financing certain public facilities and public services in and for the Community Facilities District; and

WHEREAS, in order to assist the Community Facilities District in financing and reimbursing the acquisition and construction of various public facilities, among other purposes, the San Dieguito Public Facilities Authority (the “Prior JPA”) previously issued its Revenue Bonds, 1998 Series A (Tax Exempt), Revenue Bonds 1998 Series B (Taxable) and Revenue Bonds, Series 2004, each refunded in whole by \$91,125,000 aggregate principal amount of its Revenue Refunding Bonds, Series 2006 pursuant to an Indenture of Trust dated as of July 1, 2006 by and between the Prior JPA and U.S. Bank National Association, as Fiscal Agent (the “Prior JPA Bonds”); and

WHEREAS, the Community Facilities District entered into a loan agreement, dated July 1, 2006, by and between the Community Facilities District, along with eight other Community Facilities Districts of the San Dieguito Union High School District (collectively, the “CFDs”), and the Prior JPA (the “Prior Loan Agreement”), whereby the Prior JPA agreed to lend the CFDs certain funds; and

WHEREAS, the District has determined to authorize the issuance of additional indebtedness of Community Facilities District for the purpose of acquiring and constructing school facilities benefitting the CFDs and prepaying certain obligations under the Prior Loan Agreement and Installment Purchase Agreements entered into by each of two CFDs with the Prior JPA (collectively, the “Prior CFD Loans”), allowing for the prepayment of certain of the Prior JPA Bonds; and

WHEREAS, the District has heretofore authorized the formation of the San Dieguito School Facilities Financing Authority (the “Authority”); and

WHEREAS, for the purpose of financing the acquisition and construction of various public school facilities benefitting the CFDs and prepaying the Prior CFD Loans and thereby a portion of the Prior JPA Bonds, the District has determined to issue the San Dieguito Union High School District Community Facilities District 99-3 Special Tax Revenue Bonds, Series 2018 (the “Local Obligations”) in the aggregate principal amount of [\$Par Amount] pursuant to and secured by this Indenture; and

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WHEREAS, the Authority has agreed to purchase the Local Obligations pursuant to a Local Obligation Purchase Contract between the Authority and the District, dated as of October \_\_, 2018, with a portion of the proceeds of the Authority’s Special Tax Revenue Bonds, Series 2018 (collectively, the “Authority Bonds”); and

WHEREAS, all things necessary to cause the Local Obligations, when executed by the District and authenticated by the Fiscal Agent and delivered as provided herein, to be legal special tax obligations of the District, enforceable in accordance with their terms, and to constitute the Indenture a valid agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery hereof and the execution and delivery of the Local Obligations, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THE INDENTURE WITNESSETH, that in order to secure the payment of the interest on and principal of and redemption premium, if any, on all Local Obligations at any time issued and outstanding hereunder according to their tenor, and to secure the observance and performance of all the agreements, conditions, covenants and terms therein and herein set forth, and to declare the conditions and terms upon and subject to which the Local Obligations are to be issued and received, and in consideration of the premises and of the mutual agreements and covenants herein contained and of the purchase and acceptance of the Local Obligations by the respective owners thereof from time to time, and for other valuable consideration, the receipt of which is hereby acknowledged, the District does hereby agree and covenant with the Fiscal Agent, for the benefit of the respective owners from time to time of the Local Obligations, as follows:

**ARTICLE I**

**DEFINITIONS; EQUAL SECURITY**

**Section 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any Supplemental Indenture and of the Local Obligations and of any certificate, opinion, report, request or other document mentioned herein or therein have the meanings defined herein. The following definitions shall be equally applicable to both the singular and plural forms of any of the terms defined herein.

Additional Parity Obligations

“Additional Parity Obligations” means Local Obligations issued pursuant to Section 2.08 hereof.

Annual Special Tax

“Annual Special Tax” has the meaning given to that term set forth in the Rate and Method of Apportionment.

Associate Superintendent, Business Services

“Associate Superintendent, Business Services” means the Associate Superintendent, Business Services of the District.

Authority

“Authority” means the San Dieguito School Facilities Financing Authority.

Authority Bonds

“Authority Bonds” means, collectively, the San Dieguito School Facilities Financing Authority Subordinate Special Tax Revenue Bonds, Series 2016, and the the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018, and any additional bonds issued by the Authority.

Authority Bonds Trust Agreement

“Authority Bonds Trust Agreement” means the Trust Agreement, dated as of December 1, 2016, between the Authority and the Authority Bonds Trustee providing for the issuance of the Authority Bonds.

Authority Bonds Trustee

“Authority Bonds Trustee” means U.S. Bank National Association, as Trustee under the Authority Bonds Trust Agreement.

Authority Capital Improvement Fund

“Authority Capital Improvement Fund” means the Capital Improvement Fund established pursuant to Section 5.01 of the Authority Bonds Trust Agreement.

Authority Expense Fund

“Authority Expense Fund” means the Expense Fund established pursuant to Section 5.01 of the Authority Bonds Trust Agreement.

Average Annual Debt Service

“Average Annual Debt Service” means, as of any date of calculation, the average Annual Debt Service during the period from the date of such calculation through the final maturity date of any Outstanding bonds of the District.

Board

“Board” means the Board of Trustees of the District.

Bond Year

“Bond Year” means the twelve-month period ending on March 1 of each year except that the first Bond Year shall commence on the date of the initial delivery of the Local Obligations.



### Certificate of the District

“Certificate of the District” means an instrument in writing signed by the Superintendent or the Associate Superintendent, Business Services, or by any other officer of the District duly authorized by the Board of Trustees for that purpose.

### CFD

“CFD” means each of the Community Facilities District No. 03-1, Community Facilities District No. 94-2, Community Facilities District No. 94-1, Community Facilities District No. 99-3, Community Facilities District No. 95-1, Community Facilities District No. 95-2, Community Facilities District No. 99-3, Community Facilities District No. 99-2, and Community Facilities District No. 99-3 formed by the District, and collectively the “CFDs.”

### Code

“Code” means the Internal Revenue Code of 1986 and the regulations issued thereunder from time to time, and in this regard reference to any particular section of the Code shall include reference to any successor to such section of the Code.

### Community Facilities District

“Community Facilities District” means the San Dieguito Union High School District Community Facilities District 99-3, a community facilities district duly organized and existing in the District under and by virtue of the Law.

### Community Facilities Fund

“Community Facilities Fund” means the San Dieguito Union High School District Community Facilities District 99-3 Special Tax Revenue Bonds, Series 2018 Community Facilities Fund established pursuant to Section 5.02.

### Closing Date

“Closing Date” means October \_\_, 2018, the date upon which the Local Obligations are delivered.

### Debt Service

“Debt Service” means, for any period, the sum of (1) the interest payable during such period on all Outstanding Local Obligations, assuming that all Outstanding Serial Bonds are retired as scheduled and that all Outstanding Term Bonds are redeemed or paid as scheduled at the times of and in amounts equal to the sum of all Mandatory Sinking Account Payments (but excluding the amount of any such interest funded from the proceeds of the sale of Local Obligations or investment earnings thereon), plus (2) the principal amount of all Outstanding Serial Bonds maturing by their terms in such period, plus (3) the aggregate amount of all Mandatory Sinking Account Payments required to be deposited in all Sinking Accounts in such period. For purposes of any test for the issuance of Refunding Local Obligations, Debt Service shall be deemed to include Debt Service on the proposed Refunding Local Obligations but shall not include Debt Service on any Local Obligations proposed to be defeased concurrently.

District

“District” means the San Dieguito Union High School District, a public school district located in San Diego County and validly existing under and by virtue of the Constitution and laws of the State of California.

District Clerk

“District Clerk” means the Clerk of the Board of the District.

Expense Fund

“Expense Fund” means the San Dieguito Union High School District Community Facilities District 99-3 Special Tax Revenue Bonds, Series 2018 Expense Fund established pursuant to Section 5.02 and maintained by the Fiscal Agent.

Expenses

“Expenses” means all expenses paid or incurred by the District for the cost of planning and designing the Improvements or the financing of the fees, including the cost of environmental evaluations of the Improvements and the costs associated with the creation of the Community Facilities District, the issuance of the Local Obligations, the determination of the amount of the Special Tax, the collection of the Special Tax and the payment of the Special Tax, or costs otherwise incurred in order to carry out the authorized purposes of the Community Facilities District; all as determined in accordance with Generally Accepted Accounting Principles.

Federal Securities

“Federal Securities” means (a) any securities now or hereafter authorized both the interest on and principal of which are guaranteed by the full faith and credit of the United States of America, and (b) any of the following obligations of federal agencies not guaranteed by the United States of America: (1) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation, (2) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act and bonds of any federal home loan bank established under such act, and (3) stocks, bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association or the Federal Home Loan Mortgage Corporation, as and to the extent that such securities or obligations are eligible for the legal investment of District funds, together with any repurchase agreements which are secured by any of such securities or obligations that (1) have a fair market value (determined at least daily) at least equal to one hundred two percent (102%) of the amount invested in the repurchase agreement, (2) are in the possession of the Fiscal Agent or a third party acting solely as agent for the Fiscal Agent who holds a perfected first lien therein, and (3) are free from all third party claims.

Fiscal Agent

“Fiscal Agent” means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, at its Principal Corporate Trust Office, or any other bank or trust company having a corporate trust office in Los Angeles or

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San Francisco, California, which may at any time be substituted in its place as provided in Section 7.01 at its Principal Corporate Trust Office.

Fiscal Year

“Fiscal Year” means the twelve-month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the District as its Fiscal Year in accordance with applicable law.

Generally Accepted Accounting Principles

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

Holder

“Holder” means any person who shall be the registered owner of any Outstanding Local Obligation, as shown on the registration books maintained by the Fiscal Agent pursuant to Section 2.05.

Indenture

“Indenture” means this Indenture and all Supplemental Indentures.

Independent Certified Public Accountant

“Independent Certified Public Accountant” means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State of California, appointed and paid by the District, and who, or each of whom:

- (1) is in fact independent and not under the domination of the District;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the District; and
- (3) is not connected with the District as an officer or employee of the District, but who may be regularly retained to audit the accounting records of and make reports thereon to the District.

Interest Payment Date

“Interest Payment Date” means March 1 and September 1 of each year, commencing September 1, 2019.

Law

“Law” means the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 *et seq.* of the Government Code of the State of California) and all laws amendatory thereof or supplemental thereto.

Legal Investments

“Legal Investments” means any securities in which funds of the District may be legally invested in accordance with the applicable law in effect at the time of such investment and in accordance with the then current investment policy of the District as determined by the Board, including without limitation the California Asset Management Program pooled investment fund.

Local Obligation Purchase Contract

“Local Obligation Purchase Contract” means the Local Obligation Purchase Contract, dated as of October \_\_, 2018, by and between the Authority and the District providing for the purchase of the Local Obligations by the Authority.

Local Obligations, Serial Bonds, Term Bonds

“Local Obligations” means the principal amount of special tax bonds of the District at any time Outstanding hereunder that are executed, issued and delivered in accordance with the provisions hereof, including the [\$Par Amount] San Dieguito Union High School District Community Facilities District 99-3 Special Tax Revenue Bonds, Series 2018. “Serial Bonds” means the Local Obligations for which no Mandatory Sinking Account Payments are established. “Term Bonds” means the Local Obligations which are redeemable or payable on or before their specified maturity date or dates from the Mandatory Sinking Account Payments established for the purpose of redeeming or paying such Local Obligations on or before their specified maturity date or dates.

Mandatory Sinking Account Payments

“Mandatory Sinking Account Payments” means the payments required by all Supplemental Indentures to be deposited in all Sinking Accounts established for the payment of all Term Bonds.

Maximum Annual Debt Service

“Maximum Annual Debt Service” means the greatest Debt Service in any Bond Year during the period beginning with the then current Bond Year and ending with the Bond Year in which the last Outstanding Local Obligations mature by their terms.

Moody’s

“Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

### Opinion of Counsel

“Opinion of Counsel” means a written opinion of counsel retained or employed by the District (including, without limitation, the appointed attorney of the District).

### Outstanding

“Outstanding,” when used as of any particular time with reference to Local Obligations, means (subject to the provisions of Section 8.02) all Local Obligations except:

- (1) Local Obligations cancelled and destroyed by the Fiscal Agent or delivered to the Fiscal Agent for cancellation and destruction;
- (2) Local Obligations paid or deemed to have been paid within the meaning of Section 10.01; and
- (3) Local Obligations in lieu of or in substitution for which other Local Obligations shall have been executed by the District and authenticated and delivered by the Fiscal Agent pursuant to Section 2.06.

### Principal Corporate Trust Office

“Principal Corporate Trust Office” means the corporate trust office of the original Fiscal Agent in Los Angeles, California, or such other office designated by the Fiscal Agent from time to time as its Principal Corporate Trust Office.

### Prior JPA Bonds

“Prior JPA Bonds” means the Prior JPA’s Revenue Refunding Bonds, Series 2006.

### Prior Loan Agreement

“Prior Loan Agreement” means that certain Loan Agreement by and between the Community Facilities District, along with eight other community facilities districts of the District, and the Prior JPA, dated July 1, 2006 (as amended), related to the Prior CFD Loans and the Prior JPA Bonds.

### Rate and Method of Apportionment

“Rate and Method of Apportionment” means the Rate and Method of Apportionment of Special Taxes for Community Facilities District No. 99-3 of the San Dieguito Union High School District, attached as Exhibit B to the Resolution of Formation of the Board of Trustees of the San Dieguito Union High School District Establishing Community Facilities District No. 99-3 of the San Dieguito Union High School District, Authorizing the Levy of a Special Tax, the Incurrence of Bonded Indebtedness not to exceed \$50,000,000 within Proposed Community Facilities District No. 99-3 and Calling an Election, adopted on October 7, 1999 by the Board of Trustees of the District.

### Redemption Fund

“Redemption Fund” means the San Dieguito Union High School District Community Facilities District 99-3 Special Tax Revenue Bonds, Series 2018 Redemption Fund established pursuant to Section 5.02 and maintained by the Fiscal Agent.

### Redemption Premium

“Redemption Premium,” with respect to the Local Obligations, means such amount in excess of the principal amount of Local Obligations being redeemed as may be necessary to generate sufficient funds to redeem the corresponding maturities of the applicable Authority Bonds on the redemption date.

### Refunding Local Obligations

“Refunding Local Obligations” means Local Obligations issued pursuant to Section 2.02 hereof.

### Resolution of Formation

“Resolution of Formation” means that certain Resolution of Formation of the Community Facilities District, adopted by the District on October 7, 1999.

### Senior Obligations

“Senior Obligations” means the obligations of the Community Facilities District under the Prior Loan Agreement; provided that, for purposes of Sections 2.08 and 2.09, Senior Obligations includes only scheduled obligations due and payable thereunder.

### Special Tax

“Special Tax” means the special tax authorized to be levied and collected annually on all Taxable Land in the Community Facilities District under and pursuant to the Law at the special election held in the Community Facilities District on October 12, 1999 (and at any subsequent election related to annexation of territory into the Community Facilities District, if any), less Senior Obligations, if any.

### Special Tax Fund

“Special Tax Fund” means the San Dieguito Union High School District Community Facilities District 99-3 Special Tax Revenue Bonds, Series 2018 Special Tax Fund established pursuant to Section 5.01.

### Standard & Poor’s

“Standard & Poor’s” or “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC Business, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors or assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term

“Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

#### Superintendent

“Superintendent” means the Superintendent of the District or person appointed by the governing board of the District to act in that capacity.

#### Supplemental Indenture

“Supplemental Indenture” means any indenture then in full force and effect that has been made and entered into by the District and the Fiscal Agent, amendatory of or supplemental hereto; but only to the extent that such Supplemental Indenture is specifically authorized hereunder.

#### Tax Certificate

“Tax Certificate” means the certificate delivered upon the issuance of the Local Obligations relating to Section 148 of the Code.

#### Taxable Land

“Taxable Land” means all land within the Community Facilities District taxable under the Law in accordance with the proceedings for the authorization of the issuance of the Local Obligations and the levy and collection of the Special Tax.

#### Written Request of the District

“Written Request of the District” means an instrument in writing signed by the Superintendent or the Associate Superintendent, Business Services, or by any other officer of the District duly authorized by the District for that purpose.

**Section 1.02 Equal Security.** In consideration of the acceptance of the Local Obligations by the Holders thereof, the Indenture shall be deemed to be and shall constitute a contract between the District and the Holders from time to time to secure the full and final payment of the interest on and principal of and Redemption Premium, if any, on all Local Obligations which may from time to time be authorized, sold, executed, authenticated and delivered hereunder, subject to the agreements, conditions, covenants and terms contained herein; and all agreements, conditions, covenants and terms contained herein required to be observed or performed by or on behalf of the District shall be for the equal and proportionate benefit, security and protection of all Holders without distinction, preference or priority as to security or otherwise of any Local Obligations over any other Local Obligations by reason of the number thereof or the time of execution, authentication or delivery thereof or otherwise for any cause whatsoever, except as expressly provided herein or therein.

## ARTICLE II

### AUTHORIZATION AND ISSUANCE OF LOCAL OBLIGATIONS

#### Section 2.01 Authorization and Purpose of Local Obligations.

(a) The Board has reviewed all proceedings heretofore taken relative to the authorization of the Local Obligations and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Local Obligations do exist, have happened and have been performed in due time, form and manner as required by the Law, and the District is now authorized, pursuant to each and every requirement of the Law and hereof, to issue the Local Obligations in the aggregate principal amount of [\$Par Amount] in the form and manner provided herein. The Local Obligations shall be entitled to the benefit, protection and security of the provisions hereof, shall be designated as the "San Dieguito Union High School District Community Facilities District 99-3 Special Tax Refunding Bonds, Series 2018," shall be issued by the District under and pursuant to the Law and under and pursuant hereto. The Local Obligations may contain or have endorsed thereon such other descriptive provisions, specifications and words not inconsistent with the provisions hereof as may be desirable or necessary to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the District prior to the delivery thereof.

(b) The purpose for which the Local Obligations are to be issued is to provide funds to finance or refinance the acquisition and construction of school facilities benefiting the Community Facilities District and to refinance and defease the Prior CFD Loans.

**Section 2.02 Refunding Local Obligations.** The District may at any time after the issuance and delivery of the Local Obligations issue (and the Fiscal Agent shall upon a Written Request of the District authenticate and deliver) Refunding Local Obligations payable from the Special Tax and other assets pledged hereunder and secured by a lien and charge upon the Special Tax and other assets pledged hereunder equal to and on a parity with the lien and charge securing the Outstanding Local Obligations theretofore issued under the Indenture, but only subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any such Refunding Local Obligations:

(a) The District shall have delivered or caused to be delivered to the Fiscal Agent the following:

(i) A copy of the resolution adopted by the Board approving the Supplemental Indenture required by subsection (b) of this Section 2.02, and the execution and delivery by the District of such Supplemental Indenture, duly certified by the District Clerk to have been duly adopted by the Board and to be in full force and effect on the date of such certification;

(ii) A Written Request of the District directing that the Fiscal Agent authenticate the Refunding Local Obligations and containing instructions as to the delivery of the Refunding Local Obligations;

(iii) The proceeds of sale of the Refunding Local Obligations;



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(iv) A Certificate of the District stating that the District is not in default in the performance of any of the agreements, conditions, covenants or terms contained in the Indenture;

(v) An original, executed counterpart of the Supplemental Indenture required by subsection (b) of this Section 2.02;

(vi) Directions as to the use of proceeds of the Refunding Local Obligations to refund Local Obligations Outstanding hereunder or to fund capitalized interest; and

(vii) An Opinion of Counsel nationally recognized in the field of municipal finance addressing the validity and tax exempt status of the Refunding Local Obligations, subject to said exceptions as may be reasonable and appropriate.

(b) The issuance of such Refunding Local Obligations shall have been duly authorized under all applicable laws, and the issuance of such Refunding Local Obligations shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

(i) The use of proceeds of such Refunding Local Obligations;

(ii) The authorized principal amount of such Refunding Local Obligations;

(iii) The date and the maturity date or dates of such Refunding Local Obligations; provided that (A) maturing principal and Mandatory Sinking Account Payments on the Refunding Local Obligations may occur only on March 1, (B) all such Refunding Local Obligations of like maturity shall be identical in all respects, except as to number, and (C) fixed serial maturities or Mandatory Sinking Account Payments, or any combination thereof, shall be established to provide for the retirement of all such Refunding Local Obligations on or before their respective maturity dates;

(iv) The interest payment dates shall be on March 1 and September 1; provided, that such Refunding Local Obligations may provide for compounding of interest in lieu of payment of interest on such dates;

(v) The authorized denominations of such Refunding Local Obligations to refund Local Obligations Outstanding hereunder or to fund capitalized interest;

(vi) The Redemption Premium, if any, and the redemption terms, if any, for such Refunding Local Obligations;

(vii) The amount and due date of each Mandatory Sinking Account Payment, if any, for such Refunding Local Obligations;

(viii) The amount, if any, of interest to be paid on such Refunding Local Obligations from the proceeds thereof;

(ix) The form of such Refunding Local Obligations; and

(x) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

(c) The Refunding Local Obligations shall be purchased by the Authority.

**Section 2.03 Terms of Local Obligations.**

(a) The interest on and principal of and Redemption Premium, if any, on the Local Obligations shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office of the Fiscal Agent.

(b) The Local Obligations shall be issued as fully registered bonds in such denominations as may be authorized herein and shall be dated as provided herein and shall be numbered as determined by the Fiscal Agent.

(c) Each Local Obligation shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) it is authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event it shall bear interest from its dated date. Payment of interest on the Local Obligations due on or before the maturity or prior redemption thereof shall be made only to the Holder whose name appears in the registration books required to be kept by the Fiscal Agent pursuant to Section 2.05 at the close of business as of the 15th day of the calendar month preceding the month in which the applicable Interest Payment Date falls, such interest to be paid by check mailed by first class mail on each such Interest Payment Date to such registered owner at his address as it appears on such books, except that in the case of a Holder of one million dollars (\$1,000,000) or more in principal amount of Local Obligations then Outstanding, payment shall be made at such Holder's option by wire transfer on any Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such Holder to the Fiscal Agent at least fifteen (15) days before each such Interest Payment Date. Payment of the principal of and Redemption Premium, if any, on the Local Obligations shall be made only to the Holder whose name appears in the registration books required to be kept by the Fiscal Agent pursuant to Section 2.05, such principal and Redemption Premium, if any, to be paid only on the surrender of the Local Obligations at the Principal Corporate Trust Office of the Fiscal Agent at maturity or on redemption prior to maturity. All such payments of interest and principal and Redemption Premium, if any, on any Local Obligation shall be valid and effectual to satisfy and discharge the liability on such Local Obligation to the extent of the sum or sums so paid.

(d) The Local Obligations shall recite in substance that the interest on and principal of and Redemption Premium, if any, on the Local Obligations are payable solely from the proceeds of the Special Tax, and that the District is not obligated to pay the Local Obligations except from the proceeds of the Special Tax; that the General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, and that no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or Redemption Premium, if any, on the Local Obligations; that the Local Obligations are not secured by a legal or

equitable pledge of or charge, lien or encumbrance upon any of the property of the District or any of its income or receipts except the money in the Special Tax Fund; and that neither the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations is a general debt, liability or obligation of the District.

(e) From and after the issuance of the Local Obligations the findings and determinations of the Board related to the Local Obligations shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of such Local Obligations is at issue, and no bona fide purchaser of any of such Local Obligations shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required prior to such issuance or to the application of the purchase price paid for such Local Obligations. The validity of the issuance of the of Local Obligations shall not be dependent on or affected in any way by (i) any proceedings taken by the District for the acquisition or construction of any Improvements, or (ii) any contracts made by the District in connection therewith, or (iii) the failure to complete the acquisition or construction of any Improvements. The recital contained in the Local Obligations that the Local Obligations are issued under and pursuant to the Law and under and pursuant hereto shall be conclusive evidence of their validity and of the regularity of their issuance and all Local Obligations shall be incontestable from and after their issuance. The Local Obligations shall be deemed to be issued, within the meaning hereof, whenever the definitive Local Obligations (or any temporary Local Obligations exchangeable therefor) have been delivered to the purchaser thereof and the purchase price thereof received.

**Section 2.04 Execution of Local Obligations.** The Local Obligations shall be signed on behalf of the District by the manual or facsimile signature of the President of the Board and countersigned by the manual or facsimile signature of the Secretary of the Board. In case any officer of the District who shall have signed any of the Local Obligations shall cease to be such officer before the Local Obligations so signed shall have been delivered to the purchaser by the Fiscal Agent, such Local Obligations may nevertheless be delivered and issued and, upon such delivery and issuance, shall be as binding upon the District as though such officer who signed the same had continued to be such officer until such delivery and issuance. Also, any Local Obligation may be signed on behalf of the District by any person who on the actual date of the execution of such Local Obligation shall be the proper officer of the District, although on the nominal date of such Local Obligation such person shall not have been such officer of the District. Only those Local Obligations that bear thereon a certificate of authentication manually executed by the Fiscal Agent shall be entitled to any benefit, protection or security hereunder or be valid or obligatory for any purpose, and such certificate of the Fiscal Agent shall be conclusive evidence that the Local Obligations so authenticated have been duly authorized, sold, executed, authenticated and delivered hereunder and are entitled to the benefits hereof.

**Section 2.05 Transfer and Exchange of Local Obligations.** The Fiscal Agent shall keep at its Principal Corporate Trust Office sufficient books for the transfer and exchange of the Local Obligations, which books shall at all times during normal business hours with reasonable prior notice be open to inspection by the District or by any Holder. Any Local Obligation may, in accordance with its terms, be transferred or exchanged on such books by the person in whose name it is registered, in person or by his duly authorized attorney, upon payment by the Holder requesting such transfer or exchange of any tax or other governmental charge required to be paid with respect to such transfer or exchange and upon surrender of such Local Obligation for cancellation accompanied by delivery of a duly executed written instrument of transfer or exchange in a form acceptable to the Fiscal Agent. Whenever any bond or bonds shall be surrendered for transfer or exchange, the

District shall execute and the Fiscal Agent shall authenticate and deliver a new bond or bonds of the same maturity date and of authorized denominations for the same aggregate principal amount, except that neither the District nor the Fiscal Agent shall be required (i) to transfer or exchange any Local Obligations during the fifteen-day period prior to the selection of any Local Obligations for redemption under Article IV, or (ii) to transfer or exchange any Local Obligation which has been selected for redemption in whole or in part, except the unredeemed portion of such Local Obligation selected for redemption in part, from and after the day that such Local Obligation has been selected for redemption in whole or in part under Article IV.

**Section 2.06 Mutilated, Destroyed, Stolen or Lost Local Obligations.** In case any Local Obligation shall become mutilated in respect of the body of such Local Obligation or shall be believed by the District to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the District and the Fiscal Agent and upon the surrender of such mutilated Local Obligation at the Principal Corporate Trust Office of the Fiscal Agent, or upon the receipt of evidence satisfactory to the District and the Fiscal Agent of such destruction, theft or loss and upon receipt of indemnity satisfactory to the District and the Fiscal Agent, and also upon payment of all expenses incurred by the District and the Fiscal Agent in the premises, the District shall execute and the Fiscal Agent shall authenticate and deliver at its Principal Corporate Trust Office a new bond or bonds of the same maturity date for the same aggregate principal amount in authorized denominations of like tenor and date and bearing such numbers and notations as the Fiscal Agent shall determine in exchange and substitution for and upon cancellation of the mutilated Local Obligation or in lieu of and in substitution for the Local Obligation so destroyed, stolen or lost.

If any such destroyed, stolen or lost Local Obligation shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the Fiscal Agent upon receipt of like proof, indemnity and payment of expenses.

Any replacement Local Obligations issued pursuant to this section shall be entitled to equal and proportionate benefits with all other Local Obligations issued hereunder, and the District and the Fiscal Agent shall not be required to treat both the original Local Obligation and any replacement Local Obligation as being Outstanding for the purpose of determining the principal amount of Local Obligations which may be issued hereunder or for the purpose of determining any percentage of Local Obligations Outstanding hereunder, but both the original and the replacement Local Obligation shall be treated as one and the same.

**Section 2.07 Temporary Local Obligations.** Any Local Obligations may be initially issued in temporary form exchangeable for definitive Local Obligations when ready for delivery. The temporary Local Obligations shall be printed, lithographed or typewritten, shall be of such denominations as may be determined by the District, shall be issued in fully registered form, shall contain such reference to any of the provisions hereof as may be appropriate and shall be executed by the District upon the same conditions and in substantially the same manner as the definitive Local Obligations. If the District issues temporary Local Obligations, it shall execute and furnish definitive Local Obligations without delay, and thereupon the temporary Local Obligations may be surrendered in exchange therefor at the Principal Corporate Trust Office of the Fiscal Agent, and the Fiscal Agent shall deliver in exchange for such temporary Local Obligations an equal aggregate principal amount of definitive Local Obligations of authorized denominations of the same maturity date or dates, and until so exchanged, the temporary Local Obligations shall be entitled to the same benefits as definitive Local Obligations issued hereunder.

**Section 2.08 Additional Parity Obligations.** The District covenants that it will not issue any additional obligations on a parity with the Local Obligations hereunder, except as provided below.

(a) the District may issue Refunding Local Obligations pursuant to Section 2.02 hereof;

(b) to the extent permitted by applicable law, the District may issue Additional Parity Obligations if the following conditions have been satisfied: (i) the Maximum Special Tax (as defined in the Rate and Method of Apportionment related to the Community Facilities District) related to the Local Obligations derived from Special Taxes collected from all property within the Community Facilities District is estimated to cover one hundred percent (100%) of the sum of: (x) the debt service in each Fiscal Year of all Senior Obligations, plus (y) the debt service in each Fiscal Year of all Local Obligations (including all proposed Additional Parity Obligations), and; (ii) the assessed property value of all property within the Community Facilities District for the Fiscal Year in which additional parity debt is proposed is at least twenty (20) times the sum of the principal amount of outstanding Senior Obligations and Local Obligations (including any proposed Additional Parity Obligations) plus any assessment liens or special tax liens secured by such property.

(c) the District shall have delivered or caused to be delivered to the Fiscal Agent the following:

(i) A copy of the resolution adopted by the Board approving the Supplemental Indenture required by subsection (d) of this Section 2.08, and the execution and delivery by the District of such Supplemental Indenture, duly certified by the District Clerk to have been duly adopted by the Board and to be in full force and effect on the date of such certification;

(ii) A Written Request of the District directing that the Fiscal Agent authenticate the Additional Parity Obligations and containing instructions as to the delivery of the Additional Parity Obligations;

(iii) The proceeds of sale of the Additional Parity Obligations;

(iv) A Certificate of the District stating that the District is not in default in the performance of any of the agreements, conditions, covenants or terms contained in the Indenture;

(v) An original, executed counterpart of the Supplemental Indenture required by subsection (d) of this Section 2.08;

(vi) Directions as to the use of proceeds to finance the acquisition and construction of school facilities benefitting the Community Facilities District; and

(vii) An Opinion of Counsel nationally recognized in the field of municipal finance addressing the validity and tax exempt status of the Additional Parity Obligations, subject to said exceptions as may be reasonable and appropriate.

(d) The issuance of such Additional Parity Obligations shall have been duly authorized under all applicable laws, and the issuance of such Additional Parity Obligations shall have been provided for by a Supplemental Indenture duly adopted by the District which shall specify the following:

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- (i) The use of proceeds of such Additional Parity Obligations;
- (ii) The authorized principal amount of such Additional Parity Obligations;
- (iii) The date and the maturity date or dates of such Additional Parity Obligations; provided that (A) maturing principal and Mandatory Sinking Account Payments on the Additional Parity Obligations may occur only on March 1, (B) all such Additional Parity Obligations of like maturity shall be identical in all respects, except as to number, and (C) fixed serial maturities or Mandatory Sinking Account Payments, or any combination thereof, shall be established to provide for the retirement of all such Additional Parity Obligations on or before their respective maturity dates;
- (iv) The interest payment dates shall be on March 1 and September 1; provided, that such Additional Parity Obligations may provide for compounding of interest in lieu of payment of interest on such dates;
- (v) The authorized denominations of such Additional Parity Obligations hereunder or to fund capitalized interest;
- (vi) The Redemption Premium, if any, and the redemption terms, if any, for such Additional Parity Obligations;
- (vii) The amount and due date of each Mandatory Sinking Account Payment, if any, for such Additional Parity Obligations;
- (viii) The amount, if any, of interest to be paid on such Additional Parity Obligations from the proceeds thereof;
- (ix) The form of such Additional Parity Obligations; and
- (x) Such other provisions as are necessary or appropriate and not inconsistent with the Indenture.

**ARTICLE III**

**THE LOCAL OBLIGATIONS**

**Section 3.01 Authorization and Designation of Local Obligations.** The District has reviewed all proceedings heretofore taken relative to the authorization of the Local Obligations and has found, as a result of such review, and hereby finds and determines, that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Local Obligations do exist, have happened and have been performed in due time, form and manner as required by the Law, and the District is now authorized, pursuant to each and every requirement of the Law and hereof, to issue the Local Obligations in the aggregate principal amount of [SPar Amount] in the form and manner provided herein, which Local Obligations shall be entitled to the benefit, protection and security of the provisions hereof.

**Section 3.02 Denominations of Local Obligations.** The Local Obligations shall be issued as fully registered bonds in denominations of five thousand dollars (\$5,000) or any integral multiple

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of five thousand dollars (\$5,000) (not exceeding the principal amount of Local Obligations maturing at any one time).

**Section 3.03 Date and Maturity Dates of and Interest Rates on Local Obligations.** The Local Obligations shall be dated October \_\_, 2018. The Local Obligations shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum as set forth in the following schedule:

<i>Maturity Date</i>			
<i>March 1</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			

**Section 3.04 Interest Payment Dates of Local Obligations.** Interest on the Local Obligations shall be computed on the basis of a 360-day year of twelve (12) 30-day calendar months, and shall be payable semiannually on March 1 and September 1 in each year, commencing on September 1, 2019. The Local Obligations shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) they are authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event they shall bear interest from such Interest Payment Date, or (ii) they are authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event they shall bear interest from their

dated date; provided, that if at the time of authentication of any Local Obligation interest is then in default on the Outstanding Local Obligations, such Local Obligations shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Local Obligations.

**Section 3.05 Redemption Prices and Terms of Local Obligations.** The Local Obligations maturing on or after [March 1, 2030] are subject to optional redemption by the District prior to their respective maturity dates as a whole or in part on or after [March 1, 2029], from money derived by the District from any source other than prepayments of the Special Tax under the Law, upon mailed notice as provided herein, at a redemption price equal to 100% of the principal amount of the Local Obligations or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, plus Redemption Premium.

**Section 3.06 Form of Local Obligations.** The Local Obligations and the authentication endorsement and the form of assignment to appear thereon shall be substantially in the forms set forth in Exhibit A hereto.

**Section 3.07 Registration of Local Obligations.** The Local Obligations shall be registered in the name of the Authority Bonds Trustee and delivered to the Authority Bonds Trustee upon the issuance thereof in accordance with the provisions of the Local Obligation Purchase Contract.

**Section 3.08 Application of Proceeds of Sale of Local Obligations and Other Available Moneys.** On the Closing Date, the Fiscal Agent shall set aside and deposit the net proceeds of sale of the Local Obligations in the amount of \$\_\_\_\_\_ in the following funds, which the Fiscal Agent shall establish and maintain, in the following order:

(i) The Fiscal Agent shall transfer to U.S. Bank National Association, as trustee for the San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006A (Senior Bonds) and San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006B (Subordinate Bonds) (collectively, the "Prior Bonds"), the sum of \$\_\_\_\_\_ for redemption of such Prior Bonds;

(ii) The Fiscal Agent shall deposit in the Authority Capital Improvement Fund established pursuant to the Authority Bonds Trust Agreement the sum of \$\_\_\_\_\_; and

(iii) The Fiscal Agent shall deposit in the Authority Expense Fund established pursuant to the Authority Bonds Trust Agreement the sum of \$\_\_\_\_\_ for payment of the costs of issuance of the Local Obligations and the Authority Bonds.

## ARTICLE IV

### REDEMPTION OF LOCAL OBLIGATIONS

**Section 4.01 Privilege of Redemption of Local Obligations.** Any Local Obligations subject to redemption prior to maturity pursuant hereto shall be redeemable, upon notice being given as provided in this article, at such times, upon payment of such Redemption Premium, if any, and upon such terms (in addition to and consistent with the terms contained in this article) as may be specified herein or in the Supplemental Indenture authorizing the issuance of the Local Obligations;



provided, that redemption of Local Obligations other than from Mandatory Sinking Account Payments or from the application of refunding bond proceeds shall be made only from and to the extent of funds on deposit with the Fiscal Agent and available for such purpose on the date such notice is given. Any Local Obligation shall only be subject to redemption hereunder upon the concurrent redemption of the corresponding maturity of the applicable Authority Bonds.

**Section 4.02 Selection of Local Obligations for Redemption.** If less than all the Outstanding Local Obligations are to be redeemed at any one time pursuant to Section 3.05 hereof, the District shall select the maturity dates from which the Local Obligations shall be redeemed, and if less than all the Outstanding Local Obligations of any one maturity date are to be redeemed at any one time, the District shall notify the Fiscal Agent in writing at least fifteen (15) days prior to the date fixed for the selection of any such Local Obligations for redemption and the Fiscal Agent shall select the Local Obligations or the portions thereof of Local Obligations of such maturity date to be redeemed in integral multiples of five thousand dollars (\$5,000) by lot in any manner that it deems appropriate.

**Section 4.03 Notice of Redemption of Local Obligations.** The Fiscal Agent shall mail by first class mail a notice of redemption, not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption, and otherwise pursuant to Section 11.09, to the respective Holders of all Local Obligations selected for redemption in whole or in part and to all securities depositories and securities information services selected by the District to comply with custom or the rules of any securities exchange or commission or brokerage board or otherwise as may be determined by the District in its sole discretion and to the original underwriter of the Local Obligations, but neither failure to receive any such mailed notice nor any immaterial defect contained therein shall affect the sufficiency or validity of any such proceedings for redemption. Such notice shall state the date of such notice, the Local Obligations to be redeemed, the date of issue of such Local Obligations, the redemption date, the redemption price, the place of redemption (including the name and appropriate address of the Fiscal Agent), the CUSIP number of the maturity or maturities and, if less than all of any such maturity, the numbers of the Local Obligations of such maturity to be redeemed and, in the case of Local Obligations to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall give notice that further interest on such Local Obligations or the portions thereof to be redeemed will not accrue from and after the redemption date, and shall require that such Local Obligations be then surrendered for redemption at the Principal Corporate Trust Office of the Fiscal Agent so designated; provided, that neither the District nor the Fiscal Agent shall have any responsibility for any defect in the CUSIP number that appears on any Local Obligation or in any redemption notice with respect thereto, and any such redemption notice may contain a statement to the effect that CUSIP numbers have been assigned by an independent service for convenience of reference and that neither the District nor the Fiscal Agent shall be liable for any inaccuracy in such numbers. If any Local Obligation so chosen for redemption shall not be redeemable in whole, such notice shall also state that such Local Obligation is to be redeemed in part only and that upon presentation of such Local Obligation for redemption there will be issued in lieu of the unredeemed portion of principal thereof a new Local Obligation or Local Obligations of the same maturity date of authorized denominations equal in aggregate principal amount to such unredeemed portion.

**Section 4.04 Partial Redemption of Local Obligations.** Upon surrender of any Local Obligation redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner thereof at the expense of the District a new Local Obligation or

Local Obligations of the same maturity date and of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Local Obligation surrendered.

**Section 4.05 Effect of Redemption of Local Obligations.** If notice of redemption has been duly given as aforesaid and money for the payment of the principal of and Redemption Premium, if any, on, together with interest to the redemption date on, the Local Obligations or portions thereof so called for redemption is held by the Fiscal Agent, then on the redemption date designated in such notice such Local Obligations or such portions thereof shall become due and payable, and from and after the date so designated interest on the Local Obligations or such portions thereof so called for redemption shall cease to accrue and the Holders of such Local Obligations shall have no rights in respect thereof except to receive payment of the principal or such portions thereof and the Redemption Premium, if any, thereon and the interest accrued thereon to the redemption date.

## ARTICLE V

### SPECIAL TAX

#### **Section 5.01 Deposit of Proceeds of the Special Tax in the Special Tax Fund.**

(a) The District agrees and covenants that all proceeds of the Special Tax (including any amounts, net of any costs of collection and enforcement, received as a result of foreclosure of the lien securing the Special Taxes or other actions by the District to collect delinquent Special Taxes), when and as received, shall be immediately transferred by it to the Fiscal Agent, and the Fiscal Agent shall deposit such proceeds as and when received in the San Dieguito Union High School District Community Facilities District 99-3 Special Tax Revenue Bonds, Series 2018 Special Tax Fund, which fund the Fiscal Agent shall establish, and all money in such fund shall be held by the Fiscal Agent in trust hereunder and shall be disbursed, allocated and applied solely to the uses and purposes hereinafter set forth in this article.

(b) The Special Taxes, all funds and accounts established hereunder and any investment earnings thereon are hereby pledged to the payment of, and shall constitute a trust fund for, the principal of and interest on the Local Obligations. So long as the principal of and interest on such bonds remains unpaid, the Special Taxes, such funds and accounts, and any investment earnings thereon shall not be used for any other purpose, except as otherwise permitted by the Indenture, and shall be held in trust for the benefit of the owners thereof and shall be applied pursuant to the Indenture.

**Section 5.02 Allocation of Money in the Special Tax Fund.** All money in the Special Tax Fund shall be set aside by the Fiscal Agent in the following respective funds in the following order of priority, and all money in each of such funds shall be applied, used and withdrawn only for the purposes hereinafter authorized in this section, namely:

- (i) Redemption Fund,
- (ii) Expense Fund, and
- (iii) Community Facilities Fund.

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(1) Redemption Fund. There is hereby established a fund to be known as the “San Dieguito Union High School District Community Facilities District 99-3 Special Tax Revenue Bonds, Series 2018 Redemption Fund,” which fund shall be held and maintained in trust hereunder by the Fiscal Agent. At least fifteen (15) Business Days prior to each March 1 and September 1, commencing September 1, 2019, the Associate Superintendent, Business Services shall, from the money in the Special Tax Fund, transfer to the Fiscal Agent for deposit in the Redemption Fund an amount of money equal to the aggregate amount of interest becoming due and payable on all Outstanding Local Obligations on such dates, except no such transfer need be made to the extent amounts have previously been deposited in the Redemption Fund and set aside therein for the payment of such interest, including without limitation sale proceeds of Local Obligations deposited in such fund for such purpose. At least fifteen (15) Business Days prior to March 1 of each year, commencing March 1, 2020, the Associate Superintendent, Business Services shall, from the then remaining money in the Special Tax Fund, transfer to the Fiscal Agent for deposit in the Redemption Fund an amount of money equal to the aggregate amount of principal becoming due and payable on all Outstanding Serial Bonds on such date plus the aggregate of the Mandatory Sinking Account Payments required by the Indenture and by all Supplemental Indentures to be made on such date into the Sinking Accounts; provided, that all of the aforesaid Mandatory Sinking Account Payments shall be made without priority of the payment of any one Mandatory Sinking Account Payment over the payment of any other Mandatory Sinking Account Payment, and in the event that the money in the Redemption Fund on any March 1 is not equal to the amount of principal to become due and payable on the Outstanding Serial Bonds on such March 1 plus the principal of and Redemption Premium, if any, on the Outstanding Term Bonds required to be redeemed or paid at maturity on such March 1, then such money shall be applied pro rata in such proportion as such Serial Bonds and the portion of such Term Bonds then required to be redeemed or paid at maturity shall bear to each other, after first deducting for such purposes for such Term Bonds any of such Term Bonds as shall have been redeemed or purchased during the twelve-month period ending on such March 1 and commencing on the immediately preceding March 2.

No deposit need be made into the Redemption Fund if the amount of money contained therein is at least equal to the amount required by the terms of the preceding paragraph to be deposited therein at the times and in the amounts provided herein.

All money in the Redemption Fund shall be used and withdrawn by the Fiscal Agent solely to pay the interest on the Local Obligations as it shall become due and payable (including accrued interest on any Local Obligations purchased or redeemed prior to maturity) plus the principal of the Local Obligations as they shall mature or upon the prior redemption thereof, except that any money in any Sinking Account shall be used only to purchase or redeem or retire the Term Bonds for which such Sinking Account was established as provided in the Indenture or in any Supplemental Indenture.

(2) Expense Fund. The Fiscal Agent shall establish and maintain a fund to be known as the “San Dieguito Union High School District Community Facilities District 99-3 Special Tax Revenue Bonds, Series 2018 Expense Fund,” which fund shall be held and maintained in trust hereunder by the Fiscal Agent. On or before each March 1 and September 1, commencing September 1, 2019, the Associate Superintendent, Business Services shall, from the then remaining money in the Special Tax Fund, transfer to and deposit in the Expense Fund a sum equal to the amount required by the District for the payment of budgeted Expenses during the six-month period beginning on such date (or required by the District to reimburse it for the payment of unbudgeted Expenses during the prior six-month period). All money in the Expense Fund shall be used and

withdrawn by the Fiscal Agent only to pay budgeted Expenses as provided herein (or to reimburse the District for the payment of unbudgeted Expenses as provided herein), or to be transferred to the Redemption Fund to pay interest on or principal of or Redemption Premium, if any, on the Local Obligations in the event that no other money is available therefor. Amounts in the Expense Fund shall be applied by the Fiscal Agent solely as directed in a Written Request of the District, each of which shall be separately numbered as “Requisition No. \_\_,” and each of which shall state (i) the amount, purpose and payee of the disbursement, (ii) that the disbursement is a proper charge against the Expense Fund as provided in the Indenture and (iii) that the disbursement has not previously been paid from the Expense Fund.

(3) Community Facilities Fund. There is hereby established in the treasury of the District a fund to be known as the “San Dieguito Union High School District Community Facilities District 99-3 Special Tax Revenue Bonds, Series 2018 Community Facilities Fund,” which fund shall be held and maintained in trust hereunder by the Associate Superintendent, Business Services, and all money remaining in the Special Tax Fund on March 1 of each year, after transferring all of the sums required to be transferred therefrom on or prior to such date by the provisions of Sections 5.02(1), (2) and (3), shall be deposited by the Associate Superintendent, Business Services in the Community Facilities Fund. All money in the Community Facilities Fund shall be used and withdrawn by the Associate Superintendent, Business Services solely for the benefit of the Community Facilities District in accordance with the Law.

## ARTICLE VI

### COVENANTS OF THE DISTRICT

**Section 6.01 Punctual Payment and Performance.** The District will punctually pay the interest on and principal of and Redemption Premium, if any, to become due on every Local Obligation issued hereunder in strict conformity with the terms of the Law and hereof and of the Local Obligations, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein and in the Local Obligations required to be observed and performed by it.

**Section 6.02 Against Indebtedness and Encumbrances; Priority of Payment.**

(a) The District will not issue any evidences of indebtedness payable from the proceeds of the Special Tax except as provided herein, and will not create, nor permit the creation of, any pledge, lien, charge or other encumbrance upon any money in the Special Tax Fund other than as provided herein; provided, that the District may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose of the Community Facilities District which are payable from any money in the Community Facilities Fund as may from time to time be deposited therein (as provided in Section 5.02) so long as any payments due thereunder shall be subordinate in all respects to the use of the proceeds of the Special Tax as provided herein.

(b) The District will not issue or incur any pledge, lien, security interest, encumbrance or charge of any kind which is senior in priority and superior to the lien of the Indenture, including any Senior Obligations (new money or refunding obligations). In addition, the District will not issue or incur, or cause to be issued or incurred by any community facilities district that is a party to the Prior Loan Agreement, any additional obligations thereunder (new money or refunding obligations).

(c) In any Fiscal Year, prior to making any transfer of Annual Special Tax revenues to the Administrative Expense Fund pursuant to the Prior Loan Agreement for the Community Facilities District for which Local Obligations have been issued hereunder, the District shall first transfer the Special Taxes as provided in Section 5.02 hereof.

(d) The District will not amend or supplement the Prior Loan Agreement in any manner that (in the reasonable opinion of the District) adversely affects the interests of the Holders.

**Section 6.03 Against Federal Income Taxation.**

(a) The District covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would result in the interest on the Authority Bonds or the Local Obligations not being excluded from gross income for federal income tax purposes under Section 103 of the Code.

(b) The provisions of this Section 6.03 shall survive the defeasance of the Local Obligations.

**Section 6.04 Payment of Claims.** The District will pay and discharge any and all lawful claims which, if unpaid, might become payable from the proceeds of the Special Tax or any part thereof or upon any funds in the hands of the Associate Superintendent, Business Services or the Fiscal Agent allocated to the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, or which might impair the security of the Local Obligations.

**Section 6.05 Expense Budgets.** The Associate Superintendent, Business Services will, on or before March 1 in each year, prepare and approve a budget setting forth the estimated Expenses for the period from such March 1 through the next succeeding February 28 or February 29, as applicable. Any budget approved in accordance with this section may be amended at any time.

**Section 6.06 Accounting Records; Financial Statements and Other Reports.**

(a) The District will keep, or in the case of transactions made by the Fiscal Agent, it will cause the Fiscal Agent to keep, appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, investment, disbursement, allocation and application of the proceeds of the Special Tax and of the proceeds of the Local Obligations, which accounting records shall at all times during business hours with reasonable prior notice be subject to the inspection of any Holder (or his representative authorized in writing) and (upon the prior written consent of the District) of any investment banker, security dealer or other person interested in the Local Obligations.

(b) The District will prepare annually within two hundred seventy (270) days after the close of each Fiscal Year financial statements of the District for the preceding Fiscal Year prepared in accordance with Generally Accepted Accounting Principles. The District will furnish a copy of such financial statements to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Local Obligations requesting copies thereof, but in any event only upon payment to the District of the reasonable costs incurred by the District in complying with such request.

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(c) The District will prepare annually not more than two hundred seventy (270) days after the close of each Fiscal Year a summary report showing in reasonable detail the proceeds of the Special Tax levied and collected and the Expenses for the preceding Fiscal Year and containing a general statement of the physical condition of the Improvements. The District will furnish a copy of such summary report without charge to any Holder (or his representative authorized in writing) and to any investment banker, security dealer or other person interested in the Local Obligations requesting a copy thereof.

(d) The District will prepare annually not later than October 31 of each year and file with the California Debt and Investment Advisory Commission by mail, postage prepaid, all necessary information required to be filed under the Law, including:

(1) The principal amount of the Local Obligations Outstanding;

(2) The balance in the Redemption Fund constituting capitalized interest, if any;

(3) The number of parcels securing the Local Obligations which are delinquent with respect to their Special Tax payments, the amount that each delinquent parcel is delinquent, the length of time that each delinquent parcel has been delinquent and when foreclosure was commenced for each delinquent parcel; and

(4) The assessed value of all parcels subject to the levy of the Special Tax to repay the Local Obligations, as shown on the most equalized assessment roll of the County of San Diego.

Additionally, the District will notify the California Debt and Investment Advisory Commission by mail, postage prepaid, within ten (10) days if the District or the Fiscal Agent fails to pay any interest on or principal of any of the Local Obligations on any scheduled payment date to pay any interest on or principal of the Local Obligations.

**Section 6.07 Protection of Security and Rights of Holders.** The District will preserve and protect the security of the Local Obligations and the rights of the Holders and will warrant and defend their rights against all claims and demands of all persons.

**Section 6.08 Payment of Governmental Charges and Compliance with Governmental Regulations.** The District will pay and discharge all taxes or payments in lieu of taxes, assessments and other governmental charges or liens that may be levied, assessed or charged upon the Improvements or any part thereof promptly as and when the same shall become due and payable, except that the District shall not be required to pay any such governmental charges so long as the application or validity thereof shall be contested in good faith and the District shall have set aside reserves to cover such charges. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Improvements or any part thereof, except that the District shall not be required to comply with any such regulations or requirements so long as the application or validity thereof shall be contested in good faith.

**Section 6.09 Levy and Collection of the Special Tax.** The District, so long as any Local Obligations are Outstanding, will annually levy the Special Tax against all Taxable Land in the Community Facilities District and make provision for the collection of the Special Tax in amounts

which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained herein, and which in any event will be sufficient to pay the interest on and principal of and all Mandatory Sinking Account Payments for and Redemption Premium, if any, on the Local Obligations as they become due and payable and to pay all current Expenses as they become due and payable in accordance with the provisions and terms hereof. The Special Tax shall be collected in the same manner as ordinary *ad valorem* property taxes are collected and, except as otherwise provided in Section 6.10 and in the Law, shall be subject to the same penalties and the same collection procedure, sale, and lien priority in case of delinquency as is provided for *ad valorem* property taxes.

**Section 6.10 Foreclosure of Special Tax Liens.** The District will annually on or before August 1 of each year review the public records of the County of San Diego relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior Fiscal Year, and if the District determines on the basis of such review that the amount so collected is deficient by more than five percent (5%) of the total amount of the Special Tax levied in such Fiscal Year, it will within sixty (60) days thereafter institute foreclosure proceedings as authorized by the Law in order to enforce the lien of the delinquent installments of the Special Tax against each lot or parcel of land in the Community Facilities District, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that irrespective of the foregoing if the District determines on the basis of such review that property owned by any single property owner in the Community Facilities District is delinquent by more than five thousand dollars (\$5,000) with respect to the Special Tax due and payable by such property owner by such delinquency date, then the District will institute, prosecute and pursue such foreclosure proceedings in the time and manner provided herein against such property owner; and provided further, that any actions taken to enforce delinquent Special Tax liens shall be taken only consistent with Sections 53356.1 through 53356.7, both inclusive, of the Government Code of the State of California.

**Section 6.11 Further Assurances.** The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Holders of the rights and benefits provided herein.

## ARTICLE VII

### THE FISCAL AGENT

**Section 7.01 The Fiscal Agent.** U.S. Bank National Association at its Principal Corporate Trust Office is hereby appointed Fiscal Agent for the purpose of receiving all money which the District is required to transfer to it hereunder and for applying and using such money as provided herein for the purpose of paying the interest on and principal of and Redemption Premium, if any, on the Local Obligations. The District agrees that it will at all times maintain a Fiscal Agent having a corporate trust office in Los Angeles or San Francisco, California.

The District may remove the Fiscal Agent initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, that any such successor shall be a bank or trust company doing business and having a corporate trust office in Los Angeles or San Francisco, California, having a combined capital (exclusive of borrowed capital) and surplus of at least seventy-five million dollars (\$75,000,000) and subject to supervision or

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examination by a federal or state banking authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Fiscal Agent may at any time resign by giving written notice of such resignation to the District and by giving notice of such resignation by mail pursuant to Section 11.09 to the Holders, and upon receiving such notice of resignation, the District shall promptly appoint a successor Fiscal Agent by an instrument in writing having the qualifications required hereby. Any resignation or removal of a Fiscal Agent and appointment of a successor Fiscal Agent shall become effective only upon the acceptance of appointment by the successor Fiscal Agent. If within thirty (30) days after notice of the removal or resignation of the Fiscal Agent no successor Fiscal Agent shall have been appointed by the District and shall have accepted such appointment, the removed or resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Fiscal Agent having the qualifications required hereby.

The Fiscal Agent is hereby authorized to pay interest on the Local Obligations due on or before the maturity or prior redemption thereof to the Holders as their names appear, at the close of business as of the fifteenth day of the calendar month preceding the calendar month in which the applicable Interest Payment Date falls, on the registration books required to be kept by it pursuant to Section 2.05 as the registered owners thereof, such interest to be paid by check mailed by first class mail to the Holders at their addresses appearing on such books, except that in the case of a Holder of one million dollars (\$1,000,000) or more in principal amount of Local Obligations then Outstanding, payment shall be made at such Holder's option by wire transfer on each such Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such Holder to the Fiscal Agent at least fifteen (15) days before each such Interest Payment Date, and to pay to the Holders the principal of and Redemption Premium, if any, on the Local Obligations upon presentation and surrender of the Local Obligations to the Fiscal Agent at maturity or on redemption prior to maturity. The Fiscal Agent shall cancel and destroy all Local Obligations paid by it at maturity or on redemption prior to maturity and all Local Obligations surrendered to it by the District, and shall deliver to the District a certificate of such destruction, and the Fiscal Agent shall keep accurate records of all Local Obligations cancelled and destroyed by it hereunder. All money held by or on behalf of the Fiscal Agent for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, whether at maturity or upon prior redemption, shall be held in trust for the account of the Holders thereof, and the Fiscal Agent shall not be required to pay Holders or the District any interest on, or be liable to the District, the Holders or any other person for any interest earned on, any money so held.

The District shall from time to time, subject to any agreement between the District and the Fiscal Agent then in force, pay the Fiscal Agent compensation for its services, reimburse the Fiscal Agent for all its advances and expenditures, including but not limited to advances to and fees and expenses by independent accountants, counsel and engineers or other experts employed by it in the exercise and performance of its rights and obligations hereunder, and indemnify and save the Fiscal Agent harmless against loss, expenses, costs, claims and liabilities (including without limitation those of its attorneys and agents) not arising from its own negligence or willful misconduct which it may incur in the exercise and performance of its rights and obligations hereunder, which obligation shall survive the resignation or removal of any Fiscal Agent or the defeasance of the Local Obligations.



**Section 7.02 Duties, Immunities and Liability of the Fiscal Agent.**

(a) The recitals of facts, agreements and covenants contained herein and in the Local Obligations shall be taken as statements, agreements and covenants of the District, and the Fiscal Agent does not assume any responsibility for the correctness of the same and does not make any representation as to the sufficiency or validity hereof or of the Local Obligations or of the Special Tax, or as to the financial or technical feasibility of the Improvements, and shall not incur any responsibility in respect thereof other than in connection with the rights and obligations expressly assigned to or imposed upon it herein or in the Local Obligations, and shall not be liable in connection with the performance of its duties hereunder except for its own negligence or willful misconduct. The Fiscal Agent shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts, and no provision hereof shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any liability for the performance of its duties hereunder, or in the exercise of any of its rights or powers hereunder.

(b) The Fiscal Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Fiscal Agent was negligent in ascertaining the pertinent facts. The Fiscal Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, but the Fiscal Agent shall be answerable for the negligence or misconduct of any such attorney, agent, or receiver selected by it; provided that the Fiscal Agent shall not be answerable for the negligence or misconduct of any attorney or certified public accountant selected by it with due care.

(c) The Fiscal Agent shall perform only those duties expressly set forth in the Indenture and no implied duties or obligations shall be read into the Indenture against the Fiscal Agent.

(d) The Fiscal Agent shall not have any responsibility with respect to any information, statement or recital contained in any official statement, offering memorandum or any other disclosure material prepared or distributed by the District with respect to any of the Local Obligations.

(e) No provision in this Indenture shall require the Fiscal Agent to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder. The Fiscal Agent shall be entitled to interest on all moneys advanced by it hereunder at its prime rate then in effect plus two percent.

(f) In accepting the trust hereby created, the Fiscal Agent acts solely as Fiscal Agent for the Owners and not in its individual capacity, and under no circumstances shall the Fiscal Agent be liable in its individual capacity for the obligations evidenced by the Local Obligations.

(g) The Fiscal Agent makes no representation or warranty, express or implied, as to the compliance with legal requirements of the use contemplated by the Issuer of the funds under this Indenture.

(h) The Fiscal Agent shall not be responsible for the validity or effectiveness or value of any collateral or security securing the Local Obligations. The Fiscal Agent shall not be

responsible for the recording or filing of any document relating to this Agreement or the Local Obligations or of financing statements (or continuation statements in connection therewith) or mortgage or of any supplemental instruments or documents of further assurance as may be required by law in order to perfect the security interests or lien on or in any collateral or security securing the Local Obligations. The Fiscal Agent shall not be deemed to have made representations as to the security afforded thereby or as to the validity or sufficiency of any such document, collateral or security.

(i) The Fiscal Agent shall not be deemed to have knowledge of any Event of Default hereunder unless and until it shall have actual knowledge thereof at its corporate trust office in San Francisco, California.

(j) The Fiscal Agent shall not be accountable for the use or application by the Issuer or any other party of any funds which the Fiscal Agent has released under this Indenture.

(k) The Fiscal Agent shall provide a monthly accounting of all Funds held pursuant to this Indenture (and all funds held by the Fiscal Agent as Fiscal Agent or fiscal agent pursuant to the Local Obligations) to the Issuer within fifteen (15) Business Days after the end of such month and shall provide statements of account for each annual period beginning July 1 and ending June 30, within 90 days after the end of such period. Such accounting shall show in reasonable detail all financial transactions during the accounting period and the balance in any Funds and accounts created under this Indenture as of the beginning and close of such accounting period.

(l) The Fiscal Agent makes no representations with respect to any information, statement, or recital in, and shall have no liability with respect to, any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Local Obligations.

**Section 7.03 Notice to the Fiscal Agent.** The Fiscal Agent shall be protected in acting upon any bond, Certificate of the District, consent, notice, opinion, report, resolution, Written Request of the District or other document or paper believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, including, without limitation, counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection with respect to any action taken or suffered hereunder in good faith and in accordance therewith.

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

**Section 7.04 Merger or Consolidation.** Any company into which the Fiscal Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Fiscal

Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under Section 7.01 hereof, shall succeed to the rights and obligations of such Fiscal Agent without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

**Section 7.05 Right to Rely on Documents.** The Fiscal Agent may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Fiscal Agent may consult with counsel, who may be counsel of or to the Issuer, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by this Indenture the Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by an Officer's Certificate, and such Officer's Certificate shall be full warrant to the Fiscal Agent for any action taken or suffered or omitted in good faith under the provisions of this Indenture in reliance upon such Officer's Certificate, but in its discretion the Fiscal Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Fiscal Agent shall be entitled to advice of counsel and other professionals or agents concerning all matters of trust and its duty hereunder, but the Fiscal Agent shall not be answerable for the acts or omissions of any agent, attorney-at-law, certified public accountant, or other professional if such agent, attorney-at-law, certified public accountant or other professional was selected by the Fiscal Agent with due care.

**Section 7.06 Preservation and Inspection of Documents.** All documents received by the Fiscal Agent under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times upon prior notice to the inspection of the Issuer, the Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Local Obligations, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

**Section 7.07 Indemnity for Fiscal Agent.** Before taking any action or exercising any rights or powers under this Indenture, the Fiscal Agent may require that satisfactory indemnity be furnished to it for the reimbursement of all costs and expenses which it may incur and to indemnify it against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

## ARTICLE VIII

### AMENDMENT OF OR SUPPLEMENT TO THE INDENTURE

**Section 8.01 Amendment or Supplement by Consent of Holders.** The Indenture and the rights and obligations of the District and of the Holders may be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the District and the Fiscal Agent, which Supplemental Indenture shall become binding when the written consents of the Holders of

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sixty percent (60%) or more in aggregate principal amount of the Local Obligations then Outstanding, exclusive of Local Obligations disqualified as provided in Section 8.02, are filed with the Fiscal Agent. For this purpose, the purchase and acceptance of Additional Parity Obligations or Refunding Local Obligations shall be deemed to be the written consent of the Holders thereof to any such amendment or supplement provided that the terms thereof are disclosed to such Holders prior to the effectiveness of any binding agreement to purchase such Additional Parity Obligations or Refunding Local Obligations. No such amendment or supplement shall (1) extend the maturity of or reduce the interest rate on or otherwise alter or impair the obligation of the District to pay the interest on or principal of or Mandatory Sinking Account Payment for or Redemption Premium, if any, on any Local Obligation at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the Holder of such Local Obligation, or (2) permit the issuance by the District of any obligations payable from the proceeds of the Special Tax other than the Local Obligations (including Refunding Local Obligations and Additional Parity Obligations) as provided herein, or jeopardize the ability of the District to levy and collect the Special Tax, or (3) reduce the percentage of Local Obligations required for the written consent to any such amendment or supplement, or (4) modify any rights or obligations of the Fiscal Agent without its prior written assent thereto.

The Indenture and the rights and obligations of the District and of the Holders may also be amended or supplemented at any time by the execution and delivery of a Supplemental Indenture by the District and the Fiscal Agent, which Supplemental Indenture shall become binding upon execution without the prior written consent of any Holders, but only to the extent permitted by law and after receiving an approving Opinion of Counsel and only for any one or more of the following purposes:

(a) To add to the agreements and covenants required herein to be performed by the District other agreements and covenants thereafter to be performed by the District which shall not (in the opinion of the District) adversely affect the interests of the Holders, or to surrender any right or power reserved herein to or conferred herein upon the District which shall not (in the opinion of the District) adversely affect the interests of the Holders;

(b) To make such provisions for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein or in regard to questions arising hereunder which the District may deem desirable or necessary and not inconsistent herewith and which shall not (in the opinion of the District) adversely affect the interests of the Holders;

(c) To authorize the issuance under and subject to the Law of any refunding Local Obligations for any of the Local Obligations and to provide the conditions and terms under which such refunding Local Obligations may be issued subject to Section 2.02;

(d) To authorize the issuance under and subject to the Law of Additional Parity Obligations and to provide the conditions and terms under which such bonds may be issued subject to Section 2.08;

(e) To make such additions, deletions or modifications as may be necessary or appropriate to ensure exclusion from gross income for purposes of federal income taxation of the interest on the Local Obligations; or

(f) To make such additions, deletions or modifications as may be necessary or appropriate to maintain any then current rating on the Local Obligations.

**Section 8.02 Disqualified Local Obligations.** Local Obligations owned or held for the account of the District shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Local Obligations provided for in this article or in Article VIII, and shall not be entitled to consent to or take any other action provided for in this article or in Article X.

**Section 8.03 Endorsement or Replacement of Local Obligations After Amendment or Supplement.** After the effective date of any action taken as hereinabove provided, the District may determine that the Local Obligations may bear a notation by endorsement in form approved by it as to such action, and in that case upon demand of the Holder of any Local Obligation Outstanding on such effective date and presentation of his Local Obligation for such purpose at the Principal Corporate Trust Office of the Fiscal Agent a suitable notation as to such action shall be made on such Local Obligation. If the District shall so determine, new Local Obligations so modified as, in the opinion of the District, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Holder of any Local Obligation Outstanding on such effective date such new Local Obligations shall, upon surrender of such Outstanding Local Obligations, be exchanged at the Principal Corporate Trust Office of the Fiscal Agent, without cost to each Holder, for Local Obligations then Outstanding.

**Section 8.04 Amendment or Supplement by Mutual Consent.** The provisions of this article shall not prevent any Holder from accepting any amendment or supplement as to any particular Local Obligations held by him; provided, that due notation thereof is made on such Local Obligations.

## ARTICLE IX

### REMEDIES OF HOLDERS

**Section 9.01 Remedies of Holders.** Any Holder shall have the right for the equal benefit and protection of all Holders similarly situated:

(a) by mandamus or other suit or proceeding at law or in equity to enforce his rights against the District, its Board of Trustees, or any of the officers or employees of the District, and to compel the District, its Board of Trustees, or any such officers or employees to perform and carry out their duties under the Law and the agreements and covenants with the Holders contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Holders; or

(c) by suit in equity upon the nonpayment of the Local Obligations to require the District, its Board of Trustees or its officers and employees to account as the Fiscal Agent of an express trust.

**Section 9.02 Non-waiver.** Nothing in this article or in any other provision herein or in the Local Obligations shall affect or impair the obligation of the District, which is absolute and

unconditional, to pay the interest on and principal of and Redemption Premium, if any, on the Local Obligations to the respective Holders of the Local Obligations at the respective dates of maturity or upon redemption prior to maturity as provided herein from the proceeds of the Special Tax and the other funds provided herein, or shall affect or impair the right of such Holders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein and in the Local Obligations.

A waiver of any default or breach of duty or contract by any Holder shall not affect any subsequent default or breach of duty or contract and shall not impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by any Holder to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right and remedy conferred upon the Holders by the Law or hereby may be enforced and exercised from time to time and as often as shall be deemed expedient by the Holders.

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

**Section 9.03 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Holders is intended to be exclusive of any other remedy, and 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 without exhausting and without regard to any other remedy conferred by the Law or any other law.

## ARTICLE X

### DEFEASANCE

#### **Section 10.01 Discharge of the Local Obligations.**

(a) If the District shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Outstanding Local Obligations the interest thereon and the principal thereof and the Redemption Premium, if any, thereon at the times and in the manner stipulated therein and herein, then all agreements, covenants and other obligations of the District to the Holders of such Local Obligations hereunder shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Fiscal Agent shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Fiscal Agent shall pay over or deliver to the District for deposit in the Community Facilities Fund all money or securities held by it pursuant hereto which are not required for the payment of the interest on and principal of and Redemption Premium, if any, on such Local Obligations.

(b) Any Outstanding Local Obligations shall on the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in subsection (a) of this section if there shall be on deposit with the Fiscal Agent money which is sufficient to pay the interest due on such Local Obligations on such date and the principal and Redemption Premium, if any, due on such Local Obligations on such date.

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(c) Any Outstanding Local Obligations shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this section if (1) in case any of such Local Obligations are to be redeemed on any date prior to their maturity date, the District shall have agreed to mail pursuant to Section 11.09 a notice of redemption to the respective Holders of all such Outstanding Local Obligations and to such securities depositories or securities information services selected by it pursuant to Section 4.03, (2) there shall have been deposited with an escrow agent or the Fiscal Agent either money in an amount which shall be sufficient or Federal Securities which are not subject to redemption except by the holder thereof prior to maturity (including any Federal Securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or municipal obligations which have been defeased with Federal Securities and which are rated in the highest rating category by either Moody's or Standard & Poor's, the interest on and principal of which when paid will provide money which, together with the money, if any, deposited with such escrow agent or the Fiscal Agent at the same time, shall be sufficient to pay when due the interest to become due on such Local Obligations on and prior to the maturity dates or redemption dates thereof, as the case may be, and the principal of and Redemption Premium, if any, on such Local Obligations on and prior to the maturity dates or the redemption dates thereof, as the case may be, as evidenced by a report of an Independent Certified Public Accountant or nationally recognized, independent municipal finance consultant, on file with the District and the Fiscal Agent, and (3) in the event such Local Obligations are not by their terms subject to redemption within the next succeeding ninety (90) days, the District shall have agreed to mail pursuant to Section 11.09 a notice to the Holders of such Local Obligations and to such securities depositories and securities information services selected by it pursuant to Section 4.03 that the deposit required by clause (2) above has been made with such escrow agent or the Fiscal Agent and that such Local Obligations are deemed to have been paid in accordance with this section and stating the maturity dates or redemption dates, as the case may be, upon which money is to be available for the payment of the principal of and Redemption Premium, if any, on such Local Obligations.

**Section 10.02 Unclaimed Money.** Anything contained herein to the contrary notwithstanding, any money held by the Fiscal Agent in trust for the payment and discharge of any of the Local Obligations or any interest thereon which remains unclaimed for two (2) years after the date when such Local Obligations or interest thereon have become due and payable, either at their stated maturity dates or by call for redemption prior to maturity, if such money was held by the Fiscal Agent on such date, or for two (2) years after the date of deposit of such money if deposited with the Fiscal Agent after the date when such Local Obligations or interest thereon became due and payable, shall be repaid by the Fiscal Agent to the District as its absolute property free from trust for deposit in the Community Facilities Fund and for use in accordance with the Law, and the Fiscal Agent shall thereupon be released and discharged with respect thereto and the Holders shall look only to the District for the payment of such Local Obligations and interest thereon; provided, that before the Fiscal Agent shall be required to make any such repayment the District shall mail pursuant to Section 11.09 a notice to the Holders of all Outstanding Local Obligations and to such securities depositories and securities information services selected pursuant to Section 4.03 that such money remains unclaimed and that after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such money then unclaimed will be returned to the District for deposit in the Community Facilities Fund.

## ARTICLE XI

### MISCELLANEOUS

**Section 11.01 Liability of District Limited to Proceeds of the Special Tax.** Notwithstanding anything contained herein, the District shall not be required to advance any money derived from any source of income other than the proceeds of the Special Tax and the other funds as provided herein for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations.

The Local Obligations are special tax obligations of the District and the interest on and principal of and Redemption Premium, if any, on the Local Obligations are payable solely from the proceeds of the Special Tax and such other funds, and the District is not obligated to pay them except from the proceeds of the Special Tax and such other funds. The General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or Redemption Premium, if any, on the Local Obligations. The Local Obligations are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the District or any of its income or receipts except the proceeds of the Special Tax and such other funds, and neither the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations is a general debt, liability or obligation of the District. The Local Obligations do not constitute an indebtedness of the District within the meaning of any constitutional or statutory debt limitation or restriction, and neither the Board of Trustees nor the District nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations otherwise than from the proceeds of the Special Tax and the other funds as provided herein.

**Section 11.02 Benefits of the Indenture Limited to Certain Parties.** Nothing contained herein, express or implied, is intended to give to any person other than the Board of Trustees, the District, the Fiscal Agent and the Holders any right, remedy or claim under or by reason hereof, and any agreement or covenant required herein to be performed by or on behalf of the Board of Trustees or the District or any officer or employee thereof shall be for the sole and exclusive benefit of the Fiscal Agent and the Holders.

**Section 11.03 Successor is Deemed Included in All References to Predecessor.** Whenever either the Board of Trustees or the District or any officer or employee thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions with respect to the administration, control and management of the affairs of the Board of Trustees and the District that are presently vested in the Board of Trustees or the District or such officer or employee, and all agreements and covenants required herein to be performed by or on behalf of the Board of Trustees or the District or any officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

**Section 11.04 Execution of Documents by Holders.** Any declaration, request or other instrument which is permitted or required herein to be executed by Holders may be in one or more instruments of similar tenor, and may be executed by Holders in person or by their attorneys duly authorized in writing. The fact and date of the execution by any Holder or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by



the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness to such execution duly sworn to before such notary public or other officer. The ownership of Local Obligations and the amount, maturity, number and date of holding the same shall be proved by the registration books required to be kept by the Fiscal Agent pursuant to Section 2.05.

Any declaration, request or other instrument or writing of the Holder of any Local Obligation shall bind all future Holders of such Local Obligation with respect to anything done or suffered to be done by the District in good faith and in accordance therewith.

**Section 11.05 Deposit and Investment of Moneys in Funds.** All money held by the Associate Superintendent, Business Services in any fund established herein shall be deposited by the Associate Superintendent, Business Services in Legal Investments, and shall be secured at all times by such obligations as are required by law to the fullest extent required by law. All money held by the Fiscal Agent in the Redemption Fund and Expense Fund shall be invested by the Fiscal Agent in Legal Investments upon the written direction of the District. In the absence of a written investment direction of the District, the Fiscal Agent shall invest such moneys in a taxable money market portfolio composed of or fully secured by U.S. government securities. The Fiscal Agent may rely upon any investment direction from the District as a certification to the Fiscal Agent that such investment constitutes a Legal Investment. The Fiscal Agent (or any of its affiliates) may act as principal or agent or as sponsor, advisor or manager in connection with the making of any investment by the Fiscal Agent hereunder and may impose its customary charges therefor, and the Fiscal Agent shall not be responsible for any loss suffered in connection with any investment made in accordance herewith.

The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law; provided, that the Fiscal Agent will furnish the District periodic cash transaction statements which include details for all investment transactions made by the Fiscal Agent hereunder.

All interest received on any such money so deposited or invested which exceeds the requirements of the fund from which such money was deposited or invested shall (subject to the requirements of Section 6.03) be deposited in the Redemption Fund, and all losses on any such money so deposited or invested shall be borne by the fund from which the deposit or investment was made.

**Section 11.06 Waiver of Personal Liability.** No member of the Board of Trustees or officer or employee of the District shall be individually or personally liable for the payment of the interest on or principal of or Redemption Premium, if any, on the Local Obligations, but nothing herein contained shall relieve any member of the Board of Trustees or officer or employee of the District from the performance of any official duty provided hereby or by the Law or by any other applicable provisions of law.

**Section 11.07 Acquisition of Local Obligations by District.** All Local Obligations acquired by the District, whether by purchase or gift or otherwise, shall be surrendered to the Fiscal Agent for cancellation and destruction by it.

**Section 11.08 Content of Certificates and Reports.** Every certificate or report with respect to compliance with an agreement, condition, covenant or term provided herein shall include (a) a statement that the person or persons making or giving such certificate or report have read such agreement, condition, covenant or term and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the opinion contained in such certificate or report is based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or term has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or term has been complied with.

Any such certificate made or given by an officer of the District may be based, insofar as it relates to legal matters, upon a representation made in an Opinion of Counsel unless such officer knows that the representation with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any such Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the District, upon a representation by an officer or officers of the District unless the counsel giving such Opinion of Counsel knows that the representation with respect to the matters upon which his representation may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

**Section 11.09 Notice by Mail.** Any notice required to be given by mail to any Holders or to any securities depositories or securities information services shall be given by mailing a copy of such notice, first class postage prepaid, to such Holders at their addresses appearing in the books required to be kept by the Fiscal Agent pursuant to the provisions of Section 2.05 or to such securities depositories or securities information services not less than thirty (30) days nor more than sixty (60) days following the action or prior to the event concerning which notice thereof is required to be given; provided, that neither failure to receive any such notice nor any immaterial defect contained therein shall affect the sufficiency or validity of the proceedings taken in connection with the action or the event concerning which such notice was given.

**Section 11.10 Maintenance of Funds.** Any fund required herein to be established and maintained by the Associate Superintendent, Business Services or the Fiscal Agent may be maintained by the Associate Superintendent, Business Services or the Fiscal Agent, as the case may be, in its accounting records in its customary manner either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any financial reports or statements with respect thereto, be treated either as an account or as a fund; but all such accounting records with respect to all such accounts and funds shall at all times be maintained by the Associate Superintendent, Business Services and the Fiscal Agent in accordance with industry standards and with due regard for the protection of the security of the Local Obligations and the rights of the Holders.

**Section 11.11 Article and Section Headings, Gender and References.** The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the construction, effect or meaning hereof,

and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding articles, sections or subdivisions hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and “hereunder” and other words of similar import refer to the Indenture as a whole and not to any particular article, section or subdivision hereof.

**Section 11.12 Partial Invalidity.** If any one or more of the agreements, conditions, covenants or terms or portions thereof required hereby to be observed or performed by the District or the Fiscal Agent should be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements, conditions, covenants or terms or portions thereof and shall in no way affect the validity hereof or of the Local Obligations; and the Holders shall retain all the rights and benefits accorded to them under the Law or any other applicable provisions of law. The District hereby declares that it would have executed the Indenture and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the issuance of the Local Obligations pursuant hereto irrespective of the fact that any one or more of the articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

**Section 11.13 Execution in Counterparts.** The Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument

**Section 11.14 Governing Law.** The Indenture shall be governed by and construed and interpreted in accordance with the laws of the State of California.

**Section 11.15 Notices.** All written notices to be given hereunder shall be given by first class mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other parties in writing from time to time, namely:

If to the District:                   San Dieguito Union High School District  
710 Encinitas Blvd.  
Encinitas, California 92024  
Attention: Associate Superintendent, Business Services

If to the Fiscal Agent:           U.S. Bank National Association  
633 W. 5th Street, 24th Floor  
Los Angeles, California 90071  
Attention: Global Corporate Trust Services

**Section 11.16 Effective Date of the Indenture.** The Indenture shall take effect from and after its execution and delivery.

IN WITNESS WHEREOF, the San Dieguito Union High School District has caused the Indenture to be signed in its name by its Associate Superintendent, Business Services and to be attested by the Clerk of the Board of Trustees of the District, and U.S. Bank National Association, as Fiscal Agent, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be signed in its corporate name by its officer thereunto duly authorized and attested by one of its authorized officers, all as of the date and year first above written.

**SAN DIEGUITO UNION HIGH SCHOOL  
DISTRICT**

By \_\_\_\_\_  
Associate Superintendent, Business Services

ATTEST:

\_\_\_\_\_  
President of the Board of Trustees of the District

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

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

**EXHIBIT A****FORMS OF BOND, FISCAL AGENT'S CERTIFICATE OF AUTHENTICATION AND  
ASSIGNMENT**

[FORM OF BOND]

No. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF SAN DIEGO

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 99-3  
SPECIAL TAX REVENUE BOND, SERIES 2018

*Interest Rate**Maturity Date**Bond Date*

%

March 1, 20\_\_

October \_\_, 2018

REGISTERED OWNER: U.S. Bank National Association as Trustee for the San Dieguito  
School Facilities Financing Authority Special Tax Revenue Bonds,  
Series 2018

PRINCIPAL AMOUNT:

DOLLARS

The San Dieguito Union High School District, a municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "District"), for value received, hereby promises to pay (but only out of the proceeds of the Special Tax hereinafter referred to and certain other funds as described herein) to the registered owner set forth above on the maturity date set forth above (subject to any right of prior redemption hereinafter provided for) the principal amount set forth above, together with interest thereon computed on the basis of a 360-day year of twelve (12) 30-day calendar months from the Interest Payment Date next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event it shall bear interest from the Bond Date shown above until the principal hereof shall have been paid, at the interest rate per annum set forth above, payable semiannually on March 1 and September 1 in each year, commencing on September 1, 2019. The interest on and principal of and redemption premium, if any, on this Bond are payable in lawful money of the United States of America at the Principal Corporate Trust Office (as that term is defined in the Indenture hereinafter referred to, and herein the "Principal Corporate Trust Office") of U.S. Bank National Association, as Fiscal Agent for the Bonds, or any other bank or trust company at its principal corporate trust office which may at any time be substituted in its place as provided in the Indenture hereinafter referred to (the "Fiscal Agent"). The interest on this Bond due on or before the maturity or prior redemption hereof shall be payable only to the person whose name appears in the registration books required to be kept by the Fiscal Agent as the

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registered owner hereof at the close of business as of the fifteenth (15th) day of the calendar month preceding the month in which the applicable Interest Payment Date falls, such interest to be paid by check mailed by first class mail on each such Interest Payment Date to such registered owner at his address as it appears on such books, except that in the case of a registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds then outstanding, payment shall be made at such owner's option by wire transfer on each such Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such owner to the Fiscal Agent at least fifteen (15) days before such Interest Payment Date. The principal of and redemption premium, if any, on this Bond shall be payable only to the person whose name appears in such registration books as the registered owner hereof, such principal and redemption premium, if any, to be paid only on the surrender of this Bond at the Principal Corporate Trust Office of the Fiscal Agent at maturity or on redemption prior to maturity.

This Bond is one of a duly authorized issue of Bonds in the aggregate principal amount of [\$Par Amount] issued by the District for the San Dieguito Union High School District Community Facilities District 99-3 (the "Community Facilities District") located in Encinitas, California, designated the "San Dieguito Union High School District Community Facilities District 99-3 Special Tax Revenue Bonds, Series 2018" (the "Bonds"), which Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 *et seq.* of the Government Code of the State of California) and all laws amendatory thereof or supplemental thereto (the "Law") and under and pursuant to the provisions of an Indenture, dated as of October 1, 2018 (the "Indenture") between the District and U.S. Bank National Association, as Fiscal Agent, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, denominations, maturities, interest rates or redemption provisions). All Bonds, including the Bonds, are equally and ratably secured in accordance with the terms and conditions of the Indenture (copies of which are on file at the office of the Clerk of the District and at the above-mentioned office of the Fiscal Agent), and reference is hereby made to the Law and to the Indenture and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued and for the rights of the registered owners of the Bonds; and all the terms of the Law and the Indenture are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond, to all the provisions of which the registered owner of this Bond, by his acceptance hereof, agrees and consents; and each subsequent registered owner hereof shall have recourse to all the provisions of the Law and the Indenture and shall be bound by all the terms and conditions thereof.

The Bonds are issued to provide funds to refinance and defease the Prior CFD Loans (as that term is defined in the Indenture). The Bonds are special tax obligations of the District and the interest on and principal of and redemption premium, if any, on the Bonds are payable solely from the proceeds of the Special Tax (as that term is defined in the Indenture, and herein the "Special Tax") and certain other funds, as provided in the Indenture, and the District is not obligated to pay them except from the proceeds of the Special Tax and such other funds as so provided. The General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or redemption premium, if any, on the Bonds, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or redemption premium, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the District or any of its income or receipts except the proceeds of the Special Tax and such other funds, as provided in the

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Indenture, and neither the payment of the interest on or principal of or redemption premium, if any, on the Bonds is a general debt, liability or obligation of the District.

The Bonds are subject to redemption by the District prior to their respective maturity dates as a whole or in part on the dates, at the prices and subject to the terms provided in the Indenture.

If less than all outstanding Bonds are to be redeemed at the option of the District at any one time, the District shall select the maturity dates from which the Bonds shall be redeemed, and if less than all the outstanding Bonds of any one maturity date are to be redeemed at any one time, the Fiscal Agent shall select the Bonds or portions thereof of such maturity date to be redeemed in integral multiples of five thousand dollars (\$5,000) by lot in any manner that it deems appropriate.

Notice of redemption of this Bond or any portion hereof shall be mailed by the Fiscal Agent not less than thirty (30) days nor more than sixty (60) days before the redemption date by first class mail to the registered owner hereof and to those securities depositories and securities information services selected by the District in accordance with the Indenture and to the original underwriter of the Bonds, but neither failure to receive any such mailed notice nor any immaterial defect contained therein shall affect the sufficiency or validity of such proceedings for redemption. If notice of redemption has been duly given as aforesaid, then this Bond or the portion thereof to be redeemed shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on this Bond or the portion thereof to be redeemed shall cease to accrue and the registered owner of this Bond shall have no rights in respect hereof except to receive payment of the redemption price of this Bond or the portion thereof to be redeemed, and upon surrender of this Bond if redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner hereof at the expense of the District a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of this Bond so surrendered.

The District has covenanted that, so long as any Bonds are outstanding, it will annually levy against all Taxable Land (as that term is defined in the Indenture) in the Community Facilities District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Indenture, and which in any event will be sufficient to pay the interest on and principal of and redemption premium, if any, on the Bonds as they become due and payable and to pay all current Expenses (as that term is defined in the Indenture) as they become due and payable in accordance with the provisions and terms of the Indenture.

The Bonds are issuable in the form of fully registered Bonds in the denomination of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Bonds maturing at any one time). The registered owner of any Bond or Bonds may surrender the same (together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney) in exchange for an equal aggregate principal amount of Bonds of the same maturity date of any other authorized denominations in the manner, subject to the conditions and upon payment of the charges provided in the Indenture.

The registration of this Bond is transferable on the registration books kept by the Fiscal Agent by the registered owner hereof or by his duly authorized attorney upon surrender of this Bond

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together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity date of authorized denominations in the same aggregate principal amount will be issued to the transferee in exchange therefor in the manner, subject to the conditions and terms and upon payment of the charges provided in the Indenture. The District and the Fiscal Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture, and in certain circumstances without the consent of such registered owners, but no such amendment shall (1) extend the maturity of this Bond or reduce the interest rate hereon or otherwise alter or impair the obligation of the District to pay the interest hereon or principal hereof or redemption premium, if any, hereon at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the registered owner of this Bond, or (2) permit the issuance by the District of any obligations payable from the proceeds of the Special Tax other than the Bonds as provided in the Indenture, or jeopardize the ability of the District to levy and collect the Special Tax, or (3) reduce the percentage of Bonds required for the written consent to an amendment of the Indenture, or (4) codify any rights or obligations of the Fiscal Agent without its prior written assent thereto; all as more fully set forth in the Indenture.

The Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory debt limitation or restriction, and neither the San Dieguito Union High School District nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or redemption premium, if any, on the Bonds other than from the proceeds of the Special Tax and such other funds as may be pledged therefor, as provided in the Indenture.

This Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by an authorized signatory of the Fiscal Agent.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and 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 the amount of this Bond, together with all other obligations of the District and the Community Facilities District, does not exceed any limit prescribed by the laws of the State of California and is not in excess of the principal amount of the Bonds permitted to be issued under the Indenture.



IN WITNESS WHEREOF, the San Dieguito Union High School District has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the President of the Board of the District and countersigned by the manual or facsimile signature of the District Clerk, and has caused this Bond to be dated as of the Bond Date set forth above.

SAN DIEGUITO UNION HIGH SCHOOL  
DISTRICT

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

Countersigned:

\_\_\_\_\_  
Clerk of the Board of Trustees

[FORM OF FISCAL AGENT’S CERTIFICATE OF AUTHENTICATION  
TO APPEAR ON BONDS]

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated on \_\_\_\_\_.

U.S. Bank National Association,  
as Fiscal Agent

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

[FORM OF ASSIGNMENT TO  
APPEAR ON BONDS]

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

\_\_\_\_\_

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

SIGNATURE GUARANTEED BY:

\_\_\_\_\_

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee:

\_\_\_\_\_

ITEM 23H

Form of Local Obligation Purchase Contract

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**

**COMMUNITY FACILITIES DISTRICT NO. 94-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,  
COMMUNITY FACILITIES DISTRICT NO. 94-3  
SPECIAL TAX REVENUE BONDS, SERIES 2018,  
COMMUNITY FACILITIES DISTRICT NO. 95-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018,  
COMMUNITY FACILITIES DISTRICT NO. 95-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,  
COMMUNITY FACILITIES DISTRICT NO. 99-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018,  
COMMUNITY FACILITIES DISTRICT NO. 99-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,  
COMMUNITY FACILITIES DISTRICT NO. 99-3  
SPECIAL TAX REVENUE BONDS, SERIES 2018,  
and  
COMMUNITY FACILITIES DISTRICT NO. 03-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018**

**LOCAL OBLIGATION PURCHASE CONTRACT**

**dated as of October \_\_, 2018**

San Dieguito Union High School District  
710 Encinitas Blvd.  
Encinitas, CA 92024

Ladies and Gentlemen:

The undersigned San Dieguito School Facilities Financing Authority (the “Authority”) offers to enter into this Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) with you, the Board of Trustees (the “Board of Trustees”) of the San Dieguito Union High School District, acting as the legislative body of the above named community facilities districts (the “District”), which, upon acceptance, will be binding upon the District and the Authority; and except as otherwise provided herein, all capitalized terms used herein shall have the meanings attributed to them in the Trust Agreement, dated as of December 1, 2016 (the “Original Trust Agreement”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented by that First Supplemental Trust Agreement, dated as of October 1, 2018, by and between the Authority and the Trustee (the “First Supplemental Trust Agreement” and, collectively with the Original Trust Agreement, the “Trust Agreement”). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Original Trust Agreement.

1. Purchase, Sale and Delivery of the Obligations.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Authority hereby agrees to purchase from the District, and the District hereby agrees to sell to the Authority, all (but not less than all) of the following securities:

(i) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 94-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 94-2 Local Obligations," and together with the CFD No. 03-1 Local Obligations, the "Local Obligations") issued under an Indenture, dated as of December 1, 2016, as supplemented and amended by a First Supplemental Indenture, dated as of October 1, 2018 (collectively, the "CFD No. 94-2 Indenture"), each by and between the District and U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent");

(ii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 94-3 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 94-3 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 94-3 Indenture");

(iii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 95-1 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 95-1 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 95-1 Indenture");

(iv) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 95-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 95-2 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 95-2 Indenture");

(v) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-1 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-1 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 99-1 Indenture");

(vi) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-2 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 99-2 Indenture");

(vii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-3 Local Obligations") issued under an

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Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the “CFD No. 99-3 Indenture”); and

(viii) \$\_\_\_\_\_ aggregate principal amount of the District’s San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018 (the “CFD No. 03-1 Local Obligations” and together with the CFD No. 94-2 Local Obligations, the CFD No. 94-3 Local Obligations, the CFD No. 95-1 Local Obligations, the CFD No. 95-2 Local Obligations, the CFD No. 99-1 Local Obligations, the CFD No. 99-2 Local Obligations, and the CFD No. 99-3 Local Obligations, the “Local Obligations”) issued under an Indenture, dated as of December 1, 2016, as amended and supplemented pursuant to a First Supplemental Indenture, dated as of October 1, 2018, each by and between the District and U.S. Bank National Association, as Fiscal Agent (collectively, the “CFD No. 03-1 Indenture”, and together with the CFD No. 94-2 Indenture, the CFD No. 94-3 Indenture, the CFD No. 95-1 Indenture, the CFD No. 95-2 Indenture, the CFD No. 99-1 Indenture, the CFD No. 99-2 Indenture, and the CFD No. 99-3 Indenture, the “Indentures”);

all dated the date of their initial delivery, bearing interest payable on the dates and at the interest rates, and maturing on the dates and in the amounts and subject to the optional and mandatory redemption provisions, as set forth in Exhibit A attached hereto and incorporated herein.

The purchase prices for the Local Obligations shall be paid from the proceeds of sale of the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018, issued under the Trust Agreement (the “Authority Bonds”), and such purchase prices shall be:

(i) for the CFD No. 94-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(ii) for the CFD No. 94-3 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(iii) for the CFD No. 95-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(iv) for the CFD No. 95-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(v) for the CFD No. 99-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(vi) for the CFD No. 99-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

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(vii) for the CFD No. 99-3 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_); and

(viii) for the CFD No. 03-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_).

The Local Obligations shall be substantially in the forms described in, shall be issued and secured under the provisions of, and shall be payable as provided in the Indentures, each of which provide for the issuance of the Local Obligations and the registration thereof in the name of the Trustee.

(b) At 9:00 a.m., Pacific Daylight Time, on October \_\_, 2018, or at such earlier or later time or date as shall be agreed by the District and the Authority (such time and date being herein referred to as the “Closing Date”), the District will deliver to the Authority at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (or such other location as may be designated by the Authority and approved by the District) the Local Obligations in definitive forms, duly executed by the District and authenticated by the Fiscal Agent or the Trustee, as the case may be, for each of the Local Obligations, and will deliver to the Authority the other documents herein mentioned; and the Authority will accept such delivery and pay the total purchase price of the Local Obligations as set forth in paragraph (a) of this section as provided in the Trust Agreement (such delivery and payment being herein referred to as the “Closing”).

2. Representations, Warranties and Agreements of the District. The District represents and warrants to and agrees with the Authority that:

(a) The District is and will be at the Closing Date duly organized and existing as a school district under and by virtue of the Constitution and laws of the State of California, with full power and authority to issue the Local Obligations and to carry out and consummate the transactions contemplated by the Local Obligations, the Local Obligation Purchase Contract, the Trust Agreement, and the Indentures (collectively, the “Financing Documents”), and the Financing Documents are and will be at the Closing Date valid and binding obligations of the District;

(b) When delivered to and paid for by the Authority at the Closing in accordance with the provisions of the Local Obligation Purchase Contract, the Local Obligations will have been duly authorized, executed, issued and delivered and will constitute valid and binding obligations of the District in conformity with, and entitled to the benefit and security of, their respective Indentures;

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has authorized and approved the execution and delivery of the Financing Documents, and authorized and approved the performance by the District of the obligations on its part contained in the Financing Documents and has authorized and approved the consummation by the District of all other transactions contemplated by the Local Obligation Purchase Contract;

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(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the knowledge of the District, threatened against the District or its properties or operations (i) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Local Obligations, (ii) in any way contesting or affecting the validity or enforceability of any of the Financing Documents, any proceedings of the District taken concerning the issuance or sale of the Local Obligations, the collection of the special taxes securing the Local Obligations or the existence or powers of the District relating to the issuance of the Local Obligations or (iii) which, if determined adversely to the District or its interests, would have a material and adverse effect on the consummation of the transactions contemplated by or the validity of the Financing Documents or on the operations of the District with respect to the Local Obligations;

(e) The execution and delivery of the Financing Documents, and the consummation of the transactions therein and herein contemplated, and the fulfillment of or compliance with the terms and conditions thereof and hereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents or the operations of the District with respect to the Local Obligations;

(f) The District is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default may have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default under any such instrument;

(g) All approvals, consents, authorizations, certifications and other orders of any governmental authority, board, agency or commission having jurisdiction, and all filings with any such entities, which would constitute conditions precedent to or the failure to obtain which would materially adversely affect the performance by the District of its obligations under the Financing Documents have been duly obtained, and no further consent, approval, authorization or other action or filing with or by any governmental or regulatory authority having jurisdiction over the District is or will be required for the issue and sale of the Local Obligations or the consummation by the District of the other transactions described in the Financing Documents;

(h) The special taxes constituting the security for the Local Obligations have been duly and lawfully authorized under and pursuant to the Mello-Roos Community Facilities



District Act of 1982 (the “Act”) and such special taxes are secured by a valid and legally binding continuing lien on the land subject to the special taxes as provided in the Act;

(i) The District has authorized and will annually levy and collect special taxes, in addition to amounts necessary to pay debt service on the Local Obligations, in an amount sufficient (subject to any maximum special tax permitted by law) to pay the Expenses (as defined in the Indentures) arising directly from the administration or enforcement of the Local Obligations.

The execution and delivery of the Local Obligation Purchase Contract by the District shall constitute a representation by the District to the Authority that the representations, warranties and agreements contained in this Section 2 are true as of the date hereof; provided, that as to all matters of law the District is relying on the advice of counsel to the District; and provided further, that no member of the Board of Trustees of the District shall be individually liable for the breach of any representation, warranty or agreement contained herein.

3. Conditions to the Purchase of the Local Obligations by the Authority. The obligation of the Authority to accept delivery of and pay for the Local Obligations on the Closing Date shall be subject, at the option of the Authority, to the accuracy in all material respects of the representations, warranties and agreements on the part of the District contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the District made in any certificates, or other documents furnished pursuant to the provisions hereof, and to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Financing Documents shall be in full force and effect in the form heretofore submitted to the Authority and there shall have been taken in connection with the issuance of the Local Obligations and with the transactions contemplated thereby and by the Local Obligation Purchase Contract, all such actions as, in the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”), shall be necessary and appropriate;

(b) At the Closing Date, the Financing Documents shall not have been amended, modified or supplemented, except as may have been agreed to by the Authority;

(c) At or prior to the Closing Date, the Authority and the Trustee shall have received the following documents, in each case satisfactory in form and substance to the Authority:

(1) An executed copy of each of the Financing Documents;

(2) An unqualified approving opinion of Bond Counsel, dated the Closing Date and addressed to the District, as to the validity of the Local Obligations;

(3) An opinion of the District Counsel, dated the Closing Date and addressed to the District and the Authority, in substantially the form attached hereto as Exhibit B; and

## ITEM 23H

(4) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Authority or Bond Counsel may reasonably request to evidence compliance by the District with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the District contained herein, and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

If the District shall be unable to satisfy the conditions to the Authority's obligations contained in the Local Obligation Purchase Contract, the Local Obligation Purchase Contract shall terminate and neither the Authority nor the District shall have any further obligation hereunder.

4. Expenses. All expenses and costs of the District and the Authority incident to the authorization, issuance and sale of the Local Obligations and the Authority Bonds, including fees and expenses of consultants, the Trustee, Bond Counsel and counsel for the District and the fees and expenses incurred by the Authority in connection with the sale of the Authority Bonds shall be paid by the District and the District agrees that it will pay, from the proceeds of the Local Obligations.

5. Notices. Any notice or other communication to be given to the District under the Local Obligation Purchase Contract may be given by delivering the same in writing at the District's address set forth above, Attention: Executive Director of Planning Services, and any such notice or other communications required to be given to the Authority may be given by delivering the same in writing to the Authority at 710 Encinitas Blvd., Encinitas, CA 92024, Attention: Treasurer. The approval of the Authority when required hereunder or the determination of their satisfaction as to any document referred to herein shall be in writing signed by the Authority and delivered to the District.

6. Parties In Interest; Governing Law. The Local Obligation Purchase Contract is made solely for the benefit of the District, the Authority and the Trustee and no other persons, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. The Local Obligation Purchase Contract shall be governed by the laws of the State of California.

7. Pledge; Assignment. The District hereby approves the pledge and assignment of all of the Authority's right, title and interest in the Local Obligations to the Trustee under the Trust Agreement for the benefit of the Owners of the Authority Bonds.

8. Limitation on Liability. The Authority shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereby, and shall be under no obligation to purchase the Local Obligations hereunder, except from proceeds of the Authority Bonds available therefor held by the Trustee under, and subject to the conditions set forth in, the Trust Agreement. The District shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereunder, except as otherwise provided in Sections 4 and 5 hereof, or be obligated to make any payments with respect to the Local Obligations, except from amounts pledged to the payment of the Local Obligations (including special taxes levied and collected in the applicable community facilities districts) pursuant to the terms thereof.

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9. Counterparts. The Local Obligation Purchase Contract may be signed in two or more counterparts; all such counterparts, when signed by all parties, shall constitute but one single agreement.

SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY

By \_\_\_\_\_  
Treasurer

ACCEPTED AND AGREED TO:

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT

By \_\_\_\_\_  
Executive Director of Planning Services

Exhibit A

LOCAL OBLIGATIONS MATURITY SCHEDULES AND REDEMPTION PROVISIONS

**CFD No. 94-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
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2041			

**CFD No. 94-3 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
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2040			

**CFD No. 95-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
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2025			
2026			
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**CFD No. 95-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
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2025			
2026			
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2028			
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2047			

**CFD No. 99-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
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**CFD No. 99-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
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**CFD No. 99-3 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
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**CFD No. 03-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
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2027			
2028			
2029			
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### **Local Obligation Redemption Provisions**

(a) Optional Redemption. The Local Obligations maturing on or after March 1, 2030 are subject to optional redemption by the District prior to their respective maturity dates as a whole or in part on any Interest Payment Date on or after March 1, 2029, from money derived by the District from any source other than such prepayments of the Special Tax, upon mailed notice as provided in the applicable Indenture, at a redemption price equal to 100% of the principal amount of the Local Obligations or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, without premium.

[Remainder of page intentionally left blank]

Exhibit B

[Form of District Counsel Opinion]

October \_\_, 2018

Governing Board  
San Dieguito School Facilities Financing Authority  
Encinitas, California

Board of Trustees  
San Dieguito Union High School District  
Encinitas, California

U.S. Bank National Association  
San Francisco, California

San Dieguito Union High School District  
Community Facilities District No. 94-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 94-3  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 95-1  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 95-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-1  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-3  
Special Tax Revenue Bonds; and

San Dieguito Union High School District  
Community Facilities District No. 03-1  
Special Tax Revenue Bonds

Ladies and Gentlemen:

I have served as counsel to the San Dieguito Union High School District (the “District”) in connection with the issuance, sale and delivery of the above-reference securities (collectively, the “Local Obligations”), and this letter is being delivered pursuant to the Local Obligation Purchase Contract dated as of October \_\_, 2018 (the “Local Obligation Purchase

## ITEM 23H

Contract”) by and between the San Dieguito School Facilities Financing Authority (the “Authority”) and the Board of Trustees of the District, acting as the legislative body for each of the above-referenced community facilities districts of the District, and all capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Local Obligation Purchase Contract.

As such counsel, I have examined and am familiar with (i) those documents relating to the existence, organization and operation of the District; and (ii) all necessary documentation of the District relating to the authorization, execution and delivery of the Local Obligations and all of the Financing Documents.

Based on the foregoing, I am of the opinion that:

1. The District is a school district located in San Diego County (the “County”), duly organized and existing under and by virtue of the Constitution and laws of the State of California.

2. The District has the full legal right, power and authority to execute, deliver and perform its obligations and duties under the Financing Documents, and the District has complied with the provisions of applicable law in all matters relating to the transactions contemplated by the Financing Documents.

3. The Financing Documents have each been duly authorized, executed and delivered by the District, are each in full force and effect and, assuming due authorization, execution and delivery by the other parties thereto, each constitutes a legal, valid and binding agreement of the District enforceable against the District in accordance with its terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the District of the Financing Documents or the performance by the District of its respective obligations thereunder.

5. The execution and delivery of the Financing Documents by the District, and compliance with the provisions thereof, will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the District, or any commitment, agreement or other instrument to which the District is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the District (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the District and its affairs.

6. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body pending or threatened against or affecting the District or any of its officers in their respective capacities as such which questions the powers of the District referred to in paragraph 2 above or in connection with the transactions contemplated by the Financing Documents, or the validity of the proceedings taken by the District in connection with the authorization, execution or delivery of the Financing Documents, wherein any unfavorable decision, ruling or finding would adversely

ITEM 23H

affect the transactions contemplated thereby or by the Official Statement, or which, in any way, would adversely affect the validity or enforceability of the Financing Documents or, in any material respect, the ability of the District to perform its obligations under the Financing Documents.

Very truly yours,

District Counsel

ITEM 23H

Form of Continuing Disclosure Agreement



## CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (“Disclosure Agreement”), dated as of [\_\_\_\_\_ 1, 2018], is executed and delivered by the SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY (the “Issuer”), and Willdan Financial Services, as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of \$ aggregate principal amount of the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement, dated as of December 1, 2016, as amended and supplemented by the First Supplemental Trust Agreement, dated as of [\_\_\_\_\_ 1, 2018] (together, the “Trust Agreement”), between the Issuer and U.S. Bank National Association (the “Trustee”). The proceeds of the Bonds will be used to acquire the Local Obligations (as defined below) and refund certain outstanding bonds of the Authority and the Districts (as defined below), to fund the reserve funds securing the Bonds and to pay costs of issuance of the Bonds. The Issuer and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income purposes.

“Disclosure Representative” shall mean the Executive Director of the Issuer, or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Willdan Financial Services, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee and the Issuer a written acceptance of such designation.

“Districts” shall mean San Dieguito Union High School District Community Facilities District No. 94-2, San Dieguito Union High School District Community Facilities District No. 94-3, San Dieguito Union High School District Community Facilities District No. 95-1, San Dieguito Union High School District Community Facilities District No. 95-2, San Dieguito Union High School District Community Facilities District No. 99-1, San Dieguito Union High

School District Community Facilities District No. 99-2, San Dieguito Union High School District Community Facilities District No. 99-3 and San Dieguito Union High School District Community Facilities District No. 03-1.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“Local Obligations” shall mean, collectively, the San Dieguito Union High School District Community Facilities District No. 94-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 94-3 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 95-1 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 95-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-1 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018 and San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018.

“MSRB” shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

“Official Statement” means the Official Statement for the Bonds dated \_\_\_\_\_, 2016.

“Owners” shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

“Participating Underwriter” shall mean Piper Jaffray & Co.

“Repository” shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Rule” shall mean 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.

“School District” shall mean the San Dieguito Union High School District.

Section 3. Provision of Annual Reports.

(a) The Issuer shall, or upon written direction shall cause the Dissemination Agent to, not later than April 1 after the end of the Issuer’s Fiscal Year (currently June 30) commencing

## ITEM 23H

with the report due by April 1, 2019, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer and the School District, if any exist, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the fiscal year of the Issuer or the School District changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(d). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) Not later than (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to inquire if the Issuer is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent in a timely manner shall send a notice to the Repository, in the form required by the Repository.

(d) The Dissemination Agent shall:

- (i) determine each year prior to date for providing the Annual Report the name and address of the Repository if other than the MSRB; and
- (ii) file a report with the Issuer certifying that the Annual Report has been sent to the Repository and the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Agreement, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the Issuer and the School District for the prior fiscal year, if any have been prepared and which, if prepared, shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board; provided, however, that the Issuer and the School District may, from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Issuer or the School District shall modify the basis upon which its financial statements are prepared, the Issuer or the School District, as applicable, shall provide the information referenced in Section 8 below. If the Issuer or the School District are preparing

## ITEM 23H

audited financial statements and such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following: [UPDATE]

- (i) the principal amount of Bonds outstanding as of the September 2 preceding the filing of the Annual Report;
- (ii) the balance in each fund under the Trust Agreement and the Reserve Requirement as of the September 2 preceding the filing of the Annual Report;
- (iii) any changes to the Rates and Methods of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a description of any parcels for which the Special Taxes have been prepaid in the Fiscal Year for which the Annual Report is being prepared;
- (iv) an update of Tables [\_\_\_\_\_] in the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the current fiscal year;
- (v) the status of any foreclosure actions being pursued by the Districts with respect to delinquent Special Taxes; and
- (vi) any information not already included under (i) through (v) above that the Districts are required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

- (i) principal and interest payment delinquencies;

## ITEM 23H

- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
- (vi) tender offers;
- (vii) defeasances;
- (viii) ratings changes; and
- (ix) bankruptcy, insolvency, receivership or similar proceedings.

Note: for the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) unless described in paragraph 5(a)(v) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (ii) the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

## ITEM 23H

- (iii) appointment of a successor or additional trustee or the change of the name of a trustee;
- (iv) nonpayment related defaults;
- (v) modifications to the rights of Owners of the Bonds;
- (vi) notices of redemption; and
- (vii) release, substitution or sale of property securing repayment of the Bonds.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under Section 5(b) above, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file a notice of such occurrence with the Repository in a timely manner not more than 10 business days after the event.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Issuer and that the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent shall be Willdan Financial Services. The Dissemination Agent may resign by providing thirty (30) days written notice to the Issuer and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver related to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in

legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking hereunder, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment related to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful

misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

Issuer: San Dieguito School Facilities Financing Authority  
710 Encinitas Boulevard  
Encinitas, California 92024  
Attention: Executive Director

Dissemination Agent: Willdan Financial Services

Participating Underwriter: Piper Jaffray & Co.  
One Montgomery Street, 35th Floor  
San Francisco, California 94104  
Attention: Ralph Holmes

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notice or communications should be sent.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY

By: \_\_\_\_\_  
Its:

WILLDAN FINANCIAL SERVICES, as  
Dissemination Agent

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



ITEM 23H

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, ACTING AS THE LEGISLATIVE BODY OF COMMUNITY FACILITIES DISTRICT NO. 03-1 OF THE SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$13,500,000 AGGREGATE PRINCIPAL AMOUNT OF BONDED INDEBTEDNESS OF SUCH COMMUNITY FACILITIES DISTRICT NO. 03-1, PRESCRIBING THE TERMS OF SALE, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A SUPPLEMENTAL INDENTURE, A LOCAL OBLIGATION PURCHASE CONTRACT, AND A CONTINUING DISCLOSURE CERTIFICATE, AND AUTHORIZING THE EXECUTION OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS**

**WHEREAS**, the Board of Trustees (the “Board of Trustees”) of the San Dieguito Union High School District (the “District”) has heretofore established Community Facilities District No. 03-1 (“CFD 03-1”) along with eight other community facilities districts (collectively, the “CFDs”) pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, consisting of Sections 53311, et seq., of the California Government Code (the “Act”) (collectively with CFD 03-1, the “CFDs”) in order to finance and reimburse the construction of various public facilities benefitting the CFDs; and

**WHEREAS**, pursuant to a resolution adopted on May 1, 2003, and concurrent with the formation of CFD 03-1, the District authorized the levy of special taxes within CFD 03-1 and CFD 03-1’s ability to incur indebtedness not to exceed \$75,000,000 to finance the costs of acquiring, leasing and/or constructing various public facilities for the benefit of CFD 03-1; and

**WHEREAS**, in order to assist the CFDs in financing and reimbursing the acquisition and construction of various public facilities (the “CFD Projects”), the San Dieguito Public Facilities Authority (the “Prior JPA”) previously issued its Revenue Bonds, 1998 Series A (Tax Exempt), Revenue Bonds 1998 Series B (Taxable) and Revenue Bonds, Series 2004, each refunded in whole by \$91,125,000 aggregate principal amount of its Revenue Refunding Bonds, Series 2006 (the “Prior JPA Bonds”) pursuant to an Indenture of Trust, dated as of July 1, 2006 (as amended, the “Prior JPA Indenture”), by and between the Prior JPA and U.S. Bank National Association, as trustee; and

**WHEREAS**, the CFDs entered into a loan agreement, dated July 1, 2006 (as amended, the “Prior Loan Agreement”), by and between the CFDs and the Prior JPA, whereby the Prior JPA agreed to lend the CFDs certain funds for the CFD Projects; and

**WHEREAS**, CFD 03-1 previously issued its Special Tax Revenue Bonds, Series 2016 (the “2016 Local Obligations”) pursuant to an Indenture, dated as of December 1, 2016 (the “2016 Indenture”), by and between the District and U.S. Bank National Association, as fiscal agent thereunder, for the purpose of acquiring and constructing various public facilities benefitting CFD 03-1 and paying costs of issuance related to the 2016 Authority Bonds (as defined below); and

**WHEREAS**, the 2016 Local Obligations were sold to the San Dieguito School Facilities Financing Authority (the “Authority”) in connection with the issuance of the Authority’s Subordinate Special Tax Revenue Bonds, Series 2016.

**WHEREAS**, the 2016 Indenture provides for the issuance of additional bonds on parity with the 2016 Local Obligations for the purposes and in accordance with provisions set forth therein; and

**WHEREAS**, the District has determined to authorize the issuance of additional indebtedness of CFD 03-1 for the purpose of acquiring and constructing various public facilities benefitting CFD 03-1 and prepaying certain obligations under the Prior Loan Agreement (the “Prior CFD Loans”), allowing for the defeasance of certain of the Prior JPA Bonds; and

**WHEREAS**, at this time, the Board of Trustees deems it necessary and desirable to authorize and consummate the sale of a series of bonds designated the “San Dieguito Union High School District Community Facilities District 03-1 Special Tax Revenue Bonds, Series 2018” (the “Local Obligations”) in an aggregate initial principal amount not exceeding \$13,500,000; and

**WHEREAS**, the District desires to sell the Local Obligations to the Authority pursuant to a Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”), and, pursuant to Section 53360.4 of the Act, hereby finds and determines that such sale will result in lower overall cost; and

**WHEREAS**, the Authority is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code to issue its bonds for the purpose of purchasing various local obligations issued by certain local agencies, including the Local Obligations; and

**WHEREAS**, the Authority desires to issue its San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Authority Bonds”), pursuant to a Trust Agreement (the “Trust Agreement”), by and between the Authority and U.S. Bank National Association; and

**WHEREAS**, the District has determined pursuant to Section 6588(v) of the Government Code to sell the Local Obligations to the Authority pursuant to a Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) by and between the District and the Authority, and hereby finds and determines that such sale will result in significant public benefits including demonstrable savings in effective interest rate, bond preparation, bond underwriting discount, original issue discount or bond issuance costs, and a form of Local Obligation Purchase Contract has been prepared; and

**WHEREAS**, in order to provide for the authentication and delivery of the Local Obligations on parity with the 2016 Local Obligations, to establish and declare the terms and conditions upon which the Local Obligations are to be issued and secured and to secure the payment of the principal thereof, premium, if any, and interest thereon, the District proposes to enter into a First Supplemental Indenture, amending and supplementing the 2016 Indenture (the “Supplemental Indenture”) with U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”), and a form of Supplemental Indenture has been prepared; and

**WHEREAS**, in order to satisfy the disclosure requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (“Rule 15c2-12”), the District desires to execute and deliver a Continuing Disclosure Certificate (such Continuing Disclosure Certificate, in the form presented to this meeting, with such changes, insertions and omissions as are made pursuant to this

Resolution, being referred to herein as the “Continuing Disclosure Certificate”), a form of which has been prepared; and

**WHEREAS**, the form of a Preliminary Official Statement (the “Preliminary Official Statement”) to be used in connection with the offering and sale of the Authority Bonds has been prepared and is on file with the Board of Trustees; and

**WHEREAS**, the Board of Trustees has been presented with the form of each document referred to herein relating to the financing contemplated hereby, and the Board of Trustees has examined each document and desires to approve, authorize and direct the execution of the forms of Local Obligation Purchase Contract, Supplemental Indenture, and Continuing Disclosure Agreement and the consummation of such financing; and

**WHEREAS**, the Board of Trustees desires to proceed to issue and sell the Local Obligations and to authorize the execution of such documents and the performance of such acts as may be necessary or desirable to effect the offering, sale and issuance of the Local Obligations; and

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

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Trustees of the San Dieguito Union High School District, acting as the legislative body of CFD 03-1, as follows:

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

**Section 2. Authority for Issuance.** The Local Obligations described herein are authorized to be issued pursuant to the Act and other applicable provisions of law, including applicable provisions of the Education Code, in an aggregate principal amount not to exceed \$13,500,000.

**Section 3. Designation of Local Obligations.** The Local Obligations shall be sold in one or more series, to be designated the “San Dieguito Union High School District Community Facilities District 03-1 Special Tax Revenue Bonds, Series 2018,” with such additional designations as may be necessary to distinguish between bonds of different payment mechanisms or features, as authorized hereby.

**Section 4. Sale of Local Obligations; Local Obligation Purchase Contract.** The Superintendent of the District, the Associate Superintendent, Business Services of the District, the Executive Director of Planning Services, or such other officer of the District designated for the purpose (each an “Authorized District Representative”), each alone, are hereby authorized, upon consultation with the Municipal Advisor, to sell all or any portion or series of the Local Obligations to the Authority. The Local Obligation Purchase Contract, in substantially the form on file with the Clerk of this Board, is hereby approved, and the Authorized District Representatives, each alone, are hereby authorized and directed to execute and deliver the Local Obligation Purchase Contract with the Authority, on behalf of the Community Facilities District and the District, subject to such changes

or revisions therein as may be acceptable to the Authorized District Representative executing the same, and the District's approval of all such changes shall be conclusively evidenced by the execution and delivery of the Local Obligation Purchase Contract. The Local Obligation Purchase Contract shall provide: (i) that the aggregate purchase price of the Local Obligations sold thereunder shall be no less than the principal amount of such Local Obligations; and (ii) that the Local Obligations sold thereunder shall otherwise conform to the limitations specified in this Resolution, including specifically those terms prescribed by Section 5 hereof.

**Section 5. Terms of the Local Obligations and Interest Payment.** The Local Obligations shall be issued in the form of current interest bonds. The Board hereby determines that: (1) it is anticipated that the prepayment of the Prior CFD Loans will occur on or about October 26, 2018, or such other date as is described in the Local Obligation Purchase Contract, (2) the Local Obligations shall bear the date, be in the denominations, have the maturity dates (which, in the case of Local Obligations the proceeds of which are used to prepay Prior CFD Loans, do not exceed the latest maturity date of such Prior CFD Loans), and be payable at the place and be in the form specified in the 2016 Indenture and the Supplemental Indenture, (3) the Local Obligations will bear interest at a rate no less than 0.5 percent per annum, and (4) the designated costs of issuing the Local Obligations being used to refund the Prior CFD Loans, as defined by Section 53363.8 of the Act, shall include all of the costs specified in Section 53363.8(a), (b)(2) and (c) of the Act. The Local Obligation Purchase Contract shall recite the terms of the Local Obligations sold under such document in accordance with this section as determined in the sale thereof, and such terms shall be memorialized in the Supplemental Indenture described in Section 7 hereof. In satisfaction of the requirements contained in Section 53364.2 of the Act, the Board hereby determines that any savings achieved through the issuance of the Local Obligations shall be used to finance additional facilities authorized to be financed by CFD 03-1.

**Section 6. Tax Treatment of Local Obligations.** All or any portion of the Local Obligations shall be issued as exempt from federal income tax, as an Authorized District Representative shall determine upon consultation with the Municipal Advisor, and according to the terms and conditions as Bond Counsel to the District shall advise are appropriate to and necessary for the issuance of tax-exempt bonds.

**Section 7. Approval of Supplemental Indenture.** The Supplemental Indenture relating to the Local Obligations between the District and U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent"), in substantially the form submitted to this Board, including the form of Local Obligations included therein, is hereby approved. The Authorized District Representatives, each alone, are hereby authorized to execute and deliver an instrument in substantially said form, completed with the terms of the Local Obligations determined upon the sale thereof, and with such other changes thereto as the Authorized District Representative executing the same may require or approve, and the District's approval of the Supplemental Indenture shall be conclusively evidenced by the execution and delivery thereof.

**Section 8. Approval of Continuing Disclosure Certificate.** The Continuing Disclosure Certificate relating to the Local Obligations, in substantially the form on file with the Clerk of this Board, is hereby approved. The Authorized District Representatives, or the designee thereof, each alone, are hereby authorized on behalf of Community Facilities District and the District to execute and deliver the Continuing Disclosure Certificates in substantially the form submitted to this Board, with such changes thereto as deemed necessary in order to permit the purchaser of the Local Obligations to comply with the requirements of Securities and Exchange Commission Rule 15c2-12.

The District hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificates as finally executed and delivered.

**Section 9. Approval of Actions.** The President of this Board of Trustees, the Clerk of this Board of Trustees, the Superintendent of the District, the Associate Superintendent, Business Services of the District, the Executive Director of Planning Services, and any other officer of the District to whom authority is delegated by one of the named officers for the purposes of the Local Obligations, are hereby authorized and directed to execute and deliver any and all certificates and representations, including signature certificates, no-litigation certificates, representation letters to The Depository Trust Company, the Tax Certificate and any other certificates proposed to be distributed in connection with the sale of the Local Obligations, and to enter into, execute and deliver any agreements, including depository agreements, commitment letters and agreements with bond insurers, agreements providing for payment of costs of issuance of Local Obligations, and any other agreements, directions, letters, representations or other documents, which any of them deem necessary or desirable to accomplish the transactions authorized herein. If in order to sell the Local Obligations in separate series or to separate purchasers as authorized herein, the District is required to prepare and deliver additional official statements, Supplemental Indentures, Local Obligation Purchase Contracts, continuing disclosure certificates, or other authorized documents, the preparation and delivery of such additional documents is hereby authorized. Actions of the Authorized District Representative heretofore taken to accomplish the purposes of this Resolution and consistent herewith are hereby ratified.

**Section 10. Retention of Services.** This Board hereby appoints Piper Jaffray & Co. as Underwriter, Fieldman, Rolapp & Associates, Inc., as Municipal Advisor, and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel, all with respect to the issuance of the Local Obligations. The Authorized District Representatives, each alone, are hereby authorized to execute an agreement with any of the foregoing in order to provide for the provision of the specified services and for payment in respect thereof, together with payment for other costs of issuance of the Bonds or the Local Obligations from proceeds deposited pursuant to the 2016 Indenture and the Supplemental Indenture.

**Section 11. Value of Property.** In accordance with the requirements of Section 53345.8 of the Act, this Board hereby determines that the value of the real property in CFD 03-1 subject to the special tax to pay debt service on the Local Obligations is at least three times the principal amount of the Local Obligations and the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Act or a special assessment levied on property within CFD 03-1.

**Section 12. Notice to California Debt and Investment Advisory Commission.** The Authorized District Representative is hereby authorized and directed to cause notices of the proposed sale and final sale of the Local Obligations to be filed in a timely manner with the California Debt and Investment Advisory Commission pursuant to California Government Code Section 8855 and Section 53359.5.

**Section 13. Good Faith Estimates.** In accordance with California Government Code Section 5852.1, certain estimates are presented in Exhibit A to this Resolution.

**Section 14. Effective Date.** This Resolution shall take effect from and after its date of adoption.

**PASSED AND ADOPTED** this day, September 13, 2018.

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President of the Board of Trustees of the  
San Dieguito Union High School District

ATTEST:

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Clerk of the Board of Trustees of the  
San Dieguito Union High School District

**CLERK'S CERTIFICATE**

I, Joyce Dalessandro, Clerk of the Board of Trustees of the San Dieguito Union High School District, County of San Diego, California, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Trustees of said District duly and regularly held at the regular meeting place thereof on September 13, 2018, and entered in the minutes thereof, of which meeting all of the members of the Board of Trustees had due notice and at which a quorum thereof was present, and that at said meeting the resolution was adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

An agenda of the meeting was posted at least 72 hours before the meeting at 710 Encinitas Boulevard, Encinitas, California, a location freely accessible to members of the public, and a brief description of the resolution appeared on the agenda.

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; the foregoing resolution is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: September 13, 2018.

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Clerk of the Board of Trustees of the  
San Dieguito Union High School District



**EXHIBIT A****GOOD FAITH ESTIMATES – CFD NO. 03-1 LOCAL OBLIGATIONS**

The good faith estimates for the CFD No. 03-1 Local Obligations (the “Local Obligations”) set forth herein are provided in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the School District by the Underwriter.

Principal Amount. The Underwriter has informed the School District that, based on the School District’s financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the CFD No. 03-1 Local Obligations to be sold is \$11,680,000 (the “Estimated Principal Amount”). Based on the Estimated Principal Amount, the following good faith estimates are provided:

a) True Interest Cost of the CFD No. 03-1 Local Obligations. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 03-1 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the CFD No. 03-1 Local Obligations, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the CFD No. 03-1 Local Obligations, is 4.32%.

b) Finance Charge of the CFD No. 03-1 Local Obligations. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 03-1 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the CFD No. 03-1 Local Obligations, which means the sum of all fees and charges paid to third parties, is \$59,542.46.

c) Amount of Proceeds to be Received. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 03-1 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the School District for sale of the CFD No. 03-1 Local Obligations, less the finance charge of the CFD No. 03-1 Local Obligations paid from CFD No. 03-1 Local Obligations proceeds, and any reserves or capitalized interest to be paid or funded with proceeds of the CFD No. 03-1 Local Obligations, if any, is \$12,359,378.59.

d) Total Payment Amount. The Underwriter has informed the School District that, assuming that the Estimated Principal Amount of the CFD No. 03-1 Local Obligations is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the School District will make to pay debt service on the CFD No. 03-1 Local Obligations, plus the finance charge for the CFD No. 03-1 Local Obligations as described in (b) above not paid with the proceeds of the CFD No. 03-1 Local Obligations, if any, calculated to the final maturity of the CFD No. 03-1 Local Obligations, is \$20,524,635.00.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Local Obligations issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the sale of the Local Obligations being different than

## ITEM 23I

the date assumed for purposes of such estimates, (b) the actual principal amount of Local Obligations sold being different from the Estimated Principal Amounts, (c) the actual amortization of the Local Obligations being different than the amortization assumed for purposes of such estimates, (d) the actual market interest rates at the time of sale of the Local Obligations being different than those estimated for purposes of such estimates, (e) other market conditions, or (f) alterations in the School District's financing plan, or a combination of such factors. The actual date of sale of the Local Obligations and the actual principal amount of Local Obligations sold will be determined by the School District based on the timing of the need for proceeds of the Local Obligations and other factors. The actual interest rates borne by the Local Obligations will depend on market interest rates at the time of sale thereof. The actual amortization of the Local Obligations will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the School District.

Form of First Supplemental Indenture

CFD No. 03-1

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**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**

**and**

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

**FIRST SUPPLEMENTAL INDENTURE**

**Dated as of October 1, 2018**

**Amending and Supplementing  
the Indenture, Dated as of December 1, 2016**

**Relating to the**

**[\$Par Amount]**

**San Dieguito Union High School District  
Community Facilities District 03-1  
Special Tax Revenue Bonds, Series 2018**

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## INDENTURE

This First Supplemental Indenture is made and entered into as of October 1, 2018 (the “First Supplemental Indenture”), by and between the SAN DIEGUITO UNION HIGH SCHOOL DISTRICT, a school district located in San Diego County (the “County”), duly organized and existing under and by virtue of the Constitution and laws of the State of California (the “District”), and U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America and authorized to accept and execute trusts of the character herein set forth, as Fiscal Agent (the “Fiscal Agent”), and amends and supplements that certain Indenture, dated as of December 1, 2016 (the “Original Indenture” and, as so amended and supplemented, the “Indenture”), by and between the District and the Fiscal Agent;

### WITNESSETH:

WHEREAS, on May 1, 2003, the District duly adopted a Resolution establishing the San Dieguito Union High School District Community Facilities District 03-1 (the “Community Facilities District”) for the purpose of financing certain public facilities and public services in and for the Community Facilities District; and

WHEREAS, the District and the Fiscal Agent entered into the Original Indenture to provide for the issuance of the Community Facilities District’s Special Tax Revenue Bonds, Series 2016, in the aggregate principal amount of \$19,190,000 (the “Series 2016 Local Obligations”); and

WHEREAS, the Original Indenture provided for the issuance of Additional Parity Obligations (as defined in the Original Indenture) in accordance with Section 2.08 thereof; and

WHEREAS, the Community Facilities District desires to cause the issuance of Additional Parity Obligations for purposes authorized under the Original Indenture; and

WHEREAS, in order to assist the Community Facilities District in financing and reimbursing the acquisition and construction of various public facilities, among other purposes, the San Dieguito Public Facilities Authority (the “Prior JPA”) previously issued its Revenue Bonds, 1998 Series A (Tax Exempt), Revenue Bonds 1998 Series B (Taxable) and Revenue Bonds, Series 2004, each refunded in whole by \$91,125,000 aggregate principal amount of its Revenue Refunding Bonds, Series 2006 pursuant to an Indenture of Trust dated as of July 1, 2006 by and between the Prior JPA and U.S. Bank National Association, as Fiscal Agent (the “Prior JPA Bonds”); and

WHEREAS, the Community Facilities District entered into a loan agreement, dated July 1, 2006, by and between the Community Facilities District, along with eight other Community Facilities Districts of the San Dieguito Union High School District (collectively, the “CFDs”), and the Prior JPA (the “Prior Loan Agreement”), whereby the Prior JPA agreed to lend the CFDs certain funds; and

WHEREAS, the District has determined to authorize the issuance of additional indebtedness of Community Facilities District for the purpose of acquiring and constructing school facilities benefitting the CFDs and prepaying certain obligations under the Prior Loan Agreement and Installment Purchase Agreements entered into by each of two CFDs with the Prior JPA (collectively, the “Prior CFD Loans”), allowing for the prepayment of certain of the Prior JPA Bonds; and

WHEREAS, for the purpose of financing the acquisition and construction of various public school facilities benefitting the CFDs and prepaying the Prior CFD Loans and thereby a portion of the Prior JPA Bonds (each as defined under the Original Indenture), the District has determined to issue the San Dieguito Union High School District Community Facilities District 03-1 Special Tax Revenue Bonds, Series 2018 (the “Series 2018 Local Obligations”) in the aggregate principal amount of [\$Par Amount] pursuant to and secured by the Indenture, on parity with the Series 2016 Local Obligations; and

WHEREAS, the San Dieguito School Facilities Financing Authority (the “Authority”) has agreed to purchase the Series 2016 Local Obligations pursuant to a Local Obligation Purchase Contract between the Authority and the District, dated as of October \_\_, 2018, with a portion of the proceeds of the Authority’s Special Tax Revenue Bonds, Series 2018 (collectively, the “Authority Bonds”); and

WHEREAS, all things necessary to cause the Series 2018 Local Obligations, when executed by the District and authenticated by the Fiscal Agent and delivered as provided herein, to be legal special tax obligations of the District, enforceable in accordance with their terms, and to constitute the Indenture a valid agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery hereof and the execution and delivery of the Series 2018 Local Obligations, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, District and the Fiscal Agent agree as follows:

## ARTICLE I

### DEFINITIONS; EQUAL SECURITY

**Section 1.01 Definitions.** Unless otherwise defined herein, capitalized terms in this First Supplemental Indenture shall have the meanings ascribed to such terms in the Original Indenture. the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any later Supplemental Indenture and of the Local Obligations and of any certificate, opinion, report, request or other document mentioned herein or therein have the meanings defined herein. The following definitions shall be equally applicable to both the singular and plural forms of any of the terms defined herein.

#### Authority Bonds

“Authority Bonds” means, collectively, the San Dieguito School Facilities Financing Authority Subordinate Special Tax Revenue Bonds, Series 2016, and the the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018, and any additional bonds issued by the Authority.

#### Authority Bonds Trust Agreement

“Authority Bonds Trust Agreement” means the Trust Agreement, dated as of December 1, 2016, as amended pursuant to the First Supplemental Trust Agreement, dated as of October 1, 2018, each between the Authority and the Authority Bonds Trustee providing for the issuance of the Authority Bonds.

Bond Year

“Bond Year” means the twelve-month period ending on March 1 of each year except that the first Bond Year shall commence on the date of the initial delivery of the Series 2018 Local Obligations.

Prior JPA Bonds

“Prior JPA Bonds” means the Prior JPA’s Revenue Refunding Bonds, Series 2006A (Senior Bonds) and Revenue Refunding Bonds, Series 2006B (Subordinate Bonds).

Prior Loan Agreement

“Prior Loan Agreement” means that certain Loan Agreement by and between the Community Facilities District, along with eight other community facilities districts of the District, and the Prior JPA, dated July 1, 2006 (as amended), related to the Prior CFD Loans and the Prior JPA Bonds.

Series 2018 Closing Date

“Series 2018 Closing Date” means October \_\_, 2018, the date upon which the Series 2018 Local Obligations are delivered.

Series 2018 Local Obligation Purchase Contract

“Series 2018 Local Obligation Purchase Contract” means the Local Obligation Purchase Contract, dated as of October \_\_, 2018, by and between the Authority and the District providing for the purchase of the Series 2018 Local Obligations by the Authority.

Series 2018 Tax Certificate

“Series 2018 Tax Certificate” means the certificate delivered upon the issuance of the Series 2018 Local Obligations relating to Section 148 of the Code.

**ARTICLE II****THE SERIES 2018 LOCAL OBLIGATIONS**

**Section 2.01 Authorization and Designation of Series 2018 Local Obligations.** The District has reviewed all proceedings heretofore taken relative to the authorization of the Series 2018 Local Obligations and has found, as a result of such review, and hereby finds and determines, that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of the Series 2018 Local Obligations do exist, have happened and have been performed in due time, form and manner as required by the Law, and the District is now authorized, pursuant to each and every requirement of the Law and hereof, to issue the Series 2018 Local Obligations in the aggregate principal amount of [\$Par Amount] in the form and manner provided herein, which Local Obligations shall be entitled to the benefit, protection and security of the provisions of the Original Indenture and this First Supplemental Indenture.

**Section 2.02 Denominations of Series 2018 Local Obligations.** The Series 2018 Local Obligations shall be issued as fully registered bonds in denominations of five thousand dollars



(\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Series 2018 Local Obligations maturing at any one time).

**Section 2.03 Date and Maturity Dates of and Interest Rates on Series 2018 Local Obligations.** The Series 2018 Local Obligations shall be dated October \_\_, 2018. The Series 2018 Local Obligations shall mature on the dates and in the principal amounts and shall bear interest at the rates per annum as set forth in the following schedule:

<i>Maturity Date</i>			
<i>March 1</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			

**Section 2.04 Interest Payment Dates of Series 2018 Local Obligations.** Interest on the Series 2018 Local Obligations shall be computed on the basis of a 360-day year of twelve (12) 30-day calendar months, and shall be payable semiannually on March 1 and September 1 in each year, commencing on September 1, 2019. The Local Obligations shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (i) they are authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event they shall bear interest from such Interest Payment Date, or (ii) they are authenticated on a day on or before August 15, 2019, in which event they shall bear interest from their dated date; provided, that if at the

time of authentication of any Series 2018 Local Obligation interest is then in default on the Outstanding Series 2018 Local Obligations, such Series 2018 Local Obligations shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Series 2018 Local Obligations.

**Section 2.05 Redemption Prices and Terms of Series 2018 Local Obligations.** The Series 2018 Local Obligations maturing on or after [March 1, 2030] are subject to optional redemption by the District prior to their respective maturity dates as a whole or in part on or after [March 1, 2029], from money derived by the District from any source other than prepayments of the Special Tax under the Law, upon mailed notice as provided herein, at a redemption price equal to 100% of the principal amount of the Series 2018 Local Obligations or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, plus Redemption Premium.

**Section 2.06 Form of Series 2018 Local Obligations.** The Series 2018 Local Obligations and the authentication endorsement and the form of assignment to appear thereon shall be substantially in the forms set forth in Exhibit A hereto.

**Section 2.07 Registration of Series 2018 Local Obligations.** The Series 2018 Local Obligations shall be registered in the name of the Authority Bonds Trustee and delivered to the Authority Bonds Trustee upon the issuance thereof in accordance with the provisions of the Series 2018 Local Obligation Purchase Contract.

**Section 2.08 Application of Proceeds of Sale of Series 2018 Local Obligations and Other Available Moneys.** On the Closing Date, the Fiscal Agent shall set aside and deposit the net proceeds of sale of the Series 2018 Local Obligations in the amount of \$\_\_\_\_\_ in the following funds, which the Fiscal Agent shall establish and maintain, in the following order:

(i) The Fiscal Agent shall transfer to U.S. Bank National Association, as trustee for the San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006A (Senior Bonds) and San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006B (Subordinate Bonds) (collectively, the "Prior Bonds"), the sum of \$\_\_\_\_\_ for redemption of such Prior Bonds;

(ii) The Fiscal Agent shall deposit in the Authority Capital Improvement Fund established pursuant to the Authority Bonds Trust Agreement the sum of \$\_\_\_\_\_; and

(iii) The Fiscal Agent shall deposit in the Authority Expense Fund established pursuant to the Authority Bonds Trust Agreement the sum of \$\_\_\_\_\_ for payment of the costs of issuance of the Series 2018 Local Obligations and the Authority Bonds.

### ARTICLE III

#### COVENANTS OF THE DISTRICT

##### Section 3.01 Against Federal Income Taxation.

(a) [Reserved].

**Section 3.02 Further Assurances.** The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Holders of the rights and benefits provided herein.

#### ARTICLE IV

#### MISCELLANEOUS

**Section 4.01 Amendment of Original Indenture.**

(a) In Section 11.15 of the Original Indenture, the phrase “Attention: Director of Planning Services” is hereby replaced in its entirety with “Attention: Associate Superintendent, Business Services.”

(b) Section 11.17 of the Original Indenture is hereby deleted.

**Section 4.02 Execution in Counterparts.** This First Supplemental Indenture may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

**Section 4.03 Effective Date of the First Supplemental Indenture.** The First Supplemental Indenture shall take effect from and after its execution and delivery.

**Section 4.04 Preservation of Original Indenture.** Except as supplemented and amended by this First Supplemental Indenture, the Original Indenture shall remain in full force and effect.

IN WITNESS WHEREOF, the San Dieguito Union High School District has caused the Indenture to be signed in its name by its Associate Superintendent, Business Services and to be attested by the Clerk of the Board of Trustees of the District, and U.S. Bank National Association, as Fiscal Agent, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be signed in its corporate name by its officer thereunto duly authorized and attested by one of its authorized officers, all as of the date and year first above written.

**SAN DIEGUITO UNION HIGH SCHOOL  
DISTRICT**

By \_\_\_\_\_  
Associate Superintendent, Business Services

ATTEST:

\_\_\_\_\_  
President of the Board of Trustees of the District

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

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

**EXHIBIT A****FORM OF LOCAL OBLIGATION, FISCAL AGENT'S CERTIFICATE OF  
AUTHENTICATION AND ASSIGNMENT**

[FORM OF LOCAL OBLIGATION]

No. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA  
COUNTY OF SAN DIEGOSAN DIEGUITO UNION HIGH SCHOOL DISTRICT  
COMMUNITY FACILITIES DISTRICT NO. 03-1  
SPECIAL TAX REVENUE BOND, SERIES 2018*Interest Rate**Maturity Date**Bond Date*

%

March 1, 20\_\_

October \_\_, 2018

REGISTERED OWNER: U.S. Bank National Association as Trustee for the San Dieguito  
School Facilities Financing Authority Special Tax Revenue Bonds,  
Series 2018

PRINCIPAL AMOUNT:

DOLLARS

The San Dieguito Union High School District, a municipal corporation duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "District"), for value received, hereby promises to pay (but only out of the proceeds of the Special Tax hereinafter referred to and certain other funds as described herein) to the registered owner set forth above on the maturity date set forth above (subject to any right of prior redemption hereinafter provided for) the principal amount set forth above, together with interest thereon computed on the basis of a 360-day year of twelve (12) 30-day calendar months from the Interest Payment Date next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on a day during the period from the sixteenth (16th) day of the calendar month next preceding an Interest Payment Date to such Interest Payment Date, both days inclusive, in which event it shall bear interest from such Interest Payment Date, or (ii) it is authenticated on a day on or before the fifteenth (15th) day of the month preceding the first Interest Payment Date, in which event it shall bear interest from the Bond Date shown above until the principal hereof shall have been paid, at the interest rate per annum set forth above, payable semiannually on March 1 and September 1 in each year, commencing on September 1, 2019. The interest on and principal of and redemption premium, if any, on this Bond are payable in lawful money of the United States of America at the Principal Corporate Trust Office (as that term is defined in the Indenture hereinafter referred to, and herein the "Principal Corporate Trust Office") of U.S. Bank National Association, as Fiscal Agent for the Bonds, or any other bank or trust company at its principal corporate trust office which may at any time be substituted in its place as provided in the Indenture hereinafter referred to (the "Fiscal Agent"). The interest on this Bond due on or before the maturity or prior redemption hereof shall be payable only to the person whose name appears in the registration books required to be kept by the Fiscal Agent as the

registered owner hereof at the close of business as of the fifteenth (15th) day of the calendar month preceding the month in which the applicable Interest Payment Date falls, such interest to be paid by check mailed by first class mail on each such Interest Payment Date to such registered owner at his address as it appears on such books, except that in the case of a registered owner of one million dollars (\$1,000,000) or more in principal amount of Bonds then outstanding, payment shall be made at such owner's option by wire transfer on each such Interest Payment Date of immediately available funds to an account in a bank or trust company or savings bank that is a member of the Federal Reserve System and that is located in the United States of America according to written instructions provided by such owner to the Fiscal Agent at least fifteen (15) days before such Interest Payment Date. The principal of and redemption premium, if any, on this Bond shall be payable only to the person whose name appears in such registration books as the registered owner hereof, such principal and redemption premium, if any, to be paid only on the surrender of this Bond at the Principal Corporate Trust Office of the Fiscal Agent at maturity or on redemption prior to maturity.

This Bond is one of a duly authorized issue of Bonds in the aggregate principal amount of [\$Par Amount] issued by the District for the San Dieguito Union High School District Community Facilities District 03-1 (the "Community Facilities District") located in Encinitas, California, designated the "San Dieguito Union High School District Community Facilities District 03-1 Special Tax Revenue Bonds, Series 2018" (the "Bonds"), which Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (being Sections 53311 *et seq.* of the Government Code of the State of California) and all laws amendatory thereof or supplemental thereto (the "Law") and under and pursuant to the provisions of an Indenture, dated as of December 1, 2016, as amended by the First Supplemental Indenture, dated as of October 1, 2018 (collectively, the "Indenture") each between the District and U.S. Bank National Association, as Fiscal Agent, all of like tenor and date (except for such variations, if any, as may be required to designate varying numbers, denominations, maturities, interest rates or redemption provisions). All Bonds, including the Bonds, are equally and ratably secured in accordance with the terms and conditions of the Indenture (copies of which are on file at the office of the Clerk of the District and at the above-mentioned office of the Fiscal Agent), and reference is hereby made to the Law and to the Indenture and any and all amendments thereof and supplements thereto for a description of the terms on which the Bonds are issued and for the rights of the registered owners of the Bonds; and all the terms of the Law and the Indenture are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond, to all the provisions of which the registered owner of this Bond, by his acceptance hereof, agrees and consents; and each subsequent registered owner hereof shall have recourse to all the provisions of the Law and the Indenture and shall be bound by all the terms and conditions thereof.

The Bonds are issued to provide funds to refinance and defease the Prior CFD Loans (as that term is defined in the Indenture). The Bonds are special tax obligations of the District and the interest on and principal of and redemption premium, if any, on the Bonds are payable solely from the proceeds of the Special Tax (as that term is defined in the Indenture, and herein the "Special Tax") and certain other funds, as provided in the Indenture, and the District is not obligated to pay them except from the proceeds of the Special Tax and such other funds as so provided. The General Fund of the District is not liable and the full faith and credit of the District is not pledged for the payment of the interest on or principal of or redemption premium, if any, on the Bonds, and no tax or assessment other than the Special Tax shall ever be levied or collected to pay the interest on or principal of or redemption premium, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the District or any of its income or receipts except the proceeds of the Special Tax and such other funds, as provided in the

Indenture, and neither the payment of the interest on or principal of or redemption premium, if any, on the Bonds is a general debt, liability or obligation of the District.

The Bonds are subject to redemption by the District prior to their respective maturity dates as a whole or in part on the dates, at the prices and subject to the terms provided in the Indenture.

If less than all outstanding Bonds are to be redeemed at the option of the District at any one time, the District shall select the maturity dates from which the Bonds shall be redeemed, and if less than all the outstanding Bonds of any one maturity date are to be redeemed at any one time, the Fiscal Agent shall select the Bonds or portions thereof of such maturity date to be redeemed in integral multiples of five thousand dollars (\$5,000) by lot in any manner that it deems appropriate.

Notice of redemption of this Bond or any portion hereof shall be mailed by the Fiscal Agent not less than thirty (30) days nor more than sixty (60) days before the redemption date by first class mail to the registered owner hereof and to those securities depositories and securities information services selected by the District in accordance with the Indenture and to the original underwriter of the Bonds, but neither failure to receive any such mailed notice nor any immaterial defect contained therein shall affect the sufficiency or validity of such proceedings for redemption. If notice of redemption has been duly given as aforesaid, then this Bond or the portion thereof to be redeemed shall, on the redemption date designated in such notice, become due and payable at the above-described redemption price; and from and after the date so designated interest on this Bond or the portion thereof to be redeemed shall cease to accrue and the registered owner of this Bond shall have no rights in respect hereof except to receive payment of the redemption price of this Bond or the portion thereof to be redeemed, and upon surrender of this Bond if redeemed in part only, the District shall execute and the Fiscal Agent shall authenticate and deliver to the registered owner hereof at the expense of the District a new Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of this Bond so surrendered.

The District has covenanted that, so long as any Bonds are outstanding, it will annually levy against all Taxable Land (as that term is defined in the Indenture) in the Community Facilities District and make provision for the collection of the Special Tax in amounts which will be sufficient, after making reasonable allowances for contingencies and errors in the estimates, to yield proceeds equal to the amounts required for compliance with the agreements, conditions, covenants and terms contained in the Indenture, and which in any event will be sufficient to pay the interest on and principal of and redemption premium, if any, on the Bonds as they become due and payable and to pay all current Expenses (as that term is defined in the Indenture) as they become due and payable in accordance with the provisions and terms of the Indenture.

The Bonds are issuable in the form of fully registered Bonds in the denomination of five thousand dollars (\$5,000) or any integral multiple of five thousand dollars (\$5,000) (not exceeding the principal amount of Bonds maturing at any one time). The registered owner of any Bond or Bonds may surrender the same (together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney) in exchange for an equal aggregate principal amount of Bonds of the same maturity date of any other authorized denominations in the manner, subject to the conditions and upon payment of the charges provided in the Indenture.

The registration of this Bond is transferable on the registration books kept by the Fiscal Agent by the registered owner hereof or by his duly authorized attorney upon surrender of this Bond

## ITEM 23I

together with a written instrument of transfer satisfactory to the Fiscal Agent duly executed by the registered owner or his duly authorized attorney, and thereupon a new Bond or Bonds of the same maturity date of authorized denominations in the same aggregate principal amount will be issued to the transferee in exchange therefor in the manner, subject to the conditions and terms and upon payment of the charges provided in the Indenture. The District and the Fiscal Agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal hereof and redemption premium, if any, hereon and for all other purposes.

The rights and obligations of the District and of the registered owners of the Bonds may be amended at any time in the manner, to the extent and upon the terms provided in the Indenture, and in certain circumstances without the consent of such registered owners, but no such amendment shall (1) extend the maturity of this Bond or reduce the interest rate hereon or otherwise alter or impair the obligation of the District to pay the interest hereon or principal hereof or redemption premium, if any, hereon at the time and place and at the rate and in the currency and from the funds provided herein without the express written consent of the registered owner of this Bond, or (2) permit the issuance by the District of any obligations payable from the proceeds of the Special Tax other than the Bonds as provided in the Indenture, or jeopardize the ability of the District to levy and collect the Special Tax, or (3) reduce the percentage of Bonds required for the written consent to an amendment of the Indenture, or (4) codify any rights or obligations of the Fiscal Agent without its prior written assent thereto; all as more fully set forth in the Indenture.

The Bonds do not constitute an indebtedness of the District within the meaning of any constitutional or statutory debt limitation or restriction, and neither the San Dieguito Union High School District nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or redemption premium, if any, on the Bonds other than from the proceeds of the Special Tax and such other funds as may be pledged therefor, as provided in the Indenture.

This Bond shall not be entitled to any benefits under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by an authorized signatory of the Fiscal Agent.

It is hereby certified that all acts, conditions and things required by law to exist, to have happened and 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 the amount of this Bond, together with all other obligations of the District and the Community Facilities District, does not exceed any limit prescribed by the laws of the State of California and is not in excess of the principal amount of the Bonds permitted to be issued under the Indenture.



IN WITNESS WHEREOF, the San Dieguito Union High School District has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the President of the Board of the District and countersigned by the manual or facsimile signature of the District Clerk, and has caused this Bond to be dated as of the Bond Date set forth above.

SAN DIEGUITO UNION HIGH SCHOOL  
DISTRICT

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

Countersigned:

\_\_\_\_\_  
Clerk of the Board of Trustees

[FORM OF FISCAL AGENT’S CERTIFICATE OF AUTHENTICATION  
TO APPEAR ON BONDS]

This is one of the Bonds described in the within-mentioned Indenture which has been authenticated on \_\_\_\_\_.

U.S. Bank National Association,  
as Fiscal Agent

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

[FORM OF ASSIGNMENT TO  
APPEAR ON BONDS]

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

\_\_\_\_\_

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

SIGNATURE GUARANTEED BY:

\_\_\_\_\_

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee:

\_\_\_\_\_

ITEM 23I

Form of Local Obligation Purchase Contract

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT**

**COMMUNITY FACILITIES DISTRICT NO. 94-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 94-3  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 95-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 95-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-2  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**COMMUNITY FACILITIES DISTRICT NO. 99-3  
SPECIAL TAX REVENUE BONDS, SERIES 2018,**

**and**

**COMMUNITY FACILITIES DISTRICT NO. 03-1  
SPECIAL TAX REVENUE BONDS, SERIES 2018**

**LOCAL OBLIGATION PURCHASE CONTRACT**

**dated as of October \_\_, 2018**

San Dieguito Union High School District  
710 Encinitas Blvd.  
Encinitas, CA 92024

Ladies and Gentlemen:

The undersigned San Dieguito School Facilities Financing Authority (the “Authority”) offers to enter into this Local Obligation Purchase Contract (the “Local Obligation Purchase Contract”) with you, the Board of Trustees (the “Board of Trustees”) of the San Dieguito Union High School District, acting as the legislative body of the above named community facilities districts (the “District”), which, upon acceptance, will be binding upon the District and the Authority; and except as otherwise provided herein, all capitalized terms used herein shall have the meanings attributed to them in the Trust Agreement, dated as of December 1, 2016 (the “Original Trust Agreement”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), as amended and supplemented by that First Supplemental Trust Agreement, dated as of October 1, 2018, by and between the Authority and the Trustee (the “First Supplemental Trust Agreement” and, collectively with the Original Trust Agreement, the “Trust Agreement”). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Original Trust Agreement.

1. Purchase, Sale and Delivery of the Obligations.

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Authority hereby agrees to purchase from the District, and the District hereby agrees to sell to the Authority, all (but not less than all) of the following securities:

(i) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 94-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 94-2 Local Obligations," and together with the CFD No. 03-1 Local Obligations, the "Local Obligations") issued under an Indenture, dated as of December 1, 2016, as supplemented and amended by a First Supplemental Indenture, dated as of October 1, 2018 (collectively, the "CFD No. 94-2 Indenture"), each by and between the District and U.S. Bank National Association, as Fiscal Agent (the "Fiscal Agent");

(ii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 94-3 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 94-3 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 94-3 Indenture");

(iii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 95-1 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 95-1 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 95-1 Indenture");

(iv) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 95-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 95-2 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 95-2 Indenture");

(v) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-1 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-1 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 99-1 Indenture");

(vi) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-2 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-2 Local Obligations") issued under an Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the "CFD No. 99-2 Indenture");

(vii) \$\_\_\_\_\_ aggregate principal amount of the District's San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018 (the "CFD No. 99-3 Local Obligations") issued under an

Indenture, dated as of October 1, 2018, by and between the District and U.S. Bank National Association, as Fiscal Agent (the “CFD No. 99-3 Indenture”); and

(viii) \$\_\_\_\_\_ aggregate principal amount of the District’s San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018 (the “CFD No. 03-1 Local Obligations” and together with the CFD No. 94-2 Local Obligations, the CFD No. 94-3 Local Obligations, the CFD No. 95-1 Local Obligations, the CFD No. 95-2 Local Obligations, the CFD No. 99-1 Local Obligations, the CFD No. 99-2 Local Obligations, and the CFD No. 99-3 Local Obligations, the “Local Obligations”) issued under an Indenture, dated as of December 1, 2016, as amended and supplemented pursuant to a First Supplemental Indenture, dated as of October 1, 2018, each by and between the District and U.S. Bank National Association, as Fiscal Agent (collectively, the “CFD No. 03-1 Indenture”, and together with the CFD No. 94-2 Indenture, the CFD No. 94-3 Indenture, the CFD No. 95-1 Indenture, the CFD No. 95-2 Indenture, the CFD No. 99-1 Indenture, the CFD No. 99-2 Indenture, and the CFD No. 99-3 Indenture, the “Indentures”);

all dated the date of their initial delivery, bearing interest payable on the dates and at the interest rates, and maturing on the dates and in the amounts and subject to the optional and mandatory redemption provisions, as set forth in Exhibit A attached hereto and incorporated herein.

The purchase prices for the Local Obligations shall be paid from the proceeds of sale of the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018, issued under the Trust Agreement (the “Authority Bonds”), and such purchase prices shall be:

(i) for the CFD No. 94-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(ii) for the CFD No. 94-3 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(iii) for the CFD No. 95-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(iv) for the CFD No. 95-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(v) for the CFD No. 99-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(vi) for the CFD No. 99-2 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_);

(vii) for the CFD No. 99-3 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_); and

(viii) for the CFD No. 03-1 Local Obligations, \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$\_\_\_\_\_), less an original issue discount of \$\_\_\_\_\_).

The Local Obligations shall be substantially in the forms described in, shall be issued and secured under the provisions of, and shall be payable as provided in the Indentures, each of which provide for the issuance of the Local Obligations and the registration thereof in the name of the Trustee.

(b) At 9:00 a.m., Pacific Daylight Time, on October \_\_, 2018, or at such earlier or later time or date as shall be agreed by the District and the Authority (such time and date being herein referred to as the “Closing Date”), the District will deliver to the Authority at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California (or such other location as may be designated by the Authority and approved by the District) the Local Obligations in definitive forms, duly executed by the District and authenticated by the Fiscal Agent or the Trustee, as the case may be, for each of the Local Obligations, and will deliver to the Authority the other documents herein mentioned; and the Authority will accept such delivery and pay the total purchase price of the Local Obligations as set forth in paragraph (a) of this section as provided in the Trust Agreement (such delivery and payment being herein referred to as the “Closing”).

2. Representations, Warranties and Agreements of the District. The District represents and warrants to and agrees with the Authority that:

(a) The District is and will be at the Closing Date duly organized and existing as a school district under and by virtue of the Constitution and laws of the State of California, with full power and authority to issue the Local Obligations and to carry out and consummate the transactions contemplated by the Local Obligations, the Local Obligation Purchase Contract, the Trust Agreement, and the Indentures (collectively, the “Financing Documents”), and the Financing Documents are and will be at the Closing Date valid and binding obligations of the District;

(b) When delivered to and paid for by the Authority at the Closing in accordance with the provisions of the Local Obligation Purchase Contract, the Local Obligations will have been duly authorized, executed, issued and delivered and will constitute valid and binding obligations of the District in conformity with, and entitled to the benefit and security of, their respective Indentures;

(c) By official action of the District prior to or concurrently with the acceptance hereof, the District has authorized and approved the execution and delivery of the Financing Documents, and authorized and approved the performance by the District of the obligations on its part contained in the Financing Documents and has authorized and approved the consummation by the District of all other transactions contemplated by the Local Obligation Purchase Contract;

## ITEM 231

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or, to the knowledge of the District, threatened against the District or its properties or operations (i) seeking to restrain or enjoin the issuance, sale, execution or delivery of the Local Obligations, (ii) in any way contesting or affecting the validity or enforceability of any of the Financing Documents, any proceedings of the District taken concerning the issuance or sale of the Local Obligations, the collection of the special taxes securing the Local Obligations or the existence or powers of the District relating to the issuance of the Local Obligations or (iii) which, if determined adversely to the District or its interests, would have a material and adverse effect on the consummation of the transactions contemplated by or the validity of the Financing Documents or on the operations of the District with respect to the Local Obligations;

(e) The execution and delivery of the Financing Documents, and the consummation of the transactions therein and herein contemplated, and the fulfillment of or compliance with the terms and conditions thereof and hereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents or the operations of the District with respect to the Local Obligations;

(f) The District is not in breach of or default under any applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default may have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Financing Documents, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default under any such instrument;

(g) All approvals, consents, authorizations, certifications and other orders of any governmental authority, board, agency or commission having jurisdiction, and all filings with any such entities, which would constitute conditions precedent to or the failure to obtain which would materially adversely affect the performance by the District of its obligations under the Financing Documents have been duly obtained, and no further consent, approval, authorization or other action or filing with or by any governmental or regulatory authority having jurisdiction over the District is or will be required for the issue and sale of the Local Obligations or the consummation by the District of the other transactions described in the Financing Documents;

(h) The special taxes constituting the security for the Local Obligations have been duly and lawfully authorized under and pursuant to the Mello-Roos Community Facilities



District Act of 1982 (the “Act”) and such special taxes are secured by a valid and legally binding continuing lien on the land subject to the special taxes as provided in the Act;

(i) The District has authorized and will annually levy and collect special taxes, in addition to amounts necessary to pay debt service on the Local Obligations, in an amount sufficient (subject to any maximum special tax permitted by law) to pay the Expenses (as defined in the Indentures) arising directly from the administration or enforcement of the Local Obligations.

The execution and delivery of the Local Obligation Purchase Contract by the District shall constitute a representation by the District to the Authority that the representations, warranties and agreements contained in this Section 2 are true as of the date hereof; provided, that as to all matters of law the District is relying on the advice of counsel to the District; and provided further, that no member of the Board of Trustees of the District shall be individually liable for the breach of any representation, warranty or agreement contained herein.

3. Conditions to the Purchase of the Local Obligations by the Authority. The obligation of the Authority to accept delivery of and pay for the Local Obligations on the Closing Date shall be subject, at the option of the Authority, to the accuracy in all material respects of the representations, warranties and agreements on the part of the District contained herein as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the District made in any certificates, or other documents furnished pursuant to the provisions hereof, and to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date and to the following additional conditions:

(a) At the Closing Date, the Financing Documents shall be in full force and effect in the form heretofore submitted to the Authority and there shall have been taken in connection with the issuance of the Local Obligations and with the transactions contemplated thereby and by the Local Obligation Purchase Contract, all such actions as, in the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”), shall be necessary and appropriate;

(b) At the Closing Date, the Financing Documents shall not have been amended, modified or supplemented, except as may have been agreed to by the Authority;

(c) At or prior to the Closing Date, the Authority and the Trustee shall have received the following documents, in each case satisfactory in form and substance to the Authority:

(1) An executed copy of each of the Financing Documents;

(2) An unqualified approving opinion of Bond Counsel, dated the Closing Date and addressed to the District, as to the validity of the Local Obligations;

(3) An opinion of the District Counsel, dated the Closing Date and addressed to the District and the Authority, in substantially the form attached hereto as Exhibit B; and

(4) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Authority or Bond Counsel may reasonably request to evidence compliance by the District with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the District contained herein, and the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

If the District shall be unable to satisfy the conditions to the Authority's obligations contained in the Local Obligation Purchase Contract, the Local Obligation Purchase Contract shall terminate and neither the Authority nor the District shall have any further obligation hereunder.

4. Expenses. All expenses and costs of the District and the Authority incident to the authorization, issuance and sale of the Local Obligations and the Authority Bonds, including fees and expenses of consultants, the Trustee, Bond Counsel and counsel for the District and the fees and expenses incurred by the Authority in connection with the sale of the Authority Bonds shall be paid by the District and the District agrees that it will pay, from the proceeds of the Local Obligations.

5. Notices. Any notice or other communication to be given to the District under the Local Obligation Purchase Contract may be given by delivering the same in writing at the District's address set forth above, Attention: Executive Director of Planning Services, and any such notice or other communications required to be given to the Authority may be given by delivering the same in writing to the Authority at 710 Encinitas Blvd., Encinitas, CA 92024, Attention: Treasurer. The approval of the Authority when required hereunder or the determination of their satisfaction as to any document referred to herein shall be in writing signed by the Authority and delivered to the District.

6. Parties In Interest; Governing Law. The Local Obligation Purchase Contract is made solely for the benefit of the District, the Authority and the Trustee and no other persons, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. The Local Obligation Purchase Contract shall be governed by the laws of the State of California.

7. Pledge; Assignment. The District hereby approves the pledge and assignment of all of the Authority's right, title and interest in the Local Obligations to the Trustee under the Trust Agreement for the benefit of the Owners of the Authority Bonds.

8. Limitation on Liability. The Authority shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereby, and shall be under no obligation to purchase the Local Obligations hereunder, except from proceeds of the Authority Bonds available therefor held by the Trustee under, and subject to the conditions set forth in, the Trust Agreement. The District shall incur no liability hereunder or by reason hereof or arising out of the transactions contemplated hereunder, except as otherwise provided in Sections 4 and 5 hereof, or be obligated to make any payments with respect to the Local Obligations, except from amounts pledged to the payment of the Local Obligations (including special taxes levied and collected in the applicable community facilities districts) pursuant to the terms thereof.

9. Counterparts. The Local Obligation Purchase Contract may be signed in two or more counterparts; all such counterparts, when signed by all parties, shall constitute but one single agreement.

SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY

By \_\_\_\_\_  
Treasurer

ACCEPTED AND AGREED TO:

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT

By \_\_\_\_\_  
Executive Director of Planning Services

Exhibit A

LOCAL OBLIGATIONS MATURITY SCHEDULES AND REDEMPTION PROVISIONS

**CFD No. 94-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
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2036			
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2041			

**CFD No. 94-3 Local Obligations Maturity Schedule**

\$\_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
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2039			
2040			

**CFD No. 95-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
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2025			
2026			
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**CFD No. 95-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
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2025			
2026			
2027			
2028			
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**CFD No. 99-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
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**CFD No. 99-2 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
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**CFD No. 99-3 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
<u>March 1</u>			
2018			
2019			
2020			
2021			
2022			
2023			
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2026			
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2029			
2030			
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**CFD No. 03-1 Local Obligations Maturity Schedule**

\$ \_\_\_\_\_ Serial Bonds

Maturity Date	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
March 1			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
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2027			
2028			
2029			
2030			
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### **Local Obligation Redemption Provisions**

(a) Optional Redemption. The Local Obligations maturing on or after March 1, 2030 are subject to optional redemption by the District prior to their respective maturity dates as a whole or in part on any Interest Payment Date on or after March 1, 2029, from money derived by the District from any source other than such prepayments of the Special Tax, upon mailed notice as provided in the applicable Indenture, at a redemption price equal to 100% of the principal amount of the Local Obligations or portions thereof to be redeemed, together with accrued interest thereon to the date of redemption, without premium.

[Remainder of page intentionally left blank]

Exhibit B

[Form of District Counsel Opinion]

October \_\_, 2018

Governing Board  
San Dieguito School Facilities Financing Authority  
Encinitas, California

Board of Trustees  
San Dieguito Union High School District  
Encinitas, California

U.S. Bank National Association  
San Francisco, California

San Dieguito Union High School District  
Community Facilities District No. 94-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 94-3  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 95-1  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 95-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-1  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-2  
Special Tax Revenue Bonds;

San Dieguito Union High School District  
Community Facilities District No. 99-3  
Special Tax Revenue Bonds; and

San Dieguito Union High School District  
Community Facilities District No. 03-1  
Special Tax Revenue Bonds

Ladies and Gentlemen:

I have served as counsel to the San Dieguito Union High School District (the “District”) in connection with the issuance, sale and delivery of the above-reference securities (collectively, the “Local Obligations”), and this letter is being delivered pursuant to the Local Obligation Purchase Contract dated as of October \_\_, 2018 (the “Local Obligation Purchase

Contract”) by and between the San Dieguito School Facilities Financing Authority (the “Authority”) and the Board of Trustees of the District, acting as the legislative body for each of the above-referenced community facilities districts of the District, and all capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Local Obligation Purchase Contract.

As such counsel, I have examined and am familiar with (i) those documents relating to the existence, organization and operation of the District; and (ii) all necessary documentation of the District relating to the authorization, execution and delivery of the Local Obligations and all of the Financing Documents.

Based on the foregoing, I am of the opinion that:

1. The District is a school district located in San Diego County (the “County”), duly organized and existing under and by virtue of the Constitution and laws of the State of California.

2. The District has the full legal right, power and authority to execute, deliver and perform its obligations and duties under the Financing Documents, and the District has complied with the provisions of applicable law in all matters relating to the transactions contemplated by the Financing Documents.

3. The Financing Documents have each been duly authorized, executed and delivered by the District, are each in full force and effect and, assuming due authorization, execution and delivery by the other parties thereto, each constitutes a legal, valid and binding agreement of the District enforceable against the District in accordance with its terms, subject to laws relating to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and to the application of equitable principles if equitable remedies are sought.

4. No approval, consent or authorization of any governmental or public agency, authority or person is required for the execution and delivery by the District of the Financing Documents or the performance by the District of its respective obligations thereunder.

5. The execution and delivery of the Financing Documents by the District, and compliance with the provisions thereof, will not conflict with or constitute a breach of, or default under, any instrument relating to the organization, existence or operation of the District, or any commitment, agreement or other instrument to which the District is a party or by which it or its property is bound or affected, or any ruling, regulation, ordinance, judgment, order or decree to which the District (or any of its officers in their respective capacities as such) is subject or any provision of the laws of the State of California relating to the District and its affairs.

6. To the best of my knowledge, there is no action, suit, proceeding, inquiry or investigation at law or in equity, or before any court, public board or body pending or threatened against or affecting the District or any of its officers in their respective capacities as such which questions the powers of the District referred to in paragraph 2 above or in connection with the transactions contemplated by the Financing Documents, or the validity of the proceedings taken by the District in connection with the authorization, execution or delivery of the Financing Documents, wherein any unfavorable decision, ruling or finding would adversely

ITEM 23I

affect the transactions contemplated thereby or by the Official Statement, or which, in any way, would adversely affect the validity or enforceability of the Financing Documents or, in any material respect, the ability of the District to perform its obligations under the Financing Documents.

Very truly yours,

District Counsel

ITEM 23I

Form of Continuing Disclosure Agreement



## CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (“Disclosure Agreement”), dated as of [\_\_\_\_\_ 1, 2018], is executed and delivered by the SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY (the “Issuer”), and Willdan Financial Services, as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of \$ aggregate principal amount of the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Bonds”). The Bonds are being issued pursuant to a Trust Agreement, dated as of December 1, 2016, as amended and supplemented by the First Supplemental Trust Agreement, dated as of [\_\_\_\_\_ 1, 2018] (together, the “Trust Agreement”), between the Issuer and U.S. Bank National Association (the “Trustee”). The proceeds of the Bonds will be used to acquire the Local Obligations (as defined below) and refund certain outstanding bonds of the Authority and the Districts (as defined below), to fund the reserve funds securing the Bonds and to pay costs of issuance of the Bonds. The Issuer and the Dissemination Agent covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Section 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income purposes.

“Disclosure Representative” shall mean the Executive Director of the Issuer, or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean Willdan Financial Services, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee and the Issuer a written acceptance of such designation.

“Districts” shall mean San Dieguito Union High School District Community Facilities District No. 94-2, San Dieguito Union High School District Community Facilities District No. 94-3, San Dieguito Union High School District Community Facilities District No. 95-1, San Dieguito Union High School District Community Facilities District No. 95-2, San Dieguito Union High School District Community Facilities District No. 99-1, San Dieguito Union High

School District Community Facilities District No. 99-2, San Dieguito Union High School District Community Facilities District No. 99-3 and San Dieguito Union High School District Community Facilities District No. 03-1.

“EMMA” shall mean the Electronic Municipal Market Access system of the MSRB.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“Local Obligations” shall mean, collectively, the San Dieguito Union High School District Community Facilities District No. 94-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 94-3 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 95-1 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 95-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-1 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-2 Special Tax Revenue Bonds, Series 2018, San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018 and San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018.

“MSRB” shall mean the Municipal Securities Rulemaking Board and any successor entity designated under the Rule as the repository for filings made pursuant to the Rule.

“Official Statement” means the Official Statement for the Bonds dated \_\_\_\_\_, 2016.

“Owners” shall mean the registered owners of the Bonds as set forth in the registration books maintained by the Trustee.

“Participating Underwriter” shall mean Piper Jaffray & Co.

“Repository” shall mean the MSRB or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Unless otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Rule” shall mean 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.

“School District” shall mean the San Dieguito Union High School District.

### Section 3. Provision of Annual Reports.

(a) The Issuer shall, or upon written direction shall cause the Dissemination Agent to, not later than April 1 after the end of the Issuer’s Fiscal Year (currently June 30) commencing

with the report due by April 1, 2019, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer and the School District, if any exist, may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the fiscal year of the Issuer or the School District changes, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5(d). The Issuer shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the Issuer and shall have no duty or obligation to review such Annual Report.

(b) Not later than (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Issuer shall provide the Annual Report to the Dissemination Agent. If by fifteen (15) Business Days prior to such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Issuer to inquire if the Issuer is in compliance with subsection (a).

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Dissemination Agent in a timely manner shall send a notice to the Repository, in the form required by the Repository.

(d) The Dissemination Agent shall:

- (i) determine each year prior to date for providing the Annual Report the name and address of the Repository if other than the MSRB; and
- (ii) file a report with the Issuer certifying that the Annual Report has been sent to the Repository and the date it was provided.

(e) Notwithstanding any other provision of this Disclosure Agreement, all filings shall be made in accordance with the MSRB's EMMA system or in another manner approved under the Rule.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the Issuer and the School District for the prior fiscal year, if any have been prepared and which, if prepared, shall be prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board; provided, however, that the Issuer and the School District may, from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the Issuer or the School District shall modify the basis upon which its financial statements are prepared, the Issuer or the School District, as applicable, shall provide the information referenced in Section 8 below. If the Issuer or the School District are preparing

audited financial statements and such audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Financial and Operating Data. The Annual Report shall contain or incorporate by reference the following: [UPDATE]

- (i) the principal amount of Bonds outstanding as of the September 2 preceding the filing of the Annual Report;
- (ii) the balance in each fund under the Trust Agreement and the Reserve Requirement as of the September 2 preceding the filing of the Annual Report;
- (iii) any changes to the Rates and Methods of Apportionment of the Special Taxes approved or submitted to the qualified electors for approval prior to the filing of the Annual Report and a description of any parcels for which the Special Taxes have been prepaid in the Fiscal Year for which the Annual Report is being prepared;
- (iv) an update of Tables [\_\_\_\_\_] in the Official Statement based upon the most recent Special Tax levy preceding the date of the Annual Report and on the assessed values of property for the current fiscal year;
- (v) the status of any foreclosure actions being pursued by the Districts with respect to delinquent Special Taxes; and
- (vi) any information not already included under (i) through (v) above that the Districts are required to file in its annual report to the California Debt and Investment Advisory Commission pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

#### Section 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause the Dissemination Agent to give, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) business days after the event:

- (i) principal and interest payment delinquencies;

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- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701-TEB);
- (vi) tender offers;
- (vii) defeasances;
- (viii) ratings changes; and
- (ix) bankruptcy, insolvency, receivership or similar proceedings.

Note: for the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (i) unless described in paragraph 5(a)(v) above, notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (ii) the consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

- (iii) appointment of a successor or additional trustee or the change of the name of a trustee;
- (iv) nonpayment related defaults;
- (v) modifications to the rights of Owners of the Bonds;
- (vi) notices of redemption; and
- (vii) release, substitution or sale of property securing repayment of the Bonds.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event under Section 5(b) above, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the Issuer determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the Issuer shall file a notice of such occurrence with the Repository in a timely manner not more than 10 business days after the event.

(e) The Issuer hereby agrees that the undertaking set forth in this Disclosure Agreement is the responsibility of the Issuer and that the Dissemination Agent shall not be responsible for determining whether the Issuer's instructions to the Dissemination Agent under this Section 5 comply with the requirements of the Rule.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

Section 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent shall be Willdan Financial Services. The Dissemination Agent may resign by providing thirty (30) days written notice to the Issuer and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Issuer may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver related to the provisions of Sections 3(a), 4, or 5, it may only be made in connection with a change in circumstances that arises from a change in

legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking hereunder, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the Bonds in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment related to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(f), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful

misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

Issuer: San Dieguito School Facilities Financing  
Authority  
710 Encinitas Boulevard  
Encinitas, California 92024  
Attention: Executive Director

Dissemination Agent: Willdan Financial Services

Participating Underwriter: Piper Jaffray & Co.  
One Montgomery Street, 35th Floor  
San Francisco, California 94104  
Attention: Ralph Holmes

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notice or communications should be sent.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY

By: \_\_\_\_\_  
Its: \_\_\_\_\_

WILLDAN FINANCIAL SERVICES, as  
Dissemination Agent

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



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