



**SAN DIEGUITO SCHOOL  
FACILITIES FINANCING AUTHORITY  
MEETING**

**Board of Trustees**  
Joyce Dalessandro  
Beth Hergesheimer  
Amy Herman  
Maureen "Mo" Muir  
John Salazar

**Interim Superintendent**  
Larry Perondi

**THURSDAY, SEPTEMBER 13, 2018**

**IMMEDIATELY FOLLOWING SDUHSD REGULAR MEETING**

**DISTRICT OFFICE BOARD ROOM 101**

**710 ENCINITAS BLVD., ENCINITAS, CA 92024**

*Welcome to the meeting of the San Dieguito School Facilities Financing Authority of the San Dieguito Union High School District Board of Trustees.*

**PUBLIC COMMENTS**

If you wish to speak regarding an item on the agenda, please complete a speaker slip located at the sign-in desk and present it to the Secretary to the Board prior to the start of the meeting. When the Board President invites you to the podium, please state your name, address, and organization before making your presentation. Complaints or charges against an employee are not permitted in an open meeting of the Board of Trustees.

In the interest of time and order, presentations from the public are limited to three (3) minutes per person, per topic. The total time for agenda items shall not exceed twenty (20) minutes. An individual speaker's allotted time may not be increased by a donation of time from others in attendance.

In accordance with the Brown Act, public comments are limited to item(s) on the published agenda. The Board may 1) acknowledge receipt of the information, 2) refer to staff for further study, or 3) refer the matter to the next agenda.

**PUBLIC INSPECTION OF DOCUMENTS**

In compliance with Government Code 54957.5, agenda-related documents that have been distributed to the Board less than 72 hours prior to the Board Meeting will be available for review on the district website, [www.sduhsd.net](http://www.sduhsd.net) and/or at the district office. Please contact the [Office of the Superintendent](#) for more information.

**CLOSED SESSION**

The Board may meet in Closed Session to consider qualified matters of litigation, employee negotiations, student discipline, employee grievances, personnel qualifications, or real estate negotiations which are timely.

**CELL PHONES / ELECTRONIC DEVICES**

As a courtesy to all meeting attendees, please set cellular phones and electronic devices to silent mode and engage in conversations outside the meeting room.

---

In compliance with the Americans with Disabilities Act, if you need special assistance, disability-related modifications, or accommodations, including auxiliary aids or services, in order to participate in the public meetings of the District's Governing Board, please contact the [Office of the Superintendent](#). Notification 72 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accommodation and accessibility to this meeting. Upon request, the District shall also make available this agenda and all other public records associated with the meeting in appropriate alternative formats for persons with a disability.

**BOARD OF DIRECTORS  
SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY  
MEETING**

**AGENDA**

**THURSDAY, SEPTEMBER 13, 2018**

**DISTRICT OFFICE BOARD ROOM 101**

**IMMEDIATELY FOLLOWING SDUHSD REGULAR MTG**

**710 ENCINITAS BLVD., ENCINITAS, CA. 92024**

---

A meeting of the San Dieguito School Facilities Financing Authority of the San Dieguito Union High School District has been scheduled for Thursday, September 13, 2018, at the location noted above.

1. CALL TO ORDER

2. PUBLIC COMMENTS (ITEMS 3 & 4)

In accordance with the Brown Act, public comments are limited to item(s) listed on the agenda. (*See Board Agenda Cover Sheet*)

3. APPROVAL OF MINUTES / AUGUST 16, 2018 SDSFFA MEETING

Motion by \_\_\_\_\_, second by \_\_\_\_\_, to approve the Minutes of the August 16, 2018, SDSFFA meeting, as shown in the attached supplement.

**INFORMATION ITEMS**

4. ADOPTION OF RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF SPECIAL TAX REVENUE BONDS, APPROVING FORMS OF DOCUMENTS AND AUTHORIZING EXECUTION THEREOF; AND AUTHORIZING RELATED ACTIONS NECESSARY TO IMPLEMENT THE PROPOSED REFUNDING PROGRAM

Motion by \_\_\_\_\_, second by \_\_\_\_\_, to adopt the resolution authorizing the issuance and sale of special tax revenue bonds, approving forms of documents and authorizing execution thereof; and authorizing related actions necessary to implement the proposed refunding program.

- Roll Call

5. ADJOURNMENT

Board of Trustees  
Joyce Dalessandro  
Beth Hergesheimer  
Amy Herman  
Maureen "Mo" Muir  
John Salazar

Interim Superintendent  
Larry Perondi



MINUTES

Union High School District

BOARD OF DIRECTORS  
SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY  
MEETING

THURSDAY, AUGUST 16, 2018  
6:25 PM

DISTRICT OFFICE BOARD ROOM 101  
710 ENCINITAS BLVD., ENCINITAS, CA 92024

A Meeting of the San Dieguito School Facilities Financing Authority of San Dieguito Union High School District was held on Thursday, August 16, 2018, at the location noted above.

Attendance / Board of Directors

Joyce Dalessandro  
Beth Hergesheimer  
Amy Herman  
Maureen "Mo" Muir  
John Salazar

Attendance / District Administration

Larry Perondi, Interim Superintendent / SDSFFA Treasurer and Controller  
Michael Grove, Ed.D., Associate Superintendent, Educational Services  
Cindy Frazee, Associate Superintendent, Human Resources  
Mark Miller, Associate Superintendent, Administrative Services  
Tina Douglas, Associate Superintendent, Business Services  
Joann Schultz, Executive Assistant to the Superintendent / Recording Secretary

1. CALL TO ORDER

The meeting was called to order by Chair Hergesheimer at 6:43 p.m.

2. PUBLIC COMMENTS

No public comments were made.

---

In compliance with the Americans with Disabilities Act, if you need special assistance, disability-related modifications, or accommodations, including auxiliary aids or services, in order to participate in the public meetings of the District's Governing Board, please contact the [Office of the District Superintendent](#). Notification 72 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accommodation and accessibility to this meeting. Upon request, the District shall also make available this agenda and all other public records associated with the meeting in appropriate alternative formats for persons with a disability

---

3. APPROVAL OF MINUTES / JUNE 7, 2018 MEETING

Motion by Ms. Herman, seconded by Ms. Muir, to approve the Minutes of the June 7, 2018, SDSFFA meeting, as presented. BOARD Ayes: Dalessandro, Hergesheimer, Herman, Muir, Salazar; Noes: None; Abstain: None.

*Motion unanimously carried.*

**INFORMATION ITEMS**

4. SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY UPDATE

Ms. Douglas gave a brief update, as presented.

5. ADJOURNMENT

The meeting was adjourned at 6:44 p.m.

\_\_\_\_\_  
Joyce Dalessandro, Board Clerk

Date: \_\_\_\_\_

\_\_\_\_\_  
Larry Perondi, Interim Superintendent

Date: \_\_\_\_\_

# San Dieguito School Facilities Financing Authority

## INFORMATION REGARDING BOARD AGENDA ITEM

**TO:** BOARD OF DIRECTORS

**DATE OF REPORT:** August 29, 2018

**BOARD MEETING DATE:** September 13, 2018

**PREPARED BY:** John Addleman, Exec. Director of Planning Services

**SUBMITTED BY:** Tina Douglas, Controller and Treasurer

**SUBJECT:** **ADOPTION OF RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$91,500,000 PRINCIPAL AMOUNT OF SPECIAL TAX REVENUE BONDS, SERIES 2018; APPROVING THE FORM AND SUBSTANCE OF A SUPPLEMENTAL TRUST AGREEMENT, AUTHORIZING MODIFICATIONS THEREOF AND EXECUTION AND DELIVERY AS MODIFIED; APPROVING A PRELIMINARY OFFICIAL STATEMENT, AUTHORIZING CHANGES THERETO AND EXECUTION AND DELIVERY THEREOF AND OF AN OFFICIAL STATEMENT TO BE DERIVED THEREFROM; APPROVING A LOCAL OBLIGATION PURCHASE CONTRACT AND A BOND PURCHASE AGREEMENT AND EXECUTIVE AND DELIVERY OF EACH; AND AUTHORIZING RELATED ACTIONS NECESSARY TO IMPLEMENT THE PROPOSED REFUNDING PROGRAM**

-----

### EXECUTIVE SUMMARY

As noted within the September 15, 2016 San Dieguito Union High School District (School District) board package for the approval of the 2016 Subordinate Special Tax Bonds, and as presented at the School District's September 14, 2017 Facilities Board Workshop, the School District intends to refund the remaining Revenue Refunding Bonds, Series 2006 (remarketed in 2008) on a parity basis with the 2016 Subordinate Special Tax Bonds (2016 Bonds).

#### **Proposed Refunding Program Framework**

Staff has been working closely with Fieldman, Rolapp & Associates, Inc. (Financial Advisor), Stradling, Yocca, Carlson & Rauth (Bond Counsel), Orrick, Herrington & Sutcliffe LLP (Underwriter's Counsel), Laura Romano (District Counsel), Piper Jaffray & Co. (Underwriter), Willdan Financial Services (Special Tax Consultant and Dissemination Agent), and Koppel & Gruber Public Finance (Verification Consultant), collectively the Finance Team, to develop a sound refunding program framework to provide the financing.

## ITEM 4

The San Dieguito School Facilities Financing Authority was created in 2016 for the purpose of issuing the 2016 Bonds and additional bonds in the future.

The Authority is proposing to issue approximately \$72.3 million in bonds, along with release of the 2006 cash reserve, to acquire the Community Facilities Districts' (CFD) local obligations of approximately \$83.3 million and to purchase a surety policy to be held in reserve, thereby allowing for:

- Proceeds of the local obligations will fund additional school facilities and refund the 2006 Revenue Refunding Bonds.
- From the existing 2006 Debt Service Reserve Fund a release will be used to refund a portion of the outstanding 2016 Bonds.

The 2018 Special Tax Revenue Bonds (2018 Bonds) are being sized so that the coverage between the CFD local obligations and the Authority Bonds are at least 110%, providing a buffer in the case of an economic downturn thereby reducing the likelihood of default and reliance on the surety policy while creating security for investors.

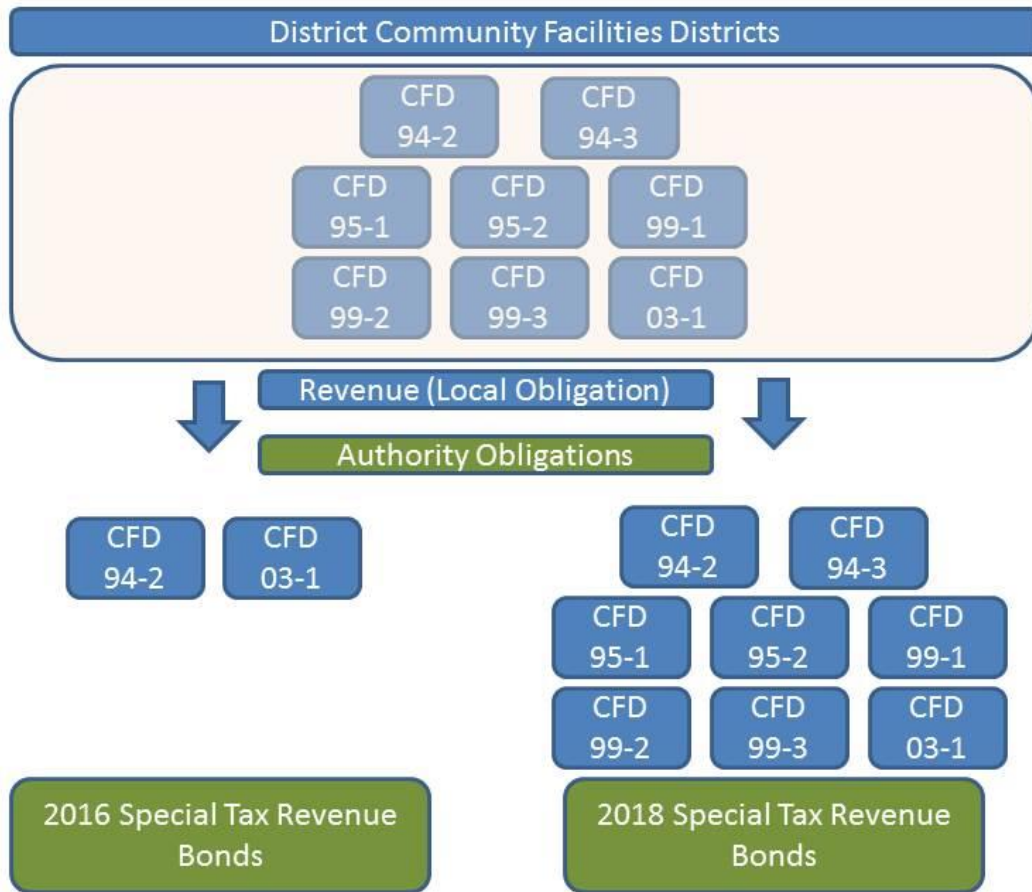
As a reminder, the revenue from the local obligations of the eight CFDs is used for debt service on both of the 2016 and 2018 Bonds. Therefore, while principal and interest is paid in each year, the revenue from the local obligations fluctuates over the term of the Bond depending on the amount of debt service required to pay towards both bonds, and where property owner's stand within their 35-year commitment. As you may recall, the 35-year term of the special tax is fixed, and since building permits have been issued over time, each residence may have a different year when first assessed. For instance, those issued in 1995, would come off the tax roll in 2030, while those issued in 2015 would not fall off until 2050. Since the revenue is sensitive to delinquent tax payments, it is wise to provide a buffer to create Debt Service Coverage for the benefit of bondholders in order to create security. As such, the Finance Team recommends the typical coverage of approximately 1.10 to 1.

The surety policy will be held in the 2018 debt service reserve fund (DSRF) and is created to be a parity debt service reserve fund taking into account the 2018 Bond and existing 2016 Bonds. The surety is sized at the maximum annual debt service for the combined debt service on both bonds.

- Surety Reserve Policy in-lieu of cash-funded DSRF allowing existing cash reserves held to be used for additional school facilities.
- To the extent that the DSRF is drawn upon, the CFD that caused the draw will be responsible for replenishment.

As well, the debt service on the 2018 Bonds, like that on the 2016 Bonds, is structured so that CFD special tax revenues are released at the end of the fiscal year to be used for debt service payments each September and March.

## Flow of Funds



In addition, the refunding program developed for the Authority has the following elements:

- The use of Current Interest Bonds (CIBs) only. No Capital Appreciation Bonds.
- The upper limit of the par amount to be borrowed will be \$91.5 million. The current expectation is approximately \$72.3 million to be borrowed; however a buffer is created to provide flexibility in maximizing the pricing of the Bonds should rates move and investor preferences change.
- Pursuant to the attached resolution, the true interest cost (TIC) on the bonds shall not exceed 5%. TIC is the total annual cost of obtaining debt financing, expressed as a percentage of the total debt amount. It is often referred to as the real cost of taking out a loan as it includes all ancillary fees and costs, along with factors related to the time value of money. As of August 28, 2018 the estimated true interest cost of the bonds is 3.68%.
- The repayment term is 30 years.
- The underwriter's discount shall not exceed 0.8% of the aggregate principal amount.
- The repayment schedule is detailed here (Bond Debt Service).

## ITEM 4

## BOND DEBT SERVICE

San Dieguito School Facilities Financing Authority  
2018 Authority Bonds  
Market Conditions as of August 15, 2018  
Assumes Insurance  
\*\*\*Preliminary; Subject to Change\*\*\*

Dated Date 10/25/2018  
Delivery Date 10/25/2018

Period Ending	Principal	Coupon	Interest	Debt Service
03/01/2020	1,305,000	4.000%	4,696,920	6,001,920
03/01/2021	2,575,000	4.000%	3,427,000	6,002,000
03/01/2022	2,685,000	5.000%	3,324,000	6,009,000
03/01/2023	2,820,000	5.000%	3,189,750	6,009,750
03/01/2024	2,950,000	5.000%	3,048,750	5,998,750
03/01/2025	3,100,000	5.000%	2,901,250	6,001,250
03/01/2026	3,255,000	5.000%	2,746,250	6,001,250
03/01/2027	3,415,000	5.000%	2,583,500	5,998,500
03/01/2028	3,590,000	5.000%	2,412,750	6,002,750
03/01/2029	3,775,000	5.000%	2,233,250	6,008,250
03/01/2030	3,970,000	5.000%	2,044,500	6,014,500
03/01/2031	4,160,000	** %	1,846,000	6,006,000
03/01/2032	4,270,000	5.000%	1,668,000	5,938,000
03/01/2033	4,495,000	** %	1,454,500	5,949,500
03/01/2034	4,425,000	5.000%	1,254,750	5,679,750
03/01/2035	4,025,000	** %	1,033,500	5,058,500
03/01/2036	3,705,000	5.000%	854,750	4,559,750
03/01/2037	3,285,000	** %	669,500	3,954,500
03/01/2038	2,650,000	5.000%	525,250	3,175,250
03/01/2039	2,255,000	5.000%	392,750	2,647,750
03/01/2040	1,485,000	5.000%	280,000	1,765,000
03/01/2041	1,295,000	5.000%	205,750	1,500,750
03/01/2042	485,000	5.000%	141,000	626,000
03/01/2043	375,000	5.000%	116,750	491,750
03/01/2044	410,000	5.000%	98,000	508,000
03/01/2045	500,000	5.000%	77,500	577,500
03/01/2046	525,000	5.000%	52,500	577,500
03/01/2047	525,000	5.000%	26,250	551,250
	72,310,000		43,304,670	115,614,670

(1) Assumes preliminary scale provided by Piper Jaffray & Co. as of 8-28-18.

### Debt Service

Pursuant to the August 28, 2018 financing memo,

- the principal amount of \$72,310,000 will be paid over the course of 30 years,
- interest and principal will be paid in each year,
- gross interest over the time will amount to \$43,304,670.00 for Total Debt Service of \$115,614,670.00, and
- overall the bonds are expected to trade above its par value, creating a premium of approximately \$8.4 million. Typically, a bond will trade at premium when it offers a coupon rate that is higher than prevailing interest rates. This is because investors want a higher yield and will pay more for it. The \$8.4 million gained by selling at premium will be used to purchase a portion of the Local Obligations, and for costs of issuance related to underwriter's discount of the tax-exempt bonds.

Attached as Exhibit A to the Resolution are the required good faith estimates as well.



**Resolution**

The resolution proposed to be adopted at this Board of Directors meeting approves documents related to the issuance of the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 in order to provide funds to purchase the underlying local obligations of eight CFDs 94-2, 94-3, 95-1, 95-2, 99-1, 99-2, 99-3, and 03-1. When this resolution is adopted, the Board of Directors will be approving the following financing documents, in preliminary form (none of which are to be signed at this meeting).

- Supplemental Trust Agreement – Contains the terms of which the Bonds are to be issued and the revenues (as said term is defined in the agreement and as said Revenues are received by the Authority as holder of the Local Obligations) are to be administered to pay the principal of and interest on the Bonds.
- Local Obligation Purchase Contract – The contract provides for terms for the sale of CFD 94-2, 94-3, 95-1, 95-2, 99-1, 99-2, 99-3, and 03-1's obligations in a total maximum aggregate amount of \$91.5 million to the San Dieguito School Facilities Financing Authority, and the Authority agrees to purchase the Local Obligations.
- Bond Purchase Agreement - An agreement between the Authority and Piper Jaffray & Co. ("Underwriter"), for the purchase of bonds from the Authority by the Underwriter for reoffering to the public.
- Preliminary Official Statement - Copies will be made available to persons who may be interested in purchasing the bonds.
- Continuing Disclosure Agreement – Any government entity issuing bonds has an obligation to meet specific continuing disclosure standards in compliance with Securities and Exchange Commission (SEC) Rule 15c2-12. When the bonds are issued, the District, to meet the SEC requirements for the benefit of owners and beneficial owners of the bond, promises to provide certain annual financial information and material event notices to the public and is included as Appendix E to the Preliminary Official Statement.

**RECOMMENDATION:**

It is recommended that the Board:

1. Adopt Resolution Authorizing The Issuance, Sale and Delivery of Not to Exceed \$91,500,000 Principal Amount of Special Tax Revenue Bonds, Series 2018; Approving the Form and Substance of a Supplemental Trust Agreement, Authorizing Modifications Thereof and Execution and Delivery as Modified; Approving a Preliminary Official Statement, Authorizing Changes Thereto and Execution and Delivery Thereof and of an Official Statement to be Derived Therefrom; Approving a Local Obligation Purchase Contract and a Bond Purchase Agreement and Execution and Delivery of Each; And Authorizing Related Actions Necessary To Implement The Proposed Refunding Program.

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF NOT TO EXCEED \$91,500,000 PRINCIPAL AMOUNT OF SPECIAL TAX REVENUE BONDS, SERIES 2018; APPROVING THE FORM AND SUBSTANCE OF A SUPPLEMENTAL TRUST AGREEMENT, AUTHORIZING MODIFICATIONS THEREOF AND EXECUTION AND DELIVERY AS MODIFIED; APPROVING A PRELIMINARY OFFICIAL STATEMENT, AUTHORIZING CHANGES THERETO AND EXECUTION AND DELIVERY THEREOF AND OF AN OFFICIAL STATEMENT TO BE DERIVED THEREFROM; APPROVING A LOCAL OBLIGATION PURCHASE CONTRACT AND A BOND PURCHASE AGREEMENT AND EXECUTION AND DELIVERY OF EACH; AND AUTHORIZING RELATED ACTIONS NECESSARY TO IMPLEMENT THE PROPOSED REFUNDING PROGRAM**

**WHEREAS**, the San Dieguito School Facilities Financing Authority is a joint exercise of powers entity duly organized and existing under and by virtue of the laws of the State of California (the “Authority”); and

**WHEREAS**, the San Dieguito Union High School District (the “School District”) is a school district located in the County of San Diego, California, organized and existing under the Constitution and laws of the State of California; and

**WHEREAS**, the School District has completed its legal proceedings under the Mello-Roos Community Facilities Act of 1982 (the “Act”) with respect to authorizing the issuance and sale of the following series of special tax revenue bonds designated:

1. “San Dieguito Union High School District Community Facilities District No. 94-2 Special Tax Revenue Bonds, Series 2018” (the “CFD 94-2 Local Obligations”) for the purpose of financing the acquisition and construction of various public school facilities and prepaying a portion of the outstanding principal amount of loan obligations of the San Dieguito Union High School District Community Facilities District No. 94-2 (“CFD 94-2”);
2. “San Dieguito Union High School District Community Facilities District No. 94-3 Special Tax Revenue Bonds, Series 2018” (the “CFD 94-3 Local Obligations”) for the purpose of financing the acquisition and construction of various public school facilities and prepaying a portion of the outstanding principal amount of loan obligations of the San Dieguito Union High School District Community Facilities District No. 94-3 (“CFD 94-3”);
3. “San Dieguito Union High School District Community Facilities District No. 95-1 Special Tax Revenue Bonds, Series 2018” (the “CFD 95-1 Local Obligations”) for the purpose of financing the acquisition and construction of various public school facilities and prepaying a portion of the outstanding principal amount of loan obligations of the San Dieguito Union High School District Community Facilities District No. 95-1 (“CFD 95-1”);
4. “San Dieguito Union High School District Community Facilities District No. 95-2 Special Tax Revenue Bonds, Series 2018” (the “CFD 95-2 Local Obligations”) for the purpose of financing the acquisition and construction of various public school facilities and prepaying a

## ITEM 4

portion of the outstanding principal amount of loan obligations of the San Dieguito Union High School District Community Facilities District No. 95-2 (“CFD 95-2”);

5. “San Dieguito Union High School District Community Facilities District No. 99-1 Special Tax Revenue Bonds, Series 2018” (the “CFD 99-1 Local Obligations”) for the purpose of financing the acquisition and construction of various public school facilities and prepaying a portion of the outstanding principal amount of loan obligations of the San Dieguito Union High School District Community Facilities District No. 99-1 (“CFD 99-1”);
6. “San Dieguito Union High School District Community Facilities District No. 99-2 Special Tax Revenue Bonds, Series 2018” (the “CFD 99-2 Local Obligations”) for the purpose of financing the acquisition and construction of various public school facilities and prepaying a portion of the outstanding principal amount of loan obligations of the San Dieguito Union High School District Community Facilities District No. 99-2 (“CFD 99-2”);
7. “San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018” (the “CFD 99-3 Local Obligations”) for the purpose of financing the acquisition and construction of various public school facilities and prepaying a portion of the outstanding principal amount of loan obligations of the San Dieguito Union High School District Community Facilities District No. 99-3 (“CFD 99-3”);
8. “San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018” (the “CFD 03-1 Local Obligations”) for the purpose of financing the acquisition and construction of various public school facilities and prepaying a portion of the outstanding principal amount of loan obligations of the San Dieguito Union High School District Community Facilities District No. 03-1 (“CFD 03-1”, and together with CFD 94-2, CFD 94-3, CFD 95-1, CFD 95-2, CFD 99-1, CFD 99-2, and CFD 99-3, the “Facilities Districts”); and

the CFD 94-2 Local Obligations, the CFD 94-3 Local Obligations, the CFD 95-1 Local Obligations, the CFD 95-2 Local Obligations, the CFD 99-1 Local Obligations, the CFD 99-2 Local Obligations, the CFD 99-3 Local Obligations and the CFD 03-1 Local Obligations, are hereinafter collectively referred to as the “Local Obligations;” and

**WHEREAS**, the School District is empowered under the provisions of the Act to undertake legal proceedings for the levy of a special tax and for the issuance, sale and delivery of special tax bonds upon the security of the recorded special tax liens; and

**WHEREAS**, the Authority is empowered under the provisions of Article 4, Chapter 5, Division 7, Title 1 of the California Government Code (the “Law”) to issue its bonds for the purpose of purchasing various local obligations issued by certain local agencies and applying the proceeds of the bonds to finance certain authorized facilities and/or to refund outstanding bonds previously issued by the School District; and

**WHEREAS**, the Authority previously provided for the execution and delivery of its San Dieguito School Facilities Financing Authority Subordinate Special Tax Revenue Bonds, Series 2016 (the “Series 2016 Bonds”) pursuant to a 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; and

## ITEM 4

**WHEREAS**, the Authority proposes to authorize and undertake to issue the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Bonds”), on parity with the Series 2016 Bonds in accordance with the Original Trust Agreement, in order to provide funds to purchase the Local Obligations, fund a debt service reserve fund and to pay costs of issuance; and

**WHEREAS**, the Authority has determined that the estimated amount necessary to finance the purchase of the Local Obligations and to pay costs of issuance will require the issuance of the Bonds in the aggregate principal amount not to exceed \$91,500,000; and

**WHEREAS**, the Authority and the School District have determined that all things necessary to make the Bonds, when authenticated by the Trustee, and issued as provided in the Original Trust Agreement, as amended and supplemented by a First Supplemental Trust Agreement (the “Supplemental Trust Agreement”), between the Authority and U.S. Bank National Association, as trustee (the “Trustee”), the valid, binding and legal obligations of the Authority according to the import thereof and hereof have been done and performed; and

**WHEREAS**, in furtherance of implementing the financing, there have been filed with the Authority Secretary for consideration and approval by this Board forms of the following:

- (a) a Supplemental Trust Agreement, under the terms of which the Bonds are to be issued and the Revenues (as said term is defined in the Original Trust Agreement, as supplemented by the Supplemental Trust Agreement (as so supplemented, the “Trust Agreement”) and as said Revenues are received by the Authority as holder of the Local Obligations) are to be administered to pay the principal of and interest on the Bonds;
- (b) a Local Obligation Purchase Contract, under the terms of which, among other things, the School District agrees to sell and the Authority agrees to purchase the Local Obligations;
- (c) a Bond Purchase Agreement, under the terms of which, among other things, the Authority agrees to sell and the underwriter agrees to purchase the Bonds; and
- (d) a Preliminary Official Statement, describing the Bonds and the Local Obligations; and

**WHEREAS**, being fully advised in the matter of the proposed refunding program, this Board wishes to proceed with implementation of said financing program; 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 financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to authorize the execution and delivery of certain documents in order to further implement the financing in the manner and upon the terms herein provided; and

## ITEM 4

**WHEREAS**, as required by the Law, the School District has determined that the issuance of the Bonds by the Authority and the acquisition of the Local Obligations will result in significant public benefits, including demonstrable savings in effective interest rate, bond preparation, bond underwriting and bond issuance costs;

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the San Dieguito School Facilities Financing Authority as follows:

**Section 1.** The foregoing recitals are true and correct, and this Board so finds and determines.

**Section 2.** Pursuant to the Law, the Bonds shall be issued in the aggregate principal amount of not to exceed \$91,500,000.

**Section 3.** The form and substance of the Supplemental Trust Agreement are hereby approved. The Executive Director of the Authority (the "Executive Director"), the Treasurer and Controller of the Authority (the "Treasurer"), any member of this Board, or a designee of the Executive Director is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Supplemental Trust Agreement in substantially said form, with such changes therein as such officer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 4.** The form and substance of the Local Obligation Purchase Contract is hereby approved. The Executive Director of the Authority, the Treasurer, any member of this Board, or a designee of the Treasurer (each, an "Authorized Officer"), each alone, is hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Local Obligation Purchase Contract in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 5.** The form and substance of the Bond Purchase Agreement is hereby approved. The Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Bond Purchase Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the true interest cost on the Bonds shall not exceed 5.00% as provided in the Bond Purchase Agreement; and provided, further, that the underwriter's discount specified in the Bond Purchase Agreement on the Bonds shall not exceed 0.80% of the aggregate principal amount thereof.

**Section 6.** (a) The form and substance of the Preliminary Official Statement is hereby approved in substantially the form presented, with such changes therein as an Authorized Officer may approve. This board hereby authorizes the Authorized Officers, each alone, to find and determine that said Preliminary Official Statement in preliminary form is, and as of its date shall be deemed "final" for purpose of Rule 15c2-12 of the Securities and Exchange Commission, and the Treasurer of the Authority or designee thereof is hereby authorized to execute a certificate to such effect in the customary form.

(b) The Authorized Officers, each alone, are hereby authorized to execute a final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes therein

## ITEM 4

and additions thereto as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by the execution thereof.

(c) The Authorized Officers, each alone, are authorized to approve corrections and additions to the Preliminary Official Statement and the final Official Statement by supplement or amendment thereto, by appropriate insertions, or otherwise as appropriate, provided that such corrections or additions shall be regarded by such officer as necessary to cause the information contained therein to conform to facts material to the Bonds or the Local Obligations or to the proceedings of this Board or the Board of Trustees of the School District or that such corrections or additions are in form rather than in substance.

(d) The Underwriter of the Bonds is authorized to distribute said Preliminary Official Statement and the final Official Statement to be derived therefrom in connection with the sale and delivery of the Bonds.

**Section 7.** The officers of the Authority are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including any agency agreement and an escrow agreement with respect to the refunding of the loan obligations of the Facilities Districts and the bonds secured thereby, which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and to obtain a policy of bond insurance, a rating and/or a reserve fund surety policy for any series of the Bonds. Such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

**Section 8.** The Board hereby appoints Stifel, Nicolaus & Company, Incorporated 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 Bonds. The Authorized Officers, 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 Trust Agreement.

**Section 9.** In accordance with California Government Code Section 5852.1, certain estimates are presented in Exhibit A to this Resolution.

**Section 10.** This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 13th day of September, 2018, by the following vote:

AYES:

NOES:

ABSENT:

---

Chair of the Board of Directors  
San Dieguito School Facilities Financing Authority

ATTEST:

---

Secretary the Board of Directors  
San Dieguito School Facilities  
Financing Authority

**SECRETARY'S CERTIFICATE**

---

I, Joyce Dalessandro, Secretary of Board of Directors of the San Dieguito School Facilities Financing Authority, 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 Directors of said Authority 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 Directors 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.

---

Secretary of the San Dieguito  
School Facilities Financing Authority



**EXHIBIT A****GOOD FAITH ESTIMATES – AUTHORITY BONDS**

The good faith estimates for the bonds of the Authority (the “Authority Bonds”) set forth herein are provided with respect to such bonds 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 Authority that, based on the Authority’s financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Authority Bonds to be sold is \$72,310,000 (the “Estimated Principal Amount”). Based on the Estimated Principal Amount, the following good faith estimates are provided:

a) True Interest Cost of the Authority Bonds. The Underwriter has informed the Authority that, assuming that the Estimated Principal Amount of the Authority Bonds 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 Authority Bonds, 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 Authority Bonds, is 3.68%.

b) Finance Charge of the Authority Bonds. The Underwriter has informed the Authority that, assuming that the Estimated Principal Amount of the Authority Bonds 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 Authority Bonds, which means the sum of all fees and charges paid to third parties, is \$1,398,497.94.

c) Amount of Proceeds to be Received. The Underwriter has informed the Authority that, assuming that the Estimated Principal Amount of the Authority Bonds 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 Authority for sale of the Authority Bonds, less the finance charge of the Authority Bonds paid from Authority Bonds proceeds, and any reserves or capitalized interest to be paid or funded with proceeds of the Authority Bonds, if any, is \$83,881,587.80.

d) Total Payment Amount. The Underwriter has informed the Authority that, assuming that the Estimated Principal Amount of the Authority Bonds 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 Authority will make to pay debt service on the Authority Bonds, plus the finance charge for the Authority Bonds as described in (b) above not paid with the proceeds of the Authority Bonds, if any, calculated to the final maturity of the Authority Bonds, is \$115,614,670.00.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Authority Bonds 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 Authority Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Authority Bonds sold being different from the Estimated Principal Amounts, (c) the actual amortization of the Authority Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual market

## ITEM 4

interest rates at the time of sale of the Authority Bonds 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 Authority Bonds and the actual principal amount of Authority Bonds sold will be determined by the School District based on the timing of the need for proceeds of the Authority Bonds and other factors. The actual interest rates borne by the Authority Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Authority Bonds 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 4

Form of First Supplemental Trust Agreement

---

---

**FIRST SUPPLEMENTAL TRUST AGREEMENT**

**between**

**SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY**

**and**

**U.S. BANK NATIONAL ASSOCIATION,  
as Trustee**

**Dated as of October 1, 2018**

**AMENDING AND SUPPLEMENTING  
THE TRUST AGREEMENT, Dated as of December 1, 2016**

**Relating to**

**SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY  
SPECIAL TAX REVENUE BONDS  
SERIES 2018**

---

---

**TABLE OF CONTENTS**

**Page**

**ARTICLE I  
DEFINITIONS**

Section 1.01 Definitions used in Original Trust Agreement..... 2  
 Section 1.02 Additional Definitions ..... 2

**ARTICLE II  
TERMS OF THE SERIES 2018 BONDS**

Section 2.01 The Series 2018 Bonds ..... 4  
 Section 2.02 Form of Series 2018 Bonds ..... 5  
 Section 2.03 Original Trust Agreement..... 5

**ARTICLE III  
REDEMPTION AND PURCHASE OF BONDS**

Section 3.01 Optional Redemption of Series 2018 Bonds..... 5  
 Section 3.02 Mandatory Sinking Fund Redemption of Series 2018 Bonds ..... 5  
 Section 3.03 Applicability of Original Trust Agreement..... 7

**ARTICLE IV  
REVENUES AND FUNDS FOR BONDS**

Section 4.01 Deposit of Proceeds of Bonds and Other Funds ..... 7  
 Section 4.02 Covenant Respecting Local Obligations Redemption Funds; Amendment of  
 Original Trust Agreement..... 7  
 Section 5.05 Covenant Respecting Local Obligations Redemption Funds ..... 7  
 Section 4.03 The Reserve Requirement for Series 2018 Bonds ..... 8  
 Section 4.04 Expense Fund..... 8  
 Section 4.05 Direction Regarding Surplus Fund ..... 8  
 Section 4.06 Redemption Fund..... 8  
 Section 4.07 Rebate Fund ..... 8

**ARTICLE V  
COVENANTS OF THE ISSUER AND THE DISTRICT**

Section 5.01 Tax Covenants ..... 8  
 Section 5.02 Continuing Disclosure ..... 8

**ARTICLE VI  
PROVISIONS RELATING TO THE SERIES 2018 BOND INSURANCE POLICY, THE  
SERIES 2018 RESERVE POLICY AND THE BOND INSURER**

Section 6.01 Amendments, Supplements and Consents ..... 9

**ARTICLE VII  
MISCELLANEOUS**

Section 7.01 Amendment of Original Trust Agreement..... 9  
 Section 7.02 Counterparts..... 9  
 Section 7.03 Preservation of Original Trust Agreement..... 9  
 Section 7.04 Effective Date of First Supplemental Trust Agreement ..... 9

**TABLE OF CONTENTS**  
**(continued)**

	<b>Page</b>
EXHIBIT A    FORM OF BOND.....	A-1

**FIRST SUPPLEMENTAL TRUST AGREEMENT**

This First Supplemental Trust Agreement, dated as of October 1, 2018 (the “First Supplemental Trust Agreement”), between the SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY, a joint exercise of powers agency established pursuant to the laws of the State of California (the “Issuer”) and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee (the “Trustee”), supplements and amends that certain Trust Agreement, dated as of December 1, 2016 (the “Original Trust Agreement” and, as so supplemented and amended, the “Trust Agreement”), between the Issuer and the Trustee.

WHEREAS, the Issuer and the Trustee entered into the Original Trust Agreement, in part, to provide for the issuance of the Issuer’s Subordinate Special Tax Revenue Bonds, Series 2016 (the “Series 2016 Bonds”); and

WHEREAS, the Original Trust Agreement provided for the issuance of Additional Parity Bonds (as defined in the Original Trust Agreement) in accordance with Section 3.02 thereof; and

WHEREAS, the Issuer desires to cause the issuance of Additional Parity Bonds for purposes authorized under the Original Trust Agreement; and

WHEREAS, the Board of Trustees (the “Board of Trustees”) of the San Dieguito Union High School District (the “District”) has heretofore established the Community Facilities Districts (as defined in the Original Trust Agreement) 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”) in order to finance and reimburse the construction of various public facilities benefitting the Community Facilities Districts; and

WHEREAS, in order to assist the Community Facilities Districts in financing and reimbursing the acquisition and construction of various public facilities, 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 trustee (the “Prior JPA Bonds”); and

WHEREAS, the Community Facilities Districts entered into a loan agreement, dated July 1, 2006, by and between the Community Facilities Districts and the Prior JPA (the “Prior Loan Agreement”), whereby the Prior JPA agreed to lend the CFDs certain funds; and

Whereas, certain of the Community Facilities Districts entered into certain installment purchase agreements, dated as of July 1, 2006, by and between such Community Facilities Districts and the Prior JPA (as further described herein, the “Prior Installment Purchase Agreements”); and

WHEREAS, the Issuer now wishes to assist the Community Facilities Districts in prepaying the remaining portions of their obligations under the Prior Loan Agreement and the Prior Installment Purchase Agreements, and in financing the acquisition and construction of various public school facilities benefitting the Community Facilities Districts; and

## ITEM 4

WHEREAS, the Board of Trustees deems it necessary and desirable to authorize and consummate the sale of certain bonds of Community Facilities Districts (as defined herein, the “Series 2018 Local Obligations”); and

WHEREAS, the District desires to sell the Series 2018 Local Obligations to the Issuer pursuant to certain Local Obligation Purchase Contracts (collectively, the “Series 2018 Local Obligation Purchase Contract”); and

WHEREAS, the Issuer is empowered under the provisions of the Marks-Roos Local Bond Pooling Act of 1985, being Article 4, Chapter 5, Division 7, Title 1 of the California Government Code to issue its bonds for the purpose of purchasing various obligations issued by various local agencies, including the Local Obligations; and

WHEREAS, the Issuer has authorized and undertaken to issue the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Series 2018 Bonds”) pursuant to the Trust Agreement; and

WHEREAS, it has been determined that the estimated amount necessary to purchase the Series 2018 Local Obligations, to fund a reserve fund for the Series 2018 Bonds, and to pay the costs of issuance of the Series 2018 Bonds will require the issuance of the Series 2018 Bonds in the aggregate principal amount of \$\_\_\_\_\_; and

WHEREAS, the Issuer has certified as of the effective date of this First Supplemental Trust Agreement that the conditions set forth in Section 3.02 of the Original Trust Agreement are met; and

NOW, THEREFORE, the Issuer and the Trustee agree as follows:

## ARTICLE I

### DEFINITIONS

**Section 1.01 Definitions used in Original Trust Agreement.** Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Original Trust Agreement.

**Section 1.02 Additional Definitions.** The terms set forth below shall have the following meanings in the Trust Agreement, unless the context clearly requires otherwise:

“Bond,” “Bonds” and “Insured Bonds” shall mean any or all of the Series 2016 Bonds, the Series 2018 Bonds and any Additional Parity Bonds authorized and issued by the Issuer and authenticated by the Trustee and delivered under the Trust Agreement.

“Bond Insurance Policy” shall mean the Series 2016 Bond Insurance Policy, the Series 2018 Bond Insurance Policy, and any other financial guaranty insurance policy issued by the Bond Insurer in connection with any other Series of Bonds.

“Dated Date” shall mean, with respect to any Series of Bonds, the date of delivery of such Series of Bonds.



## ITEM 4

“Reserve Policy” shall mean the Series 2016 Reserve Policy, the Series 2018 Reserve Policy, and any other Municipal Bond Debt Service Reserve Insurance Policy issued by the Bond Insurer in connection with another Series of Bonds.

“Reserve Requirement” shall mean, (i) as of the date of issuance of the Bonds or any Additional Parity Bonds, the least of: (a) Maximum Annual Debt Service on the Outstanding Bonds and any Additional Parity Bonds, (b) 10% of the stated principal amount of the Outstanding Bonds and any Outstanding Additional Parity Bonds, less original issue discount, if any, plus original issue premium, if any, within the meaning of Section 148 of the Code provided that such discount or premium is more than two percent of the stated redemption price at maturity of the Outstanding Bonds and any Outstanding Additional Parity Bonds, and (c) 125% of Average Annual Debt Service on the Outstanding Bonds and any Outstanding Additional Parity Bonds; and (ii) as of any other date of calculation, the least of (a) the Reserve Requirement as of the most recent Dated Date or (b) Maximum Annual Debt Service on the Outstanding Bonds and any Additional Parity Bonds. The Reserve Requirement as of the Dated Date for the Series 2018 Bonds is \$\_\_\_\_\_.

“Series 2016 Bonds” shall mean the San Dieguito School Facilities Financing Authority Subordinate Special Tax Revenue Bonds, Series 2016.

“Series 2016 Bond Insurance Policy” shall mean the financial guaranty insurance policy issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Series 2016 Bonds as provided therein.

“Series 2016 Reserve Policy” shall mean the Municipal Bond Debt Service Reserve Insurance Policy issued by the Bond Insurer in connection with the issuance of the Series 2016 Bonds.

“Series 2018 Bonds” shall mean the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018.

“Series 2018 Bond Insurance Policy” shall mean the financial guaranty insurance policy issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Series 2018 Bonds as provided therein.

“Series 2018 Continuing Disclosure Agreement” shall mean that certain Continuing Disclosure Agreement, dated as of \_\_\_\_\_ 1, 2018, by and between the District and \_\_\_\_\_, as dissemination agent, relating to the Series 2018 Bonds.

“Series 2018 Reserve Policy” shall mean the Municipal Bond Debt Service Reserve Insurance Policy issued by the Bond Insurer in connection with the issuance of the Series 2018 Bonds.

“Trust Agreement” shall mean the Original Trust Agreement, dated as of December 1, 2016, between the Issuer and the Trustee, as amended and supplemented by this First Supplemental Trust Agreement, dated as of October 1, 2018, pursuant to which the Bonds are to be issued, as further amended or supplemented from time to time in accordance with its terms.

**ARTICLE II**

**TERMS OF THE SERIES 2018 BONDS**

**Section 2.01 The Series 2018 Bonds.**

(a) There shall be issued under and secured by the Trust Agreement bonds in the form of fully registered bonds to be designated “San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018” in the aggregate principal amount of \$\_\_\_\_\_). The Series 2018 Bonds shall be dated as of October \_\_, 2018 and shall bear interest at the rates specified in the table below, such interest being payable semiannually on each Interest Payment Date on and after September 1, 2019, and shall mature on the Principal Payment Dates in the following years in the following principal amounts, namely:

<i>Principal Payment Date (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			
2043*			
2047*			

---

\*Term Bonds

(b) The principal of and redemption premiums, if any, and interest on the Series 2018 Bonds shall be payable in lawful money of the United States of America. The Series 2018 Bonds shall be issued as fully registered bonds in Authorized Denominations and each Series shall be numbered in consecutive numerical order from 1 upwards. Each Series 2018 Bond shall bear interest from and including the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated during the period from the 15th day of the month preceding an Interest Payment Date to and including such Interest Payment Date, in which event it shall bear interest from and including such Interest Payment Date, or unless it is authenticated on or

## ITEM 4

prior to August 15, 2019, in which event it shall bear interest from the Dated Date for the Series 2018 Bonds; provided, that if at the time of authentication of any Series 2018 Bond interest is then in default or overdue on the Series 2018 Bonds, such Series 2018 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid in full or made available for payment in full on all Outstanding Series 2018 Bonds. Payment of the interest on any Series 2018 Bond shall be made to the Person whose name appears on the Bond Register as the Owner thereof as of the Record Date, such interest to be paid by check mailed by first class mail on the Interest Payment Date to the Owner at the address which appears on the Bond Register as of the Record Date, for that purpose; except that in the case of an Owner of one million dollars (\$1,000,000) or more in aggregate principal amount of any Series of Bonds, upon written request of such Owner to the Trustee, in form satisfactory to the Trustee, received not later than the Record Date, such interest shall be paid on the Interest Payment Date in immediately available funds by wire transfer. The principal of and redemption premiums, if any, on the Series 2018 Bonds shall be payable at the Corporate Trust Office of the Trustee, upon presentation and surrender of such Series 2018 Bonds. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

(c) Notwithstanding any other provision herein contained, any interest not punctually paid or duly provided for, as a result of an Event of Default or otherwise, shall forthwith cease to be payable to the Owner on the Record Date and shall be paid to the Owner in whose name the Series 2018 Bonds is authenticated at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice whereof being given to the Owners by first class mail not less than ten (10) days prior to such Special Record Date.

**Section 2.02 Form of Series 2018 Bonds.** The Series 2018 Bonds and the certificate of authentication and assignment forms to appear thereon shall be in substantially the forms set forth in Exhibit A hereto, with such variations, insertions or omissions as are not inconsistent herewith.

**Section 2.03 Original Trust Agreement.** Unless specified otherwise herein, the Series 2018 Bonds shall be subject to the provisions of Article II of the Original Trust Agreement.

### ARTICLE III

#### REDEMPTION AND PURCHASE OF BONDS

##### **Section 3.01 Optional Redemption of Series 2018 Bonds.**

(a) The Series 2018 Bonds maturing on or before March 1, 20\_\_ are not subject to optional redemption prior to maturity. The Series 2018 Bonds maturing on or after March 1, 20\_\_ shall be subject to optional redemption as a whole or in part on any date on or after March 1, 20\_\_, at the option of the Issuer from such maturities and in such amounts as are selected by the Issuer and by lot within a maturity, at a redemption price equal to the principal amount of the Series 2018 Bonds to be redeemed, together with accrued interest thereon to the date of redemption, without premium.

##### **Section 3.02 Mandatory Sinking Fund Redemption of Series 2018 Bonds.**

(a) The Series 2018 Bonds maturing on March 1, 20\_\_ are also subject to mandatory sinking fund redemption prior to maturity, in part, on March 1, 20\_\_, and on each March 1 thereafter by lot, from sinking fund payments at a redemption price equal to the principal

## ITEM 4

amount of Series 2018 Bonds to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

<i>Year (March 1)</i>	<i>Redemption Amount</i>
2039	
2040	
2041	
2042	
2043*	

---

\* Maturity

(b) The Series 2018 Bonds maturing on March 1, 20\_\_ are also subject to mandatory sinking fund redemption prior to maturity, in part, on March 1, 20\_\_, and on each March 1 thereafter by lot, from sinking fund payments at a redemption price equal to the principal amount of Series 2018 Bonds to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

<i>Year (March 1)</i>	<i>Redemption Amount</i>
2044	
2045	
2046	
2047*	

---

\* Maturity

(c) In the event that Series 2018 Bonds subject to mandatory sinking fund redemption pursuant to this Section are redeemed in part prior to their stated maturity date from any moneys other than Principal Installments, the remaining Principal Installments for such Series 2018 Bonds shall be reduced as directed by the Issuer.

(d) [In the event the mandatory sinking fund redemption installments for Series 2018 Bonds are paid by the Bond Insurer pursuant to the Series 2018 Bond Insurance Policy, upon receipt of the moneys due, the Trustee shall authenticate and deliver to affected Owners who surrender their Series 2018 Bonds a new Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Series 2018 Bond surrendered. The Trustee shall designate any portion of payment of principal on Series 2018 Bonds paid by the Bond Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Series 2018 Bonds registered to the then current Owner, whether DTC or its nominee or otherwise, and shall issue a replacement Series 2018 Bond to the Bond Insurer, registered in the name of Build America Mutual Assurance Company, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Series 2018 Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Bond or the subrogation rights of the Bond Insurer.]

**Section 3.03 Applicability of Original Trust Agreement.** Unless specified otherwise herein, the Series 2018 Bonds shall be subject to the provisions of Article IV of the Original Trust Agreement and, with respect to such Article IV generally, (a) any redemption pursuant to Section 3.01 hereof shall be considered a redemption pursuant to Section 4.02 of the Original Trust Agreement, and (b) any redemption pursuant to Section 3.02 hereof shall be considered a redemption pursuant to Section 4.03 of the Original Trust Agreement.

## ARTICLE IV

### REVENUES AND FUNDS FOR BONDS

**Section 4.01 Deposit of Proceeds of Bonds and Other Funds.** The proceeds received by the Issuer from the sale of the Series 2018 Bonds, being the amount of \$\_\_\_\_\_ (consisting of the principal amount of the Series 2018 Bonds, plus net original issue premium of \$\_\_\_\_\_, less the Underwriter's Discount in the amount of \$\_\_\_\_\_, less bond insurance premium in the amount of \$\_\_\_\_\_, less reserve policy premium in the amount of \$\_\_\_\_\_) shall be deposited with the Trustee and applied as follows: (i) \$\_\_\_\_\_ of such proceeds shall be transferred by the Trustee to U.S. Bank National Association in its capacity as Fiscal Agent under the Local Obligations Indentures for the purchase of the Series 2018 Local Obligations; and (ii) \$\_\_\_\_\_ shall be deposited to the Capital Improvement Fund.

**Section 4.02 Covenant Respecting Local Obligations Redemption Funds; Amendment of Original Trust Agreement.** Section 5.05 of the Original Trust Agreement is hereby replaced in its entirety with the following:

#### **Section 5.05 Covenant Respecting Local Obligations Redemption Funds.**

(a) The District expressly acknowledges that, pursuant to the Local Obligations Statute and each Local Obligations Indenture pursuant to which the Local Obligations were issued by the District and sold to the Issuer, the District is legally obligated to establish and maintain a separate redemption fund for the Local Obligations of each Community Facilities District (each, a "Local Obligation Redemption Fund") each of which is held by U.S. Bank National Association in its capacity as Fiscal Agent under the applicable Local Obligations Indenture and, so long as any part of the Local Obligations of a Community Facilities District remains outstanding, to deposit into the applicable Local Obligation Redemption Fund, upon receipt, any and all Local Obligations Revenues received by the District. The District further acknowledges that, pursuant to the Local Obligations Statute and the Local Obligations Indenture, no temporary loan or other use whatsoever may be made of the Local Obligations Revenues, and the Local Obligation Redemption Fund constitutes a trust fund for the benefit of the owners of the Local Obligations.

(b) The District hereby covenants for the benefit of the Issuer, as owner of the Local Obligations, the Trustee, as assignee of the Issuer with respect to the Local Obligations, and the Owners from time to time of the Bonds, that it will establish, maintain and administer the Local Obligation Redemption Funds and the Local Obligations Revenues in accordance with their status as trust funds as prescribed by the Local Obligations Statute, the Local Obligations Indentures, and this Trust Agreement.

## ITEM 4

(c) The District further covenants that, no later than ten (10) Business Days prior to each Interest Payment Date and Principal Payment Date on the Bonds, the District will advance to the Trustee against payment on the Local Obligations, as assignee of the Issuer with respect to the Local Obligations, the interest due on the Local Obligations on such Interest Payment Date and the principal of all Local Obligations due on such Principal Payment date, respectively, and upon receipt by the Trustee, such amounts shall constitute Revenues. The Trustee shall provide written notice to the Issuer no later than February 1 and August 1 of each year during which the Bonds remain outstanding specifying the amount required to be paid to the Trustee pursuant to this subsection 5.05(c) in each such month.

**Section 4.03 The Reserve Requirement for Series 2018 Bonds.**

(a) The Reserve Requirement with respect to the Series 2018 Bonds shall initially be satisfied with the deposit of the Series 2018 Reserve Policy, which [together with the Series 2016 Reserve Policy] shall be subject to the additional conditions contained in [Article XIII of the Original Trust Agreement / Article \_\_ herein].

**Section 4.04 Expense Fund.** The Trustee shall deposit in the Expense Fund the amounts transferred to the Trustee under the Series 2018 Local Obligations Indentures for payment of the costs of issuance of the Series 2018 Bonds.

**Section 4.05 Direction Regarding Surplus Fund.** In accordance with Section 5.12 of the Original Trust Agreement, execution of this First Supplemental Trust Agreement by the District shall constitute a Written Order of the District as of its date to transfer, on March 1 of each year, all funds then remaining in the Surplus Fund to the Capital Improvement Fund.

**Section 4.06 Redemption Fund.**

(a) All moneys held in or transferred to the Redemption Fund pursuant to Sections 5.06, 5.10 and 5.12(b) of the Trust Agreement shall be used for the purpose of redeeming or purchasing all or a portion of the Outstanding Bonds pursuant to Section 4.02, Section 4.03, or Section 4.08 of the Trust Agreement.

(b) The Trustee shall use amounts in the Redemption Fund for the payment of the redemption price of Bonds called for redemption pursuant to Sections 4.02 or 4.03 of the Trust Agreement or the purchase price of Bonds purchased pursuant to Section 4.08 of the Trust Agreement, together with accrued interest to the redemption or purchase date.

**Section 4.07 Rebate Fund.** [Reserved].

**ARTICLE V**

**COVENANTS OF THE ISSUER AND THE DISTRICT**

**Section 5.01 Tax Covenants.** [Reserved.]

**Section 5.02 Continuing Disclosure.** The District hereby covenants and agrees that it will comply with and carry out all of its obligations under the Series 2018 Continuing Disclosure Agreement. Any provisions of the Series 2018 Continuing Disclosure Agreement may, however, be

modified or waived only if there is filed with the Trustee, and the District an Opinion of Bond Counsel to the effect that such modification or waiver will not, in and of itself, cause the undertakings in such Series 2018 Continuing Disclosure Agreement to no longer satisfy the requirements of Securities Exchange Commission Rule 15c2-12(b)(5). Notwithstanding any other provision of the Trust Agreement, failure of the District to comply with the Series 2018 Continuing Disclosure Agreement shall not be considered an Event of Default and shall not be deemed to create any monetary liability on the part of the District to any other persons, including Owners; provided, that any Owner or Beneficial Owner of the Bonds or the Trustee, at the written request of the Owners of at least 25% aggregate principal amount in Outstanding Series 2018 Bonds, may, but only to the extent funds or other indemnity in an amount satisfactory to the Trustee have been provided to it to hold the Trustee harmless from any loss, cost, liability or expenses and additional charges of the Trustee and fees and expenses of its attorneys, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section 5.02 of this First Supplemental Trust Agreement.

## ARTICLE VI

### PROVISIONS RELATING TO THE SERIES 2018 BOND INSURANCE POLICY, THE SERIES 2018 RESERVE POLICY AND THE BOND INSURER

**Section 6.01 Amendments, Supplements and Consents.** [Reserved.]

## ARTICLE VII

### MISCELLANEOUS

**Section 7.01 Amendment of Original Trust Agreement.** In Section 14.04 of the Original Trust Agreement, the phrase “Attention: Director of Planning Services” is hereby replaced in its entirety with “Attention: Associate Superintendent, Business Services.”

**Section 7.02 Counterparts.** This First Supplemental Trust Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but all of which such counterparts shall together constitute but one and the same instrument.

**Section 7.03 Preservation of Original Trust Agreement.** Except as supplemented and amended by this First Supplemental Trust Agreement, the Original Trust Agreement shall remain in full force and effect.

**Section 7.04 Effective Date of First Supplemental Trust Agreement.** This First Supplemental Trust Agreement shall be effective in accordance with Section 3.02 of the Original Trust Agreement.

ITEM 4

IN WITNESS WHEREOF, the Issuer has caused this Trust Agreement to be executed by its Treasurer and the Trustee has caused this Trust Agreement to be executed by its authorized officer, all as of the day and year first above written.

SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY

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

ATTEST:

\_\_\_\_\_  
Secretary

U.S. BANK NATIONAL ASSOCIATION,  
as Trustee

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



EXHIBIT A

FORM OF BOND

SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY  
SPECIAL TAX REVENUE BOND  
SERIES 2018

No. R-\_\_ \$\_\_\_\_\_

<i><b>Interest Rate</b></i>	<i><b>Maturity Date</b></i>	<i><b>Dated Date</b></i>	<i><b>Cusip Number</b></i>
_____%	March 1, 20____	_____, 2018	_____

Registered Owner: CEDE & CO.

Principal Sum: DOLLARS

San Dieguito School Facilities Financing Authority, a joint exercise of powers agency established pursuant to the laws of the State of California (the "Issuer"), for value received hereby promises to pay to the registered owner specified above, or registered assigns, on the maturity date set forth above (subject to any right of prior redemption hereinafter mentioned) the principal sum set forth above in lawful money of the United States of America; and to pay interest thereon at the interest rate per annum set forth above in like lawful money from the date hereof. The interest on this Bond will be payable on March 1 and September 1 in each year (each an "Interest Payment Date"), commencing on September 1, 2019, unless this Bond is authenticated on or prior to August 15, 2019, in which event it shall bear interest from its Dated Date. The principal hereof and redemption premium hereon, if any, are payable upon presentation and surrender hereof at the Corporate Trust Office of U.S. Bank National Association, in Los Angeles, California, or such other place as designated by the Trustee (together with any successor as trustee under the Trust Agreement hereinafter mentioned, the "Trustee"). Interest hereon is payable by check, mailed by first class mail, on each interest payment date to the owner whose name appears on the bond register maintained by the Trustee as of the close of business on the fifteenth day of the month preceding such interest payment date (the "Record Date"), except with respect to defaulted interest for which a special record date will be established; provided, that in the case of an owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Bonds, upon written request of such owner to the Trustee received not later than the Record Date, such interest shall be paid on the interest payment date in immediately available funds by wire transfer to an account in the United States. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

The Issuer and the Trustee may deem and treat the owner of this Bond as the absolute owner hereof for the purpose of receiving payment as herein provided and for all other purposes, and the Issuer and the Trustee shall not be affected by notice to the contrary.

This Bond is one of a duly authorized issue of bonds of the Issuer designated as "San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018" issued in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds") pursuant to the provisions relating to the joint exercise of powers found in Chapter 5 of Division 7 of Title 1 of the

## ITEM 4

California Government Code, including the Marks-Roos Local Bond Pooling Act of 1985 (California Government Code, Sections 6584- 6594) as amended and supplemented (the “Act”), and pursuant to an Trust Agreement dated as of December 1, 2016, between the Issuer and the Trustee, as supplemented and amended pursuant to a First Supplemental Trust Agreement, dated as of October 1, 2018, between the Issuer and the Trustee (collectively, as so supplemented and amended, the “Trust Agreement”). The Bonds are issued for the purpose of purchasing Local Obligations, and reference is hereby made to the Trust Agreement (a copy of which is on file at the San Francisco office of the Trustee) and all trust agreements supplemental thereto and to the Act for a description of the purposes thereof, of the rights thereunder of the owners of the Bonds, of the nature and extent of the security for the Bonds and of the rights, duties and immunities of the Trustee, and the rights and obligations of the Issuer thereunder, to all the provisions of which Trust Agreement, the owner of this Bond, by acceptance hereof, assents and agrees. Capitalized terms used herein and not otherwise defined have the meanings described thereto in the Trust Agreement.

The Bonds and the interest thereon and any redemption premiums thereon are special, limited obligations of the Issuer payable solely from the Trust Estate (as that term is defined in the Trust Agreement) and are secured by the Trust Estate, including amounts held in the funds and accounts (other than the Rebate Fund) established pursuant to the Trust Agreement (including proceeds of the sale of the Bonds), subject only to the provisions of the Trust Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Trust Agreement. No member or officer of the Issuer, nor any person executing this Bond, shall in any event be subject to any personal liability or accountability by reason of the issuance of this Bond.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE FROM, AND SECURED AS TO THE PAYMENT OF THE PRINCIPAL OF AND ANY REDEMPTION PREMIUMS ON OR INTEREST ON THE BONDS IN ACCORDANCE WITH THEIR TERMS AND THE TERMS OF THE TRUST AGREEMENT, SOLELY FROM THE TRUST ESTATE. THE BONDS DO NOT CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER OR ITS MEMBERS, AND UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE OBLIGATED TO PAY PRINCIPAL OF OR ANY REDEMPTION PREMIUMS ON OR INTEREST ON THE BONDS EXCEPT FROM THE TRUST ESTATE. NEITHER THE STATE OF CALIFORNIA NOR ANY PUBLIC AGENCY (OTHER THAN THE ISSUER) NOR ANY MEMBER OF THE ISSUER IS OBLIGATED TO PAY THE PRINCIPAL OF OR ANY REDEMPTION PREMIUMS ON OR INTEREST ON THE BONDS, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE ISSUER (INCLUDING THE DISTRICT) IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR ANY REDEMPTION PREMIUMS ON OR INTEREST ON THE BONDS, AND NEITHER THE PRINCIPAL OF NOR ANY REDEMPTION PREMIUMS ON NOR INTEREST ON THE BONDS CONSTITUTES A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY (OTHER THAN THE ISSUER) OR ANY MEMBER OF THE ISSUER.

The Bonds are subject to optional and mandatory redemption upon the terms, at the times, upon notice and with the effect provided in the Trust Agreement, which provisions are hereby incorporated by reference in this Bond as if fully set forth herein.

The Bonds are issuable as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. This Bond may be transferred or exchanged by the owner hereof, in person or by an attorney duly authorized in writing, but only in the manner, subject to the limitations and upon

## ITEM 4

payment of the charges, if any, provided in the Trust Agreement, and upon surrender and cancellation of this Bond. Upon such transfer or exchange, a new Bond or new Bonds, of authorized denominations, for the same aggregate principal amount, interest rate, and maturity will be issued to the transferee in accordance with the provisions of the Trust Agreement. The Trustee is not required to register the transfer of, or to exchange, any Bond during the period established by the Trustee for selection of Bonds for redemption or any Bond which has been selected for redemption.

The Trust Agreement and the rights and obligations of the Issuer and of the owners of the Bonds may be modified or amended from time to time and at any time (and in certain cases without the consent of the owners) in the manner, to the extent, and upon the terms provided in the Trust Agreement.

The Trust Agreement contains provision permitting the Issuer to make provisions for the payment of the interest on, and the principal of and premium, if any, on, any of the Bonds so that such Bonds shall no longer be deemed to be outstanding under the terms of the Trust Agreement.

It is hereby certified and recited that any and all conditions, things and acts required 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 the Constitution and laws of the State of California, including the Act, and that the amount of this Bond, together with all other indebtedness of the Issuer, does not exceed any limit prescribed by the Constitution and laws of the State of California, including the Act, and is not in excess of the amount of Bonds permitted to be issued under the Trust Agreement.

This Bond shall not be entitled to any benefit under the Trust Agreement, 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 Trustee.

IN WITNESS WHEREOF, the San Dieguito School Facilities Financing Authority has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairman and countersigned by the manual or facsimile signature of its Secretary, all as of the dated date set forth above.

SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY

By: \_\_\_\_\_  
Chairman

Countersigned:

By: \_\_\_\_\_  
Secretary

**[FORM OF CERTIFICATE OF AUTHENTICATION]**

This is one of the Bonds described in the within-mentioned Trust Agreement, which has been authenticated on the date below.

Dated: \_\_\_\_\_, 20\_\_

U.S. Bank National Association,  
as Trustee

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

**[FORM OF DTC ENDORSEMENT TO APPEAR ON BONDS]**

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York Corporation (“DTC”), to the Issuer or the Trustee for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof Cede & Co., has an interest herein.

**STATEMENT OF INSURANCE**

**SPECIAL TAX REVENUE BONDS  
SERIES 2018 BONDS ONLY**

Build America Mutual Assurance Company Policy No. \_\_\_\_\_ (the "Policy") with respect to payments due for principal of and interest on this Bond has been issued by Build America Mutual Assurance Company ("Build America Mutual Assurance Company"). The Policy has been delivered to The Bank of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Build America Mutual Assurance Company or the Insurance Trustee. All payments required to be made under the Bond Insurance Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of Build America Mutual Assurance Company as more fully set forth in the Bond Insurance Policy.

**[FORM OF ASSIGNMENT]**

For value received, the undersigned sells, assigns and transfers unto \_\_\_\_\_ this registered Bond and irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the same on the books of the Trustee, 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 this Bond in every particular, without alteration or enlargement or any change whatsoever. The signature(s) must be guaranteed by an eligible guarantor institution (being banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program) pursuant to Securities and Exchange Commission Rule 17A(d)15.

Social Security Number, Taxpayer Identification Number or other Identifying Number of Assignee: \_\_\_\_\_

ITEM 4

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 4

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 4

(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 4

(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 4

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 4

(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>
<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. 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			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			

**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			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
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			
2031			
2032			
2033			
2034			
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			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			

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

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

<u>Maturity Date</u>	<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			
2042			
2043			
2044			
2045			
2046			
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



## ITEM 4

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 4

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 4

Form of Bond Purchase Agreement

**BOND PURCHASE AGREEMENT**

**[\$[PAR]]**  
**SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY**  
**SUBORDINATE SPECIAL TAX REVENUE BONDS**  
**SERIES 2018**

[Sale date]

San Dieguito School Facilities Financing Authority  
c/o San Dieguito Union High School District  
710 Encinitas Boulevard  
Encinitas, California 92024

Ladies and Gentlemen:

The undersigned, Piper Jaffray & Co., acting on behalf of itself as underwriter (the “**Underwriter**”) and not as a fiduciary or agent for any other party, offers to enter into this this Bond Purchase Agreement (this “**Purchase Agreement**”) with the San Dieguito School Facilities Financing Authority (the “**Authority**”) which will be binding upon the Authority and the Underwriter upon the acceptance hereof by the Authority. This offer is made subject to the written acceptance by the Authority by execution of this Purchase Agreement and its delivery to the Underwriter on or before 11:59 p.m., Pacific Daylight Time, on the date hereof. Capitalized terms used herein and not otherwise defined shall have the respective meanings given to such terms in the Trust Agreement (as hereinafter defined).

**Section 1. Purchase and Sale.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements hereinafter set forth, the Underwriter hereby agrees to purchase from the Authority for offering to the public, and the Authority hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of the San Dieguito School Facilities Financing Authority Subordinate Special Tax Revenue Bonds, Series 2018 (the “**Bonds**”). The purchase price for the Bonds shall be \$\_\_\_\_\_ (being the aggregate principal amount thereof (\$[PAR]), [plus/less] a [net] original issue premium of \$\_\_\_\_\_, less an underwriter’s discount of \$\_\_\_\_\_, and less \$\_\_\_\_\_ to be paid directly to the Insurer (as defined herein)).

**Section 2. Description of the Bonds.** The Bonds shall be issued pursuant to a Trust Agreement (the “**Trust Agreement**”) dated as of [\_\_\_\_\_ 1, 2018] by and between the Authority and U.S. Bank National Association, as trustee (the “**Trustee**”) and pursuant to the Marks-Roos Local Bond Pooling Act (the “**Bond Law**”) and a resolution of the Authority adopted on September 13, 2018 (the “**Bond Resolution**”). The Bonds shall be as described in the Trust Agreement and the Official Statement dated the date hereof relating to the Bonds (which, together with all exhibits and appendices included therein or attached thereto and such amendments or supplements thereto which shall be approved by the Underwriter, is hereinafter called the “**Official Statement**”).

[The scheduled payment of principal and interest on the Bonds when due will be guaranteed under an insurance policy (the “**Policy**”) to be issued concurrently with the

## ITEM 4

issuance of the Bonds by \_\_\_\_\_ (the “Insurer”).] The proceeds of the Bonds shall be applied by the Authority to finance the purchase of the following issues of Bonds (the “**Local Obligations**”):

(a) \$\_\_\_\_\_ 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”) being issued by CFD No. 94-2 pursuant to a Bond Indenture, dated as of [\_\_\_\_\_ 1, 2018] (the “CFD No. 94-2 Bond Indenture”), between CFD No. 94-2 and U.S. Bank National Association to finance capital facilities in connection with CFD No. 94-2 and to prepay certain existing obligations of CFD No. 94-2;

(b) \$\_\_\_\_\_ San Dieguito Union High School District Community Facilities District No. 94-3 Special Tax Revenue Bonds, Series 2018 (“CFD No. 94-3 Local Obligations”) being issued by CFD No. 94-3 pursuant to a Bond Indenture, dated as of [\_\_\_\_\_ 1, 2018] (the “CFD No. 94-3 Bond Indenture”), between CFD No. 94-3 and U.S. Bank National Association to finance capital facilities in connection with CFD No. 94-3 and to prepay certain existing obligations of CFD No. 94-3;

(c) \$\_\_\_\_\_ San Dieguito Union High School District Community Facilities District No. 95-1 Special Tax Revenue Bonds, Series 2018 (“CFD No. 95-1 Local Obligations”) being issued by CFD No. 95-1 pursuant to a Bond Indenture, dated as of [\_\_\_\_\_ 1, 2018] (the “CFD No. 95-1 Bond Indenture”), between CFD No. 95-1 and U.S. Bank National Association to finance capital facilities in connection with CFD No. 95-1 and to prepay certain existing obligations of CFD No. 95-1;

(d) \$\_\_\_\_\_ San Dieguito Union High School District Community Facilities District No. 95-2 Special Tax Revenue Bonds, Series 2018 (“CFD No. 95-2 Local Obligations”) being issued by CFD No. 95-2 pursuant to a Bond Indenture, dated as of [\_\_\_\_\_ 1, 2018] (the “CFD No. 95-2 Bond Indenture”), between CFD No. 95-2 and U.S. Bank National Association to finance capital facilities in connection with CFD No. 95-2 and to prepay certain existing obligations of CFD No. 95-2;

(e) \$\_\_\_\_\_ San Dieguito Union High School District Community Facilities District No. 99-1 Special Tax Revenue Bonds, Series 2018 (“CFD No. 99-1 Local Obligations”) being issued by CFD No. 99-1 pursuant to a Bond Indenture, dated as of [\_\_\_\_\_ 1, 2018] (the “CFD No. 99-1 Bond Indenture”), between CFD No. 99-1 and U.S. Bank National Association to finance capital facilities in connection with CFD No. 99-1 and to prepay certain existing obligations of CFD No. 99-1

(f) \$\_\_\_\_\_ San Dieguito Union High School District Community Facilities District No. 99-2 Special Tax Revenue Bonds, Series 2018 (“CFD No. 99-2 Local Obligations”) being issued by CFD No. 99-2 pursuant to a Bond Indenture, dated as of [\_\_\_\_\_ 1, 2018] (the “CFD No. 99-2 Bond Indenture”), between CFD No. 99-2 and U.S. Bank National Association to finance capital facilities in connection with CFD No. 99-2 and to prepay certain existing obligations of CFD No. 99-2; and

## ITEM 4

(g) \$\_\_\_\_\_ San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018 (“CFD No. 99-3 Local Obligations”) being issued by CFD No. 99-3 pursuant to a Bond Indenture, dated as of [\_\_\_\_\_ 1, 2018] (the “CFD No. 99-3 Bond Indenture”), between CFD No. 99-3 and U.S. Bank National Association to finance capital facilities in connection with CFD No. 99-3 and to prepay certain existing obligations of CFD No. 99-3.

(h) \$\_\_\_\_\_ San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018 (“CFD No. 03-1 Local Obligations”) being issued by CFD No. 03-1 pursuant to a Bond Indenture, dated as of [\_\_\_\_\_ 1, 2018] (the “CFD No. 03-1 Bond Indenture”), between CFD No. 03-1 and U.S. Bank National Association to finance capital facilities in connection with CFD No. 03-1 and to prepay certain existing obligations of CFD No. 03-1.

The Local Obligations will be purchased by the Authority in accordance with a Local Obligations Bond Purchase Agreement dated the date hereof (the “**Local Obligations Bond Purchase Agreement**”), by and among the Authority and the CFDs.

**Section 3. Public Offering.** The Underwriter agrees to make a bona fide public offering of all the Bonds initially at the public offering prices (or yields) set forth on Exhibit A attached hereto and incorporated herein by reference. Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices (or yields) as it deems necessary in connection with the marketing of the Bonds, provided that the Underwriter shall not change the interest rates set forth on Exhibit A. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices.

The Authority acknowledges and agrees that: (i) the primary role of the Underwriter is to purchase the Bonds for resale to investors in an arm’s-length commercial transaction between the Authority and the Underwriter and that the Underwriter has financial and other interests that differ from those of the Authority, (ii) the Underwriter is not acting as a municipal advisor, financial advisor or fiduciary to the District and has not assumed any advisory or fiduciary responsibility to the Authority with respect to the transaction contemplated hereby and the discussions, undertakings and proceedings leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters), (iii) the only obligations the Underwriter has to the Authority with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement, except as otherwise provided by applicable rules and regulations of the Securities and Exchange Commission or the rules of the Municipal Securities Rulemaking Board (the “MSRB”), and (iv) the Authority has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate in connection with the transaction contemplated herein.

The Authority acknowledges that it previously received a letter from the Underwriter regarding MSRB Rule G-17 Disclosure, and that it has provided the Underwriter acknowledgment of such letter.

**Section 4. Delivery of Official Statement.** The Authority has delivered or caused to be delivered to the Underwriter prior to the execution of this Purchase Agreement or the first offering of the Bonds, whichever first occurs, the Preliminary Official Statement relating to the Bonds dated [POS date], 2018 (the “**Preliminary Official Statement**”). Such Preliminary Official Statement is the official statement deemed final by the Authority for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934 (the “**Rule**”) and approved for distribution by resolution of the Authority. The Authority has executed and delivered to the Underwriter a certification to such effect in the form attached hereto as Exhibit B.

The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement. The Underwriter agrees that prior to the time the final Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the Preliminary Official Statement, together with any amendments or supplements thereto prepared by the Authority, with such delivery being made in the manner required by the Rule.

Within seven (7) business days from the date hereof, the Authority shall deliver to the Underwriter a final Official Statement, executed on behalf of the Authority by an authorized representative of the Authority and dated the date hereof, which shall include information permitted to be omitted by paragraph (b)(1) of the Rule and with such other amendments or supplements as shall have been approved by the Authority and the Underwriter. The Underwriter agrees that it will deliver a copy of the final Official Statement (described below) to each purchaser of the Bonds with such delivery being made in the manner required by the Rule. The Underwriter agrees that, in accordance with Rule G-32 of the Municipal Securities Rulemaking Board, within one business day after receipt from the Authority but by no later than the Closing (as defined below), it will file a copy of the Official Statement with the Municipal Securities Rulemaking Board.

The Authority will undertake, pursuant to the Trust Agreement and a continuing disclosure agreement (the “**Continuing Disclosure Agreement**”) substantially in the form attached as Appendix E to the Preliminary Official Statement, to provide certain annual financial information and notices of the occurrence of certain events, as described therein.

**Section 5. The Closing.** At 9:00 a.m., Pacific Standard Time, on [Closing Date], 2018 (the “Closing Date”), or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the Authority, the San Dieguito Union High School District (the “**School District**”) and the Underwriter, the Authority will deliver (i) the Bonds in definitive form to the Underwriter through the facilities of The Depository Trust Company in New York, New York, or such other location as may be specified by the Underwriter, with CUSIP identification numbers printed thereon, in fully registered form and registered in the name of Cede & Co., and (ii) the closing documents hereinafter mentioned at the offices of Stradling Yocca Carlson & Rauth, a Professional Corporation (“**Bond Counsel**”), in San Francisco, California, or another place to be mutually agreed upon by the Authority, the School District and the Underwriter. The Underwriter will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1 hereof by federal funds wire payable to the order of the Trustee on behalf of the Authority. This payment and delivery, together with the delivery of the aforementioned documents, is herein called the “**Closing**.” The Bonds will be delivered in such

denominations and deposited in the account or accounts specified by the Underwriter pursuant to written notice not later than five business days prior to Closing. The Bonds will be made available to the Underwriter for inspection not less than 24 hours prior to the Closing.

**Section 6. Representations, Warranties and Covenants.** The Authority represents, warrants and covenants to the Underwriter that:

(a) Due Organization, Existence and Authority. The Authority is a joint powers authority duly organized and existing under the laws of the State of California, with full right, power and authority to execute, deliver and perform its obligations under this Purchase Agreement, the Trust Agreement, the Continuing Disclosure Agreement and the Local Obligations Bond Purchase Agreement (together, the “**Authority Documents**”) and to carry out and consummate the transactions contemplated by the Authority Documents and the Official Statement.

(b) Due Authorization and Approval. By all necessary official action of the Authority, including but not limited to the Bond Resolution, the Authority has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations contained in, the Authority Documents and as of the date hereof, such authorizations and approvals are in full force and effect and have not been amended, modified or rescinded. When executed and delivered, the Authority Documents will constitute the legally valid and binding obligations of the Authority enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or affecting creditors’ rights generally. The Authority has complied, and will at the Closing be in compliance in all respects, with the terms of the Authority Documents.

(c) Official Statement Accurate and Complete. The Preliminary Official Statement was as of its date, and the final Official Statement is, and at all times subsequent to the date of the final Official Statement up to and including the Closing will be, true and correct in all material respects, and the Preliminary Official Statement and the final Official Statement contain, and up to and including the Closing will contain, no misstatement of any material fact and do not, and up to and including the Closing will not, omit any statement necessary to make the statements contained therein, in the light of the circumstances in which such statements were made, not misleading; provided, however, no representation is made with respect to information therein relating to the Depository Trust Company and its book-entry only system.

(d) Underwriter’s Consent to Amendments and Supplements to Official Statement. Until the date which is the earlier of the date which is twenty-five (25) days following the End of the Underwriting Period (as defined below) or the date on which all of the Bonds have been sold by the Underwriter, the Authority will advise the Underwriter promptly of any proposal to amend or supplement the Official Statement and will not effect or consent to any such amendment or supplement without the consent of the Underwriter, which consent will not be unreasonably withheld. The Authority will advise the Underwriter promptly of the institution of any proceedings known to it by any governmental authority prohibiting or otherwise affecting the use of the Official Statement in connection with the offering, sale or distribution of the Bonds.



## ITEM 4

(e) No Breach or Default. As of the time of acceptance hereof and as of the time of the Closing, except as otherwise disclosed in the Official Statement, the Authority is not and will not be in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States, or any applicable judgment or decree or any indenture, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and, as of such times, except as disclosed in the Official Statement, the authorization, execution and delivery of the Authority Documents and compliance with the provisions of each of such agreements or instruments do not and will not conflict with or constitute a breach of or default under any applicable constitutional provision, law or administrative rule or regulation of the State of California or the United States, or any applicable judgment, decree, license, permit, indenture, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the Authority (or any of its officers in their respective capacities as such) is subject, or by which it or any of its properties is bound, nor will any such authorization, execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of its assets or properties or under the terms of any such law, regulation or instrument, except as may be provided by the Authority Documents.

(f) No Litigation. As of the time of acceptance hereof and the Closing, except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government authority, public board or body, is or will be pending or threatened (i) in any way questioning the corporate existence of the Authority or the titles of the officers of the Authority to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance or delivery of any of the Bonds, or the payment or collection of any amounts pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting the validity of the Bonds or the Authority Documents or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest on the Bonds from taxation or contesting the powers of the Authority and its authority to pledge the revenues securing the Bonds; (iii) which may result in any material adverse change relating to the Authority; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the final Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the final Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in clauses (i) through (iv) of this sentence.

(g) Continuing Disclosure. At or prior to the Closing, the Authority shall have duly authorized, executed and delivered the Continuing Disclosure Agreement. The Continuing Disclosure Agreement shall comply with the provisions of the Rule and be substantially in the form attached to the Official Statement in Appendix E. Based on a review of its prior undertakings under the Rule, and except as disclosed in the Official Statement, during the last

## ITEM 4

five years, the Authority has not failed to comply in all material respects with its previous undertakings pursuant to the Rule.

(h) Securities Laws. The Authority will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, provided, however, that the Authority shall not be required to consent to service of process in any jurisdiction in which it is not so subject as of the date hereof;

(i) Application of Proceeds. The Authority will apply the proceeds from the sale of the Bonds for the purposes specified in the Trust Agreement;

(j) Amendments to Official Statement. From the date hereof until the earlier of twenty-five (25) days after the End of the Underwriting Period (as defined below) or the date on which all of the Bonds have been sold by the Underwriter, the Authority will amend or supplement the Official Statement in any manner necessary to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to a purchaser, and (at the expense of the Authority) shall deliver in the electronic format designated by the MSRB each amendment of or supplement to the Official Statement (in form and substance reasonably satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. As used herein, the term “End of the Underwriting Period” means the later of such time as (i) the Bonds are delivered to the Underwriter, or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the End of the Underwriting Period shall be deemed to be the date of the Closing. Any notice delivered pursuant to this provision shall be written notice delivered to the Authority at or prior to the Closing, and shall specify a date (other than the date of Closing and not more than 25 days after the Closing) to be deemed the “End of the Underwriting Period.”

**Section 7. Closing Conditions.** The Underwriter has entered into this Purchase Agreement in reliance upon the representations, warranties and covenants herein and the performance by the Authority of its obligations hereunder, both as of the date hereof and as of the date of the Closing. The Underwriter’s obligations under this Purchase Agreement to purchase and pay for the Bonds shall be subject to the following additional conditions:

(a) Bring-Down Representation. The representations, warranties and covenants of the Authority contained herein shall be true, complete and correct at the date hereof and at the time of the Closing, as if made on the date of the Closing.

(b) Executed Agreements and Performance Thereunder. At the time of the Closing (i) the Authority Documents shall be in full force and effect, and shall not have been amended, modified or supplemented except with the written consent of the Underwriter, and (ii) there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel, shall be

necessary in connection with the transactions contemplated by the Official Statement and the Authority Documents.

(c) Issuance and Purchase of Local Obligations. Concurrent with the issuance of the Bonds and the purchase thereof by the Underwriter in accordance with this Purchase Agreement, the CFDs shall have issued the Local Obligations, and the Local Obligations shall have been delivered to the Authority under and in accordance with the Local Obligations Bond Purchase Agreement, and all conditions set forth in the Local Obligations Bond Purchase Agreement to the issuance and delivery of the Local Obligations shall have been satisfied.

(d) Closing Documents. At or prior to the Closing, the Underwriter shall receive each of the documents identified in Section 8.

**Section 8. Closing Documents.** In addition to the other conditions to the Underwriter's obligations under this Purchase Agreement to purchase and pay for the Bonds, at or before the Closing the Underwriter shall receive each of the following documents, provided that the actual payment for the Bonds by the Underwriter and the acceptance of delivery thereof shall be conclusive evidence that the requirements of this Section 8 shall have been satisfied or waived by the Underwriter.

(a) Bond Opinion. An approving opinion of Bond Counsel dated the date of the Closing and substantially in the form set forth in Appendix D to the Official Statement, together with a letter from such counsel, dated the date of the Closing and addressed to the Underwriter, to the effect that the foregoing opinion addressed to the Authority may be relied upon by the Underwriter to the same extent as if such opinion were addressed to them.

(b) Supplemental Opinion. A supplemental opinion or opinions of Bond Counsel addressed to the Underwriter, in form and substance acceptable to the Underwriter, and dated the date of the Closing substantially to the following effect:

(i) This Purchase Agreement, the Local Obligations Bond Purchase Agreement and the Continuing Disclosure Agreement have been duly authorized, executed and delivered by the Authority and assuming due execution and delivery by the other parties thereto, constitute the valid, legal and binding agreements of the Authority, enforceable in accordance with their terms.

(ii) the statements contained in the Official Statement under the captions "THE BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS," and in Appendix A and Appendix D, insofar as such statements expressly summarize certain provisions of the Bonds, the Trust Agreement, the Local Obligations, the Local Obligation Indentures, and the opinion of such firm concerning the exclusion from gross income for federal income tax purposes and exemption from State of California personal income taxes of interest on the Bonds, are accurate in all material respects.

(iii) The Bonds are exempt from registration under the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

## ITEM 4

(c) Authority Counsel Opinion. An opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, counsel to the Authority, dated the date of the Closing and addressed to the Underwriter, in form and substance acceptable to Bond Counsel substantially to the following effect:

(i) The Authority is a joint powers authority duly organized and validly existing under the laws of the State of California.

(ii) The Bond Resolution has been duly adopted, is in full force and effect and has not been modified, amended or rescinded.

(iii) The Authority Documents have been duly authorized, executed and delivered by the Authority and constitute the legal, valid and binding obligation of the Authority enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought.

(iv) Except as otherwise disclosed in the Official Statement and to the best knowledge of such counsel after due inquiry, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental authority or body, pending or threatened against the Authority, challenging the creation, organization or existence of the Authority, or the validity of the Authority Documents or seeking to restrain or enjoin the repayment of the Bonds or in any way contesting or affecting the validity of the Authority Documents or contesting the authority of the Authority to enter into or perform its obligations under any of the Authority Documents, or under which a determination adverse to the Authority would have a material adverse effect upon the financial condition or the revenues of the Authority, or which, in any manner, questions the right of the Authority to pledge the Revenues to the payment of the Bonds.

(d) Trustee Counsel Opinion. The opinion of counsel to the Trustee, dated the date of the Closing, addressed to the Underwriter, to the effect that:

(i) The Trustee is a national banking association, duly organized and validly existing under the laws of the United States of America, having full power to enter into, accept and administer the trust created under the Trust Agreement.

(ii) The Trust Agreement has been duly authorized, executed and delivered by the Trustee and constitutes the legal, valid and binding obligation of the Trustee enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought.

(e) Authority Certificate. A certificate of the Authority, dated the date of the Closing, signed on behalf of the Authority by the Executive Director, Clerk or other duly authorized officer of the Authority to the effect that:

(i) The representations, warranties and covenants of the Authority contained herein are true and correct in all material respects on and as of the date of the Closing

## ITEM 4

as if made on the date of the Closing and the Authority has complied with all of the terms and conditions of this Purchase Agreement required to be complied with by the Authority at or prior to the date of the Closing.

(ii) No event affecting the Authority has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement or amendment thereto which event should be disclosed in the Official Statement in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) Trustee's Certificate. A certificate of the Trustee, dated the date of Closing, in form and substance acceptable to counsel for the Underwriter, to the following effect:

(i) The Trustee is duly organized and existing as a national banking association in good standing under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Trust Agreement.

(ii) The Trustee is duly authorized to enter into the Trust Agreement.

(iii) To its best knowledge after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental district, public board or body pending against the Trustee or threatened against the Trustee which in the reasonable judgment of the Trustee would affect the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Trust Agreement or contesting the powers of the Trustee or its authority to enter into and perform its obligation under the Trust Agreement;

(g) Letter Regarding the Official Statement. A letter of Underwriter's Counsel regarding the Official Statement, dated the Closing Date and addressed to the District, in substantially the form attached hereto as Exhibit D;

(h) Original Executed Documents. An original executed copy of each of the Authority Documents.

(i) Rating. Evidence as of the Closing Date satisfactory to the Underwriter (i) that the Bonds have been rated "[ ]" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), [based on the issuance of the Policy by the Insurer], (ii) that the Bonds have received an underlying rating of "[ ]" from S&P, and (iii) that any such ratings have not been revoked or downgraded;

(j) Certificate of Special Tax Consultant. A certificate in form and substance as set forth in Exhibit C hereto, of Willdan Financial Services, Irvine, California ("**Special Tax Consultant**"), dated as of the Closing Date;

(k) Municipal Bond Insurance Policy. The Policy from the Insurer insuring the payment of principal of and interest on the Bonds; and

## ITEM 4

(i) a certificate of the Insurer dated the date of Closing in form and substance acceptable to the Underwriter regarding, among other matters, the due authorization, execution and validity of the Policy; and

(ii) an opinion of counsel to the Insurer, dated the date of Closing and addressed to the District and the Underwriter, to the effect that the Policy is the legal, valid and binding obligation of the Insurer enforceable in accordance with its terms, and the disclosure regarding the Insurer and the Policy in the Official Statement under the applicable caption and the specimen Policy included as an appendix to the Official Statement accurately reflect and fairly present the information purported to be shown therein;]

(l) Underwriter's Counsel Opinion. The opinion of Orrick, Herrington & Sutcliffe, LLP, counsel to the Underwriter, dated the Closing Date and addressed to the Underwriter, in form and substance satisfactory to the Underwriter; and

(m) Additional Documents. Such additional certificates, instruments and other documents as Bond Counsel, Underwriter's Counsel, the Authority or the Underwriter may reasonably deem necessary.

If the Authority shall be unable to satisfy the conditions contained in this Purchase Agreement, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the Authority shall be under further obligation hereunder, except as further set forth in Section 10.]

**Section 9. Termination Events.** The Underwriter shall have the right to terminate this Purchase Agreement, without liability therefor, by notification to the Authority if at any time between the date hereof and prior to the Closing:

(a) any event shall occur which causes any statement contained in the Official Statement to be materially misleading or results in a failure of the Official Statement to state a material fact necessary to make the statements in the Official Statement, in the light of the circumstances under which they were made, not misleading; or

(b) the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State, or the amendment of legislation pending as of the date of this Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for consideration as an option by either such Committee, or by the staff of the Joint Committee on Taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a

## ITEM 4

Committee of such House to which such legislation has been referred for consideration, or any decision of any Federal or State court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or State authority materially adversely affecting the federal or State tax status of the Authority, or the interest on bonds or notes or obligations of the general character of the Bonds; or

(c) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or authority of the State, or a decision by any court of competent jurisdiction within the State or any court of the United States shall be rendered which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of the Bonds; or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(d) legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, or a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental district having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of, or that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under, any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or that the Trust Agreement needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect; or

(e) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange which restrictions materially adversely affect the Underwriter's ability to trade the Bonds; or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(f) a general banking moratorium shall have been established by federal or California authorities; or

(g) the United States has become engaged in hostilities which have resulted in a declaration of war or a national emergency or there has occurred any other outbreak of hostilities or a national or international calamity or crisis, or there has occurred any escalation of existing hostilities, calamity or crisis, financial or otherwise, the effect of which on the financial markets of the United States being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds; or the ability of the Underwriter to enforce contracts for the sale of the Bonds; or

(h) the commencement of any action, suit or proceeding described in Section 6(f) which, in the judgment of the Underwriter, materially adversely affects the market price of the Bonds; or the ability of the Underwriter to enforce contracts for the sale of the Bonds;

## ITEM 4

(i) there shall be in force a general suspension of trading on the New York Stock Exchange; or

(j) any rating on securities of the Authority which are secured by a pledge or application of the trust estate on a parity with the Bonds or if the Bonds (or any portion thereof) are insured by a policy or by a support facility, on the bond insurer or the support facility provider is reduced or withdrawn or placed on credit watch negative outlook by any major credit rating agency; or

(k) a material disruption in securities settlement, payment of clearance services affecting the Bonds shall have occurred; or

(l) any adverse event occurs with respect to the affairs of the Authority, the School District, or any Community Facilities District, which, in the reasonable judgment of the Underwriter, would have a material and adverse effect on the market price or marketability of the Bonds at the initial offering prices set forth in the Official Statement, or the ability of the Underwriter to enforce contracts for the sale, at such initial offering prices, of the Bonds.

**Section 10. Expenses.** The Underwriter shall be under no obligation to pay and the Authority shall pay or cause to be paid the expenses incident to the performance of the obligations of the Authority hereunder including but not limited to (a) the costs of the preparation and printing, or other reproduction (for distribution on or prior to the date hereof) of the Authority Documents and the cost of preparing, printing, issuing and delivering the definitive Bonds, (b) the fees and disbursements of any counsel, financial advisors, accountants or other experts or consultants retained by the Authority and the School District; (c) the fees and disbursements of Bond Counsel and Underwriter's Counsel; and (d) the cost of printing of the Preliminary Official Statement and any supplements and amendments thereto and the cost of printing of the Official Statement, including the requisite number of copies thereof for distribution by the Underwriter.

The Underwriter shall pay and the Authority shall be under no obligation to pay all expenses incurred by the Underwriter in connection with the public offering and distribution of the Bonds, including but not limited to (a) reporting fees chargeable by the California Debt and Investment Advisory Commission and (b) CUSIP Service Bureau fees.

**Section 11. Establishment of Issue Price.**

(a) The Underwriter agrees to assist the Authority in establishing the issue price of the Bonds and shall execute and deliver to the Authority at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Authority and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. As applicable, all actions to be taken by the Authority under this section to establish the issue price of the Bonds may be taken on behalf of the Authority by the Authority's municipal advisor and any notice or report to be provided to the Authority may be provided to the Authority's municipal advisor.



## ITEM 4

(b) [Except as otherwise set forth in Exhibit A attached hereto,] the Authority will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the Authority the price or prices at which it has sold to the public each maturity of Bonds. [If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the Authority the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) the Underwriter has sold all Bonds of that maturity or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon the request of the Issuer or Bond Counsel.]

(c) [The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Purchase Agreement at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the Authority and the Underwriter, agree that the restrictions set forth in the next sentence shall apply, which will allow the Authority to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (ii) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the Authority after the close of the fifth (5<sup>th</sup>) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(d) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it, whether or not the Closing Date has occurred, until

## ITEM 4

it is notified by the Underwriter that all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter and (ii) to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter.

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The Authority acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The Authority further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

## ITEM 4

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Purchase Agreement by all parties.

**Section 12. Notice.** Any notice or other communication to be given to the Authority under this Purchase Agreement may be given by delivering the same in writing to such entity at the address set forth above. Any notice or other communication to be given to the Underwriter under this Purchase Agreement may be given by delivering the same in writing to: Piper Jaffray & Co., 50 California Street, Suite 3100, San Francisco, California 94111, Attention: Ralph Holmes.

**Section 13. Entire Agreement.** This Purchase Agreement, when accepted by the Authority, shall constitute the entire agreement between the Authority and the Underwriter and is made solely for the benefit of the Authority and the Underwriter (including the successors or assigns of any Underwriter). No other person shall acquire or have any right hereunder by virtue hereof, except as provided herein. All the Authority’s representations, warranties and agreements in this Purchase Agreement shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Underwriter. This Purchase Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of the Bonds.

ITEM 4

**Section 14. Counterparts.** This Purchase Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

**Section 15. Severability.** In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

**Section 16. Governing Law.** The validity, interpretation and performance of this Purchase Agreement shall be governed by the laws of the State of California.

**Section 17. No Assignment.** The rights and obligations created by this Purchase Agreement shall not be subject to assignment by the Underwriter or the Authority without the prior written consent of the other parties hereto.

PIPER JAFFRAY & CO., as Underwriter

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

Managing Director

Accepted as of the date first stated above:

**SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY**

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

Tina Douglas  
Treasurer

Time of execution:

**EXHIBIT A**  
**MATURITY SCHEDULE**

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

<i><u>Maturity</u></i>	<i><u>Principal Amount</u></i>	<i><u>Interest Rate</u></i>	<i><u>Yield</u></i>	<i><u>10% Sold</u></i>
<i><u>(March</u></i>	\$	%	%	[Y/N]

\$ \_\_\_\_\_ .\_\_% **Term Bonds due [March 1], 20\_\_**, Priced to yield .\_\_%

<sup>(1)</sup> Yield to call at par on [March 1], 20\_\_.

**Redemption**

Optional Redemption. The Bonds maturing on or before [March 1], 20\_\_ are not subject to optional redemption prior to maturity. The Bonds maturing on or after [March 1], 20\_\_ may be redeemed at the option of the Authority, from any source of available funds, prior to maturity on any date on or after [March 1], 20\_\_ as a whole, or in part from the same maturities as the maturities the Local Obligations simultaneously redeemed if any redemption of Local Obligations is being made in conjunction with such optional redemption, and, as nearly as practicable, proportionately between the Series of the Bonds (based on Outstanding principal amount), and by lot within a maturity, and, if Local Obligations are not being simultaneously redeemed, from such maturities and in such amounts as are selected by the Authority and by lot within a maturity, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date of redemption, without premium.

Prior to consenting to the optional prepayment of any Local Obligation, the Authority will deliver to the Trustee a certificate of an Independent Accountant verifying that, following such optional prepayment of the Local Obligations and redemption of Bonds, the principal and interest generated from the remaining Local Obligations is adequate to make the timely payment of principal and interest due on the Bonds will remain Outstanding under the Trust Agreement following such optional redemption.

**Mandatory Sinking Fund Redemption.** The Bonds maturing on [March 1], 20\_\_ are subject to mandatory sinking fund redemption prior to maturity, in part, on [March 1], 20\_\_, and on each [March 1] thereafter by lot, from sinking fund payments at a redemption price equal to the principal amount of Bonds to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

ITEM 4

<i>Redemption Date</i>	<i>Redemption Amount</i>
20__	\$
20__	
20__ (maturity)	

In the event that Bonds maturing on [March 1], 20\_\_, are redeemed pursuant to the optional or special redemption provisions described above, the sinking fund payments for the applicable maturity redeemed will be reduced as nearly as practicable on a proportionate basis in integral multiples of \$5,000.

**EXHIBIT B**

\$ \_\_\_\_\_\*

**SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY  
SUBORDINATE SPECIAL TAX REVENUE BONDS  
SERIES 2018**

**CERTIFICATE OF  
SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY  
AS TO FINALITY OF  
PRELIMINARY OFFICIAL STATEMENT**

I, Tina Douglas, hereby certify that I am the Treasurer of the San Dieguito School Facilities Financing Authority (the "Authority") and as such I am authorized to execute this Certificate on behalf of the Authority.

I hereby further certify that there has been delivered to the original purchaser of the San Dieguito School Facilities Financing Authority Subordinate Special Tax Revenue Bonds, Series 2018 (the "Bonds"), a preliminary official statement relating to the Bonds, dated [POS date], 2018 (including the cover page and all appendices thereto, the "Preliminary Official Statement"), which the Authority deems to be final as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"), except for information permitted to be omitted therefrom by Rule 15c2-12.

The Authority hereby approves of the use and distribution of the Preliminary Official Statement.

Dated: [POS date], 2018.

**SAN DIEGUITO SCHOOL FACILITIES  
FINANCING AUTHORITY**

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

Tina Douglas  
Treasurer

\*Preliminary, subject to change.

\_\_\_\_\_

**EXHIBIT C****SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY  
SUBORDINATE SPECIAL TAX REVENUE BONDS  
SERIES 2018****CERTIFICATE OF SPECIAL TAX CONSULTANT**

Willdan Financial Services (“**Special Tax Consultant**”) was retained as Special Tax Consultant and assisted in the preparation of the Official Statement dated [Sale date] (the “**Official Statement**”) relating to the above-referenced bonds (the “**Bonds**”). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Official Statement.

With respect to the Series 2018 Districts and the related Local Obligations, we hereby certify as follows:

(i) Based upon the Special Tax Consultant’s review of the Official Statement and such other documents as it deems relevant in the circumstances, the Special Tax Consultant hereby certifies that the Special Tax in each Series 2018 District, if collected in the maximum amounts permitted pursuant to the applicable rate and method of apportionment, would generate at least 100% of the aggregate gross annual debt service related to obligations of such Series 2018 District under the Prior JPA Loan Agreement and the applicable Local Obligations, provided that the annual debt service figures on the attached debt service schedule, which were relied upon by Special Tax Consultant, are substantially true and correct.

(ii) Notwithstanding the foregoing, no representation is made herein as to actual amounts that will be collected in future years in respect of the Special Tax.

(iii) The annual payments received by the Authority pursuant to the Local Obligations will equal 110% of the gross annual debt service requirements for the Bonds.

(iv) All information with respect to the rate and method of apportionment for the Community Facilities Districts in the Official Statement is true and correct as of the date of the Official Statement and as of the date hereof.

(v) All information supplied by us for use in the Preliminary Official Statement and the Official Statement was true and correct as of the date of the Preliminary Official Statement and the Official Statement, respectively, and all information in the Official Statement remains true and correct as of the date hereof and such information does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Dated: , 2018



ITEM 4

WILLDAN FINANCIAL SERVICES

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

**EXHIBIT D**

**FORM OF LETTER REGARDING THE OFFICIAL STATEMENT**

San Dieguito Union High School District  
710 Encinitas Boulevard  
Encinitas, California 92024

[PAR]  
SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY  
SUBORDINATE SPECIAL TAX REVENUE BONDS  
SERIES 2018

ITEM 4

Form of Preliminary Official Statement

(including Form of Continuing Disclosure Agreement – Appendix E to the Preliminary Official Statement)

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2018**

**NEW ISSUE-FULL BOOK ENTRY**

**INSURED RATING: “ \_\_\_ ”**  
**UNDERLYING RATING: S&P: “ \_\_\_ ”**  
**(See “MISCELLANEOUS – Ratings” herein)**

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

**\$(PAR)\***  
**SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY**  
**SPECIAL TAX REVENUE BONDS**  
**SERIES 2018**

**Due: March 1 as shown on inside cover**

**Dated: Date of Delivery**

The San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Bonds”) are being issued by the San Dieguito School Facilities Financing Authority (the “Authority”) to acquire certain special tax obligations (the “Local Obligations”) of community facilities districts (the “Series 2018 Districts”) formed by the San Dieguito Union High School District (the “School District”). The Local Obligations are being issued to (i) prepay all outstanding obligations under the Prior JPA Loan Agreement (as defined herein), (ii) finance certain school facilities of benefit to the Series 2018 Districts, (iii) purchase a debt service reserve insurance policy for deposit into a reserve fund for the Bonds, and (iv) pay certain costs of issuance of the Local Obligations and the Bonds. See “FINANCING PLAN.”

The Bonds are payable solely from Revenues (defined herein) pledged by the Authority pursuant to that certain 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”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). Revenues consist primarily of special taxes levied in the Series 2018 Districts and paid to the Authority as debt service on the Local Obligations. See “SECURITY FOR THE BONDS – Revenues; Flow of Funds.”

The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds is payable semiannually on each March 1 and September 1, commencing September 1, 2019. The Bonds will be initially issued only in book-entry form and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository of the Bonds. Principal and interest (and premium, if any) on the Bonds is payable by the Trustee to DTC, which remits such payments to its Participants for subsequent distribution to the beneficial owners of the Bonds. See “THE BONDS – General” and – Book-Entry Only System” herein.

The Bonds are subject to redemption prior to maturity as described herein. See “THE BONDS – Redemption.”

The Authority has applied for a municipal bond insurance policy for the scheduled payment of principal of and interest on the Bonds when due, which, if purchased, would be issued concurrently with the delivery of the Bonds.

**CERTAIN EVENTS COULD AFFECT THE ABILITY OF THE AUTHORITY TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS WHEN DUE. THE PURCHASE OF THE BONDS INVOLVES SIGNIFICANT INVESTMENT RISKS, AND THE BONDS MAY NOT BE SUITABLE INVESTMENTS FOR MANY INVESTORS. SEE THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED “SPECIAL RISK FACTORS” FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED, IN ADDITION TO THE OTHER MATTERS SET FORTH HEREIN, IN EVALUATING THE INVESTMENT QUALITY OF THE BONDS.**

---

*Maturity Schedule*  
*(see inside cover)*

---

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority and the School District by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, and for the Underwriter by Orrick, Herrington & Sutcliffe LLP, San Francisco, California. It is anticipated that the Bonds in definitive form will be available for delivery through the facilities of DTC or its agent on or about \_\_\_\_\_, 2018.

**[Piper logo]**

Dated: \_\_\_\_\_, 2018.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

ITEM 4

\* Preliminary, subject to change.

**MATURITY SCHEDULE\***

**SERIES 2018A**

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

<u><i>Maturity (March 1)</i></u>	<u><i>Principal Amount</i></u>	<u><i>Interest Rate</i></u>	<u><i>Yield</i></u>	<u><i>CUSIP† No.</i></u>
----------------------------------	--------------------------------	-----------------------------	---------------------	--------------------------

\$ \_\_\_\_\_ % **Term Bonds due March 1, 20\_\_**, Priced to yield \_\_\_\_\_ % **CUSIP† No.**

---

\* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by S&P Capital IQ on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. Neither the Authority nor the Underwriter takes any responsibility for the accuracy of such numbers.

**SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY  
GOVERNING BOARD**

Beth Hergesheimer  
*Chair*

Maureen "Mo" Muir  
*Vice Chair*

Joyce Dalessandro  
*Member*

Amy Herman  
*Member*

John Salazar  
*Member*

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT  
BOARD OF TRUSTEES**

Beth Hergesheimer  
*President*

Maureen "Mo" Muir  
*Vice President*

Joyce Dalessandro  
*Clerk*

Amy Herman  
*Trustee*

John Salazar  
*Trustee*

**SCHOOL DISTRICT ADMINISTRATORS**

Larry Perondi  
*Interim Superintendent*

Tina M. Douglas  
*Associate Superintendent, Business Services*

John Addleman  
*Executive Director, Planning Services*

**BOND COUNSEL**

Stradling Yocca Carlson & Rauth, a Professional Corporation  
San Francisco, California

**FINANCIAL ADVISOR**

Fieldman, Rolapp & Associates, Inc.  
Irvine, California

**CFD Administrator**

Willdan Financial Services  
Temecula, California

**TRUSTEE**

U.S. Bank National Association  
Los Angeles, California

*Investment in the Bonds involves risks which are not appropriate for certain investors. Therefore, only persons with substantial financial resources (in net worth or income) who understand those risks should consider such an investment.*

Except where otherwise indicated, all information contained in this Official Statement has been provided by the San Dieguito School Facilities Financing Authority, San Dieguito Union High School District and Community Facilities Districts formed by San Dieguito Union High School District. No dealer, broker, salesperson or other person has been authorized by the Authority, the School District, the Community Facilities Districts, the Trustee or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein; and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the School District, the Community Facilities Districts, the Trustee or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

The information set forth herein which has been obtained from third party sources is believed to be reliable but is not guaranteed as to accuracy or completeness by the Community Facilities Districts, the School District or the Authority. This Official Statement is not to be construed as a contract with the purchasers or Owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, the School District, the Community Facilities Districts or any other parties described herein since the date hereof. All summaries of the Trust Agreement or other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the School District for further information in connection therewith.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Authority does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement. The Authority is obligated to provide continuing disclosure for certain historical information only. See the caption "MISCELLANEOUS – Continuing Disclosure" herein.

**IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.**



**TABLE OF CONTENTS**

**ITEM 4**

	<b>Page</b>
INTRODUCTION .....	1
Financing Purpose .....	1
The Bonds; The Local Obligations .....	2
Bond Insurance.....	3
Legal Authority .....	3
Sources of Payment for the Bonds and the Local Obligations .....	3
Description of the Bonds .....	4
The School District.....	4
The Authority .....	5
Professionals Involved in the Offering.....	5
Continuing Disclosure.....	5
FINANCING PLAN .....	6
Purpose of Issue and the Refunding Plan .....	6
Estimated Sources and Uses of Funds.....	6
THE BONDS .....	9
General Provisions .....	9
Redemption .....	9
Payment, Registration, Transfer and Exchange of Bonds .....	11
Book-Entry Only System .....	12
Estimated Debt Service Schedules: Bonds and Local Obligations .....	12
Debt Service Coverage for the Bonds .....	15
Debt Service Coverage on the Local Obligations .....	16
SECURITY FOR THE BONDS .....	25
General .....	25
Revenues; Flow of Funds .....	25
Description of Local Obligations .....	26
Payment of the Local Obligations .....	27
Special Tax Authorization.....	29
Rates and Methods .....	29
Foreclosure of Special Tax Liens .....	45
Additional Bonds.....	46
THE COMMUNITY FACILITIES DISTRICTS .....	47
Combined Community Facilities Districts .....	47
CFD No. 94-2.....	52
CFD No. 94-3.....	58
CFD No. 95-1.....	63
CFD No. 95-2.....	68
CFD No. 99-1.....	73
CFD No. 99-2.....	78
CFD No. 99-3.....	83
CFD No. 03-1.....	88
THE SCHOOL DISTRICT.....	93
General .....	93
Administration.....	93
Enrollment Trends.....	94
General Economic and Demographic Information Regarding the School District .....	94

ITEM 4

SPECIAL RISK FACTORS .....95

    Risks of Real Estate Secured Investments Generally .....95

    The Bonds are Limited Obligations of the Authority .....95

    No Obligation of School District.....95

    Property Values .....96

    Natural Disasters .....96

    Hazardous Substances .....96

    Parity Taxes and Special Assessments .....97

    Payment of the Special Tax is not a Personal Obligation of the Owners .....97

    Disclosures to Future Purchasers .....97

    Special Tax Delinquencies .....98

    Insufficiency of Special Taxes .....98

    FDIC/Federal Government Interests in Properties .....99

    Bankruptcy and Foreclosure.....100

    No Acceleration Provision .....100

    Limitations on Remedies.....100

    Loss of Tax Exemption .....101

    Limited Secondary Market .....101

    Proposition 218 .....101

    Ballot Initiatives .....103

TAX MATTERS.....103

LEGAL MATTERS.....105

    Absence of Litigation .....105

    Legal Opinion.....105

FINANCIAL ADVISOR .....105

MISCELLANEOUS .....106

    Ratings.....106

    Underwriting .....106

    Continuing Disclosure.....106

    Additional Information.....107

APPENDIX A SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.....A-1

APPENDIX B RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE  
COMMUNITY FACILITIES DISTRICTS .....B-1

APPENDIX C REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION.....C-1

APPENDIX D FORM OF BOND COUNSEL OPINION .....D-1

APPENDIX E FORM OF CONTINUING DISCLOSURE AGREEMENT.....E-1

APPENDIX F DTC AND THE BOOK-ENTRY-ONLY SYSTEM .....F-1

APPENDIX G SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE  
POLICY .....G-1

**OFFICIAL STATEMENT**

**[\$[PAR]\***  
**SAN DIEGUITO SCHOOL FACILITIES FINANCING AUTHORITY**  
**SPECIAL TAX REVENUE BONDS**  
**SERIES 2018**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and Appendices hereto (the “Official Statement”), is to provide certain information concerning the sale and issuance of the San Dieguito School Facilities Financing Authority Special Tax Revenue Bonds, Series 2018 (the “Bonds”).

*This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.*

Capitalized terms not defined herein shall have the meaning set forth in Appendix A hereto. See Appendix A – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

**Financing Purpose**

***Purpose of the Bonds.*** The Bonds are being issued by the San Dieguito School Facilities Financing Authority (the “Authority”) to acquire the “Local Obligations” described below and purchase a debt service insurance policy for deposit into a reserve fund for the Bonds. The principal and interest payments on the Local Obligations to be received by the Authority are the primary source of repayment for the Bonds. See “FINANCING PLAN” herein.

***Purpose of the Local Obligations.*** The Local Obligations are being issued by eight community facilities districts formed by the San Dieguito Union High School District (the “School District”): San Dieguito Union High School District Community Facilities District No. 94-2 (“CFD No. 94-2”); San Dieguito Union High School District Community Facilities District No. 94-3 (“CFD No. 94-3”); San Dieguito Union High School District Community Facilities District No. 95-1 (“CFD No. 95-1”); San Dieguito Union High School District Community Facilities District No. 95-2 (“CFD No. 95-2”); San Dieguito Union High School District Community Facilities District No. 99-1 (“CFD No. 99-1”); San Dieguito Union High School District Community Facilities District No. 99-2 (“CFD No. 99-2”); San Dieguito Union High School District Community Facilities District No. 99-3 (“CFD No. 99-3”); and San Dieguito Union High School District Community Facilities District No. 03-1 (“CFD No. 03-1” and, collectively with CFD No. 94-2, CFD No. 94-3, CFD No. 95-1, CFD No. 95-2, CFD No. 99-1, CFD No. 99-2 and CFD No. 99-3, the “Series 2018 Districts”). The Local Obligations are being issued to (i) prepay all outstanding obligations under that certain Loan Agreement, dated as of July 1, 2006, as amended by a First Amendment to Loan Agreement, dated May 15, 2008 (as amended, the “Prior JPA Loan Agreement”), by and among the San Dieguito Public Facilities Authority (the “Prior JPA”) and the Series 2018 Districts, (ii) finance certain school facilities of benefit to the Series 2018 Districts, and (iii) pay certain costs of issuance of the Local Obligations and the Bonds. See “FINANCING PLAN.”

---

\* Preliminary, subject to change.

## The Bonds; The Local Obligations

**Bonds.** The Bonds are payable from “Revenues,” as more completely defined below, generally consisting of revenues received by the Authority as the result of the payment of debt service on the Local Obligations, and amounts held in the funds and accounts established and held for the benefit of the Bonds under the Trust Agreement (as defined herein). The debt service on each series of Local Obligations is paid from the proceeds of special taxes levied on the taxable property related to such Local Obligations which are received by the School District. See “SECURITY FOR THE LOCAL OBLIGATIONS” and Appendix B – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITY FACILITIES DISTRICTS.”

**Local Obligations.** The Local Obligations consist of the following eight separate series of bonds issued by community facilities districts formed by the School District:

**CFD No. 94-2 Local Obligations:** \$\_\_\_\_\_ \* 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”) being issued by CFD No. 94-2. The CFD No. 94-2 Local Obligations are payable from Special Taxes levied on taxable property in CFD No. 94-2. See “THE COMMUNITY FACILITIES DISTRICTS – CFD No. 94-2” herein.

**CFD No. 94-3 Local Obligations:** \$\_\_\_\_\_ \* 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”) being issued by CFD No. 94-3. The CFD No. 94-3 Local Obligations are payable from Special Taxes levied on taxable property in CFD No. 94-3. See “THE COMMUNITY FACILITIES DISTRICTS – CFD No. 94-3” herein.

**CFD No. 95-1 Local Obligations:** \$\_\_\_\_\_ \* 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”) being issued by CFD No. 95-1. The CFD No. 95-1 Local Obligations are payable from Special Taxes levied on taxable property in CFD No. 95-1. See “THE COMMUNITY FACILITIES DISTRICTS – CFD No. 95-1” herein.

**CFD No. 95-2 Local Obligations:** \$\_\_\_\_\_ \* 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”) being issued by CFD No. 95-2. The CFD No. 95-2 Local Obligations are payable from Special Taxes levied on taxable property in CFD No. 95-2. See “THE COMMUNITY FACILITIES DISTRICTS – CFD No. 95-2” herein.

**CFD No. 99-1 Local Obligations:** \$\_\_\_\_\_ \* 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”) being issued by CFD No. 99-1. The CFD No. 99-1 Local Obligations are payable from Special Taxes levied on taxable property in CFD No. 99-1. See “THE COMMUNITY FACILITIES DISTRICTS – CFD No. 99-1” herein.

**CFD No. 99-2 Local Obligations:** \$\_\_\_\_\_ \* 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”) being issued by CFD No. 99-2. The CFD No. 99-2 Local Obligations are payable from Special Taxes levied on taxable property in CFD No. 99-2. See “THE COMMUNITY FACILITIES DISTRICTS – CFD No. 99-2” herein.

**CFD No. 99-3 Local Obligations:** \$\_\_\_\_\_ \* 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”) being issued by CFD No. 99-3. The CFD No. 99-3 Local Obligations are payable

from Special Taxes levied on taxable property in CFD No. 99-3. See “THE COMMUNITY FACILITIES DISTRICTS – CFD No. 99-3” herein.

**CFD No. 03-1 Local Obligations:** \$\_\_\_\_\_ \* 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”) being issued by CFD No. 03-1. The CFD No. 03-1 Local Obligations are payable from Special Taxes levied on taxable property in CFD No. 03-1. See “THE COMMUNITY FACILITIES DISTRICTS – CFD No. 03-1” herein.

\*Preliminary and subject to change.

The CFD No. 94-2 Local Obligations, CFD No. 94-3 Local Obligations, CFD No. 95-1 Local Obligations, CFD No. 95-2 Local Obligations, CFD No. 99-1 Local Obligations, CFD No. 99-2 Local Obligations, CFD No. 99-3 Local Obligations and CFD No. 03-1 Local Obligations are collectively referred to in this Official Statement as the “Local Obligations.”

### **Bond Insurance**

The District has applied for a municipal bond insurance policy for the scheduled payment of principal of and interest on the Bonds when due, which, if purchased, would be issued concurrently with the delivery of the Bonds.

### **Legal Authority**

**The Bonds.** The Bonds are being issued under Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”) and 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”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”).

**The Local Obligations.** The Local Obligations are being issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5, Part 1, Division 2, Title 5 of the Government Code of the State of California (the “Mello-Roos Act”), and (i) in the case of CFD No. 94-2 and CFD No. 03-1, Indentures, each dated as of December 1, 2016, as amended and supplemented pursuant to First Supplemental Indentures, each dated as of [\_\_\_\_\_ 1, 2018], and (ii) in the case of the other Series 2018 Districts, six separate Indentures, each dated as of [\_\_\_\_\_ 1, 2018] (each, a “Local Obligation Indenture”), in each case by and between the applicable Series 2018 District and U.S. Bank National Association, as fiscal agent (the “Fiscal Agent”).

### **Sources of Payment for the Bonds and the Local Obligations**

The Series 2016 Bonds (as defined herein) and the Bonds are secured by a first lien on and pledge of all of the Revenues. “Revenues” are defined in the Trust Agreement to include:

- (i) Eligible Local Obligations Revenues and all other amounts received by the Trustee as the payment of interest or premiums on, or the equivalent thereof;
- (ii) the payment or return of principal of, or the equivalent thereof, all Eligible Local Obligations, whether as a result of scheduled payments or Property Owner Prepayments or remedial proceedings taken in the event of a default thereon; and
- (iii) all investment earnings on any moneys held in the Funds or accounts established under the Trust Agreement, except the Rebate Fund.

## ITEM 4

Pursuant to the Trust Agreement, “Local Obligations Revenues” means all moneys collected and received by the School District on account of Special Taxes securing the Eligible Local Obligations including amounts collected in the normal course via the County property tax roll and thereafter remitted to the District, Property Owner Prepayments, and amounts received by the District as a result of superior court foreclosure proceedings brought to enforce payment of delinquent installments, but excluding therefrom any amounts explicitly included therein on account of collection charges, administrative cost charges, or attorneys’ fees and costs paid as a result of foreclosure actions.

“Eligible Local Obligations” is defined in the Trust Agreement to mean, collectively, CFD No. 94-2 Local Obligations, CFD No. 94-3 Local Obligations, CFD No. 95-1 Local Obligations, CFD No. 95-2 Local Obligations, CFD No. 99-1 Local Obligations, CFD No. 99-2 Local Obligations, CFD No. 99-3 Local Obligations and CFD No. 03-1 Local Obligations or any special tax bonds, loans or other obligations issued by any Community Facilities District as set forth in a Supplemental Trust Agreement.

**Local Obligations.** Each Local Obligation will be payable from proceeds of the Special Tax received with respect to the applicable Series 2018 District. Pursuant to each Local Obligation Indenture, “Special Tax” means the special tax authorized to be levied and collected annually on all Taxable Land in the applicable Series 2018 District under and pursuant to the Mello-Roos Act. See “SECURITY FOR THE BONDS – Special Tax Authorization.

**The Local Obligations are not cross-collateralized. In other words, Special Taxes from one Series 2018 District are not required to be used to cover any shortfall in the payment of debt service on the Local Obligation of another Series 2018 District.**

#### **Description of the Bonds**

**Payments.** Interest is payable semiannually on each March 1 and September 1, commencing September 1, 2019. Principal of and premium, if any, on the Bonds shall be payable by the Trustee. See “THE BONDS – General Provisions” and “– Book-Entry Only System” herein.

**Denominations.** The Bonds will be issued in denominations of \$5,000 each or integral multiples thereof.

**Redemption.** The Bonds are subject to redemption prior to their maturity. See “THE BONDS – Redemption” herein.

**Registration, transfers and exchanges.** The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) under the book-entry system maintained by DTC. See “THE BONDS – Payment, Registration, Transfer and Exchange of Bonds” and “– Book-Entry Only System.”

#### **The School District**

The School District consists of approximately 85 square miles of territory in the northern portion of San Diego County (the “County”), California (the “State”). The School District educates students from five feeder elementary school districts: Encinitas, Cardiff, Solana Beach, Del Mar and Rancho Santa Fe. The School District operates five comprehensive middle schools for grades seven through eight, and four comprehensive high schools for grades nine through twelve. The School District also offers a continuation high school with an alternative education program for grades nine through twelve. Enrollment in the School District for grades seven through twelve was 13,063 students for the 2017-18 school year. See “THE SCHOOL DISTRICT.”

**Neither the Bonds nor the Local Obligations are a debt of the School District, and no revenues of the School District are pledged to repayment of the Bonds or the Local Obligations.**

### **The Authority**

The Authority is a joint exercise of powers authority organized and existing pursuant to the Act. Its members are the School District and the California Statewide Communities Development Authority.

### **Professionals Involved in the Offering**

All proceedings in connection with the issuance of the Bonds are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Willdan Financial Services is acting as CFD Administrator to the School District. U.S. Bank National Association, Los Angeles, California, will act as the Trustee for the Bonds, the Fiscal Agent for the Local Obligations and the Escrow Agent for the Series 2016 Bonds (as defined herein) being refunded. Piper Jaffray & Co. is acting as underwriter in connection with the issuance and delivery of the Bonds. Orrick, Herrington & Sutcliffe, LLP, is acting as counsel to the Underwriter. Fieldman, Rolapp & Associates, Inc. is acting as independent financial advisor in connection with the issuance of the Bonds.

Piper Jaffray & Co., the Underwriter, Stradling Yocca Carlson & Rauth, a Professional Corporation, and Orrick, Herrington & Sutcliffe, LLP will receive compensation contingent upon issuance of the Bonds.

### **Continuing Disclosure**

The Authority will execute a Continuing Disclosure Agreement and will covenant therein for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Authority and the Series 2018 Districts by not later than nine months following the end of its fiscal year (which currently would be by April 1 each year based upon the June 30 end of the Authority's fiscal year), commencing by April 1, 2019 with the report for the 2017-18 Fiscal Year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of enumerated events will be filed by the Authority with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report and any notices of enumerated events is set forth in Appendix E – "FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants will be made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) ("Rule 15c2-12"). See "MISCELLANEOUS – Continuing Disclosure."

## FINANCING PLAN

### Purpose of Issue and the Refunding Plan

**Acquisition of the Local Obligations.** The Authority is issuing the Bonds to purchase the Local Obligations and to purchase a debt service reserve insurance policy for deposit into a reserve fund for the Bonds.

**Prepayment of Prior JPA Loan Agreement.** Pursuant to the Local Obligation Indentures, certain proceeds of the Local Obligations, [along with other available moneys], will be used to prepay amounts due under the Prior JPA Loan Agreement and, in turn, to redeem a portion of the outstanding \$[\_\_\_\_\_] aggregate principal amount of the Prior JPA's Subordinate Special Tax Revenue Bonds, Series 2016 (the "Series 2016 Bonds").

The Authority issued the Series 2016 Bonds to acquire local obligations issued by CFD No. 94-2 and CFD No. 03-1 that were issued for the purpose of (i) prepaying certain obligations under a loan agreement, dated May 15, 2008 entered into by and among the School District and seven other community facilities districts formed by the School District, (ii) finance certain school facilities of benefit to the community facilities districts, (iii) purchase a debt service reserve insurance policy for deposit into a reserve fund for the Series 2016 Bonds, and (iv) pay certain costs of issuance.

The Series 2016 Bonds that will remain outstanding after the issuance of the Bonds will be on parity with the Bonds, as both the Series 2016 Bonds and the Bonds are secured by Revenues.

**Financing of School Facilities.** Portions of the proceeds of the Local Obligations are expected to be used by the School District to finance school facilities as permitted under the Mello-Roos Act and the proceedings pursuant to which each Series 2018 District was established. See "COMMUNITY FACILITIES DISTRICTS" herein.

### Estimated Sources and Uses of Funds

**The Bonds.** The anticipated sources and uses of funds relating to the Bonds and the refunding of the Prior Bonds are as follows:

**Sources:**

Principal Amount of the Bonds  
Net Original Issue Premium/(Discount)  
[Transfers from Local Obligation Indentures]  
[Other District Funds]

**Total Sources**

**Uses<sup>(1)</sup>:**

Acquisition of Local Obligations  
Underwriter's Discount  
[Bond Insurance Premium]  
[Debt Service Reserve Insurance Policy Premium<sup>(2)</sup>]  
Interest Fund<sup>(3)</sup>

**Total Uses**

---

<sup>(1)</sup> The Authority will acquire the Local Obligations for a total purchase price of \$ \_\_\_\_\_ and in consideration of the purchase of the Series 2018 Districts, the Authority will agree to the application of the purchase price and existing funds as set forth below.



ITEM 4

- (2) Reflects premium for the Reserve Policy, which will be held by the Trustee in the Reserve Fund. See “SECURITY FOR THE BONDS – Revenues; Flow of Funds – Reserve Fund.”
- (3) Represents capitalized interest on a portion of the Bonds.

ITEM 4

**Local Obligations.** The anticipated sources and uses of funds relating to the Local Obligations are as follows:

Sources	<i>CFD No.</i> <i>94-2</i>	<i>CFD No.</i> <i>94-3</i>	<i>CFD No.</i> <i>95-1</i>	<i>CFD No.</i> <i>95-2</i>	<i>CFD No.</i> <i>99-1</i>	<i>CFD No.</i> <i>99-2</i>	<i>CFD No.</i> <i>99-3</i>	<i>CFD No.</i> <i>03-1</i>	<i>Total</i>
Par Amount									
Plus: Original Issue Premium									
<b>Total Sources</b>									
<b>Uses</b>									
Redemption of Series 2016 Bonds									
Capital Improvements									
Cost of Issuance Fund <sup>(1)</sup>									
<b>Total Uses</b>									

<sup>(1)</sup> Pursuant to each Local Obligation Indenture, on the date of issuance of the Bonds and the Local Obligations, a portion of the proceeds of the Local Obligations will be transferred by the Fiscal Agent to the Trustee for deposit in the Costs of Issuance Fund established under the Trust Agreement. Amounts in the Cost of Issuance Fund will be used to pay Trustee, Fiscal Agent and Escrow Agent fees, Bond Counsel, Underwriter’s Counsel and other legal fees, printing costs, rating agency fees and other related costs.

## THE BONDS

### General Provisions

The Bonds will be dated their date of delivery, and will be issued in the aggregate principal amounts set forth on the inside front cover hereof. The Bonds will bear interest from their dated date at the rates per annum set forth on the inside front cover hereof, payable semiannually on each March 1 and September 1, commencing September 1, 2019 (each, an “Interest Payment Date”), and will mature in the amounts and on the dates set forth on the inside front cover hereof. The Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof.

Interest on the Bonds will be payable on each Interest Payment Date to the person whose name appears on the Bond Register as the Owner as of the Record Date immediately preceding each Interest Payment Date. Interest will be paid by check of the Trustee mailed on the Interest Payment Date by first class mail, postage prepaid, to the Owner at the address as it appears on the Bond Register or by wire transfer to an account in the United States of America upon instructions of any Owner of \$1,000,000 or more in aggregate principal amount of Bonds provided to the Trustee, in writing, not later than the Record Date for such Interest Payment Date. The Bonds are issued in fully registered form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only in denominations of \$5,000 and any integral multiple. See the subsection hereof entitled “Book-Entry Only System.”

Principal of and premium (if any) on any Bond will be paid upon presentation and surrender thereof, at maturity or the prior redemption thereof, at the Trust Office of the Trustee.

Each Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date (the 15th calendar day of the month preceding an Interest Payment Date, whether or not it is a Business Day) and on or before the following Interest Payment Date, in which event it will bear interest from such Interest Payment Date; or (b) it is authenticated on or before August 15, 2019, in which event it will bear interest from the Dated Date; provided, however, that if, as of the date of authentication of any Bond, interest thereon is in default, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon, or from the Dated Date if no interest has been paid or made available for payment.

### Redemption

**Optional Redemption.**\* The Bonds maturing on or before March 1, 20\_\_ are not subject to optional redemption prior to maturity. The Bonds maturing on or after March 1, 20\_\_ shall be subject to optional redemption as a whole or in part on any date on or after March 1, 20\_\_, at the option of the Authority from such maturities and in such amounts as are selected by the Authority and by lot within a maturity, at a redemption price equal to as a whole, or in part from the same maturities as the maturities the Local Obligations simultaneously redeemed if any redemption of Local Obligations is being made in conjunction with such optional redemption, and, as nearly as practicable, proportionately between the Series of the Bonds (based on Outstanding principal amount), and by lot within a maturity, and, if Local Obligations are not being simultaneously redeemed, from such maturities and in such amounts as are selected by the Authority and by lot within a maturity, at a redemption price equal to the principal amount of the Bonds to be redeemed, together with accrued interest thereon to the date of redemption, without premium.

Prior to consenting to the optional prepayment of any Local Obligation, the Authority will deliver to the Trustee a certificate of an Independent Accountant verifying that, following such optional prepayment of

---

\* Preliminary, subject to change.

the Local Obligations and redemption of Bonds, the principal and interest generated from the remaining Local Obligations is adequate to make the timely payment of principal and interest due on the Bonds that will remain Outstanding under the Trust Agreement following such optional redemption.

**Mandatory Sinking Fund Redemption.**<sup>†</sup> The Bonds maturing on March 1, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity, in part, on March 1, 20\_\_, and on each March 1 thereafter by lot, from sinking fund payments at a redemption price equal to the principal amount of Bonds to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

<i>Redemption Date (March 1)</i>	<i>Redemption Amount</i>
20__	
20__	
20__ (maturity)	

The Bonds maturing on March 1, 20\_\_ are subject to mandatory sinking fund redemption prior to maturity, in part, on March 1, 20\_\_, and on each March 1 thereafter by lot, from sinking fund payments at a redemption price equal to the principal amount of Bonds to be redeemed, together with accrued interest to the date of redemption, without premium, as follows:

<i>Redemption Date (March 1)</i>	<i>Redemption Amount</i>
20__	
20__	
20__ (maturity)	

**Notice of Redemption.** So long as the Bonds are held by DTC, all notices of redemption will be sent only to DTC in accordance with its procedures and will not be delivered to any Beneficial Owner. The Trustee on behalf, and at the expense, of the Authority will mail (by first class mail, postage prepaid, or so long as all Bonds are held in book-entry form in such other manner as is permitted by DTC) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Bond Register, and to the Securities Depositories and to the Information Services, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption. Neither failure to receive any such notice sent nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. The notice will state the date of the notice, the redemption date, the redemption place and the redemption price and will designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and will require that such Bonds be then surrendered at the Trust Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue after the redemption date.

In addition, further notice will be given by the Trustee by first class mail to any Bondowner whose Bond has been called for redemption but who has failed to submit his Bond for payment by the date which is sixty days after the redemption date, but no defect in said further notice nor any failure to give or receive all or any portion of such further notice will in any manner defeat the effectiveness of a call for redemption.

In the case of an optional redemption of Bonds, such notice may state that such redemption is conditional and is subject to receipt by the Trustee, on or before the date fixed for redemption, of moneys sufficient to pay the redemption price of the Bonds to be redeemed. Unless funds for the optional redemption

<sup>†</sup> Preliminary, subject to change.

## ITEM 4

of any Bonds are irrevocably deposited with the Trustee prior to rendering notice of redemption to the Bondowners, such notice shall state that such redemption is conditional and is subject to the deposit of funds by the Authority. Any notice of optional redemption shall be cancelled and annulled if for any reason any condition to such redemption is not satisfied or funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Trust Agreement. The Authority and the Trustee shall have no liability to the Owners or any other party related to or arising from the cancellation of a redemption. The Trustee shall mail (or deliver to DTC in accordance with its procedures) notice of any cancellation of a redemption in the same manner as the original notice of redemption was sent.

***Selection of Bonds of a Maturity for Redemption.*** Unless otherwise provided in the Trust Agreement, whenever provision is made for the redemption of less than all of the Bonds of a maturity of a Series of the Bonds, the Trustee will select the Bonds to be redeemed from all Bonds of such maturity not previously called for redemption, by lot in any manner which the Trustee in its sole discretion deems appropriate and fair. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 authorized denominations, and such separate authorized denominations will be treated as separate Bonds which may be separately redeemed.

***Partial Redemption of Bonds.*** In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the Authority will execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

***Effect of Redemption.*** From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called will cease to be entitled to any benefit under the Trust Agreement other than the right to receive payment of the redemption price, and no interest will accrue thereon from and after the redemption date specified in such notice.

#### **Payment, Registration, Transfer and Exchange of Bonds**

***Book-Entry Only System.*** The Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available to actual purchasers of the Bonds (the “Beneficial Owners”) in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined herein) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds. See “THE BONDS – Book-Entry Only System.” In the event that the book-entry-only system is no longer used with respect to the Bonds, the Bonds will be registered and transferred in accordance with the Trust Agreement. See “THE BONDS – Book-Entry Only System.”

***Transfer of Bonds.*** Subject to the book-entry only provisions of the Trust Agreement, any Bond may in accordance with its terms, be transferred, upon the Bond Register maintained by the Trustee, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever any Bond is surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver to the transferee a new Bond or Bonds of like Series, tenor, maturity and aggregate principal amount. No Bonds selected for redemption will be subject to transfer, nor shall any Bond be subject to transfer during the fifteen days prior to the selection of Bonds for redemption.

The cost of printing any Bonds and any services rendered or any expenses incurred by the Trustee in connection with any transfer or exchange will be paid by the Authority. However, the Owners of the Bonds will be required to pay any tax or other governmental charge required to be paid for any exchange or

## ITEM 4

registration of transfer and the Owners of the Bonds will be required to pay the reasonable fees and expenses of the Trustee and Authority in connection with the replacement of any mutilated, lost or stolen Bonds.

***Exchange of Bonds.*** Subject to the book-entry only provisions of the Trust Agreement, Bonds may be exchanged at the Trust Office of the Trustee for Bonds of the same Series, tenor and maturity and of other authorized denominations. No Bonds selected for redemption will be subject to exchange, nor shall any Bond be subject to exchange during the fifteen days prior to the selection of Bonds for redemption.

***Bond Register.*** The Trustee will keep or cause to be kept at its Trust Office sufficient records for the registration and transfer of the Bonds, which will be the Bond Register and shall at all times during regular business hours be open to inspection by the Authority upon reasonable notice; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said records, Bonds as hereinbefore provided.

**Book-Entry Only System**

While the Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to a Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds, as described in Appendix F – “DTC AND THE BOOK-ENTRY-ONLY SYSTEM” herein. So long as Cede & Co. is the registered owner of the Bonds, references herein to the Owners of the Bonds shall mean Cede & Co. and not the Beneficial Owners of the Bonds. The Authority gives no assurance that DTC or the DTC Participants will distribute payments or notices to Beneficial Owners.

**Estimated Debt Service Schedules: Bonds and Local Obligations**

Each of the Series 2018 Districts will have Local Obligations outstanding which, assuming no prepayment of Local Obligations, will each provide a portion of the Revenues applied to pay the principal and interest on the Bonds. Table 1 below presents the debt service schedule for the Bonds, assuming there are no redemptions of Bonds prior to their respective maturities (other than as a result of mandatory sinking fund payments).

**Table 1**

**DEBT SERVICE SCHEDULE FOR THE BONDS\***

<b>Year Ending March 1</b>	<b>Bonds Principal</b>	<b>Bonds Interest</b>	<b>Total Bonds Debt Service</b>
2019			
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			
<b>Total</b>			

Table 2 below summarizes the anticipated debt service payments to be received by the Authority as the result of its ownership of the Local Obligations, assuming there are no redemptions of Local Obligations prior to their respective maturities (other than as a result of mandatory sinking fund payments). The amounts in Table 2 do not include an allowance for delinquencies in the payment of Special Taxes.

\* Preliminary, subject to change.

**Table 2**

**DEBT SERVICE SCHEDULE FOR THE LOCAL OBLIGATIONS\***

<b>Bond Year Ending March 1</b>	<b>CFD No. 94-2 Debt Service</b>	<b>CFD No. 94-3 Debt Service</b>	<b>CFD No. 95-1 Debt Service</b>	<b>CFD No. 95-2 Debt Service</b>	<b>CFD No. 99-1 Debt Service</b>	<b>CFD No. 99-2 Debt Service</b>	<b>CFD No. 99-3 Debt Service</b>	<b>CFD No. 03-1 Debt Service</b>	<b>Total Revenues <sup>(1)</sup></b>
2019									
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									
<b>Total</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

\* Preliminary, subject to change.

(1) Equals the total anticipated debt service on the Local Obligations in each Bond Year ending March 1.

Source: The Underwriter.



**Debt Service Coverage for the Bonds**

Table 3 below sets forth the debt service coverage for the Bonds from projected Revenues that will be generated by the anticipated payment of debt service on all of the Local Obligations while the Bonds are outstanding. In the event of delinquencies in the payment of the Local Obligations, these coverage levels will not be realized and, if delinquencies reached a high enough level, amounts would need to be drawn from the Reserve Fund to pay the Bonds.

**Table 3**

**DEBT SERVICE COVERAGE FOR THE BONDS\***

<b>Year Ending March 1</b>	<b>Bonds Debt Service</b>	<b>Total Revenues from Local Obligations<sup>(1)</sup></b>	<b>Bonds Debt Service Coverage<sup>(2)</sup></b>
2019			
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			
<b>Total</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

\* Preliminary, subject to change.

(1) Interest payment dates for the Local Obligations are March 1 and September 1 of the years indicated.

(2) Calculated by dividing the Total Revenues from Local Obligations column by the Bonds Debt Service column, expressed as a percentage.

Source: The Underwriter.

**Debt Service Coverage on the Local Obligations**

Tables 4 through 11 summarize the projected debt service coverage on each of the Local Obligations from Special Taxes available to repay each of the Local Obligations. The actual debt service coverage may be less because of the limitation in Section 53321(d) of the Mello-Roos Act as described in footnote 1 to each of the tables, but is not expected to be less than 101.5% of debt service on the Local Obligations.

**Table 4**

**DEBT SERVICE COVERAGE\*  
CFD NO. 94-2**

<b>Year Ending March 1</b>	<b>CFD No. 94-2 Projected Special Taxes<sup>(1)</sup></b>	<b>Proceeds of CFD No. 94-2 Special Tax Available</b>	<b>CFD No. 94-2 Local Obligations Debt Service</b>	<b>Debt Service Coverage<sup>(2)</sup></b>
2020	\$ 2,124,800			
2021	2,124,800			
2022	2,124,800			
2023	2,124,800			
2024	2,124,800			
2025	2,124,800			
2026	2,124,800			
2027	2,124,800			
2028	2,124,800			
2029	2,124,800			
2030	2,124,800			
2031	2,124,800			
2032	2,087,200			
2033	2,077,200			
2034	1,944,400			
2035	1,628,400			
2036	1,393,600			
2037	1,140,800			
2038	940,800			
2039	864,000			
2040	745,600			
2041	575,200			
2042	393,600			
2043	350,400			
2044	350,400			
2045	350,400			
2046	331,200			
2047	277,600			
2048	212,000			
<b>Total</b>	<b>\$ 41,160,400</b>			

\* Preliminary, subject to change.

(1) Reflects Special Taxes projected to be received in the year ending August 1, of the year preceding the Bond Year shown. Pursuant to Section 53321(d) of the Mello-Roos Act, Special Taxes levied against any parcel of property used for private residential purposes may not be increased by more than ten percent (10%) per fiscal year as a consequence of delinquency or default by the owner of any other parcel within a Series 2018 District. Therefore, it is possible that Special Taxes may not be levied up to the Projected Special Taxes in any particular fiscal year as a consequence of Special Tax delinquencies in the Series 2018 District.

(2) Calculated by dividing the CFD No. 94-2 Special Taxes column by the CFD No. 94-2 Local Obligations Debt Service column, expressed as a percentage.

ITEM 4

*Source: Koppel & Gruber Public Finance. CFD No. 94-2 Local Obligations Debt Service column provided by the Underwriter.*

**Table 5**

**DEBT SERVICE COVERAGE\*  
CFD NO. 94-3**

<u>Year Ending March 1</u>	<u>CFD No. 94-3 Projected Special Taxes<sup>(1)</sup></u>	<u>Proceeds of CFD No. 94-3 Special Tax Available</u>	<u>CFD No. 94-3 Local Obligations Debt Service</u>	<u>Debt Service Coverage<sup>(2)</sup></u>
2020	\$ 537,046			
2021	537,046			
2022	537,046			
2023	537,046			
2024	537,046			
2025	537,046			
2026	537,046			
2027	537,046			
2028	537,046			
2029	537,046			
2030	537,046			
2031	537,046			
2032	537,046			
2033	537,046			
2034	519,088			
2035	477,732			
2036	425,760			
2037	363,360			
2038	291,200			
2039	144,000			
2040	18,400			
2041	800			
2042	800			
2043	800			
2044	800			
2045	800			
2046	800			
2047	800			
2048	800			
<b>Total</b>	<u>\$ 9,764,584</u>			

\* Preliminary, subject to change.

(1) Reflects Special Taxes projected to be received in the year ending August 1, of the year preceding the Bond Year shown. Pursuant to Section 53321(d) of the Mello-Roos Act, Special Taxes levied against any parcel of property used for private residential purposes may not be increased by more than ten percent (10%) per fiscal year as a consequence of delinquency or default by the owner of any other parcel within a Series 2018 District. Therefore, it is possible that Special Taxes may not be levied up to the Projected Special Taxes in any particular fiscal year as a consequence of Special Tax delinquencies in the Series 2018 District.

(2) Calculated by dividing the CFD No. 94-3 Special Taxes column by the CFD No. 94-3 Local Obligations Debt Service column, expressed as a percentage.

Source: Koppel & Gruber Public Finance. CFD No. 94-3 Local Obligations Debt Service column provided by the Underwriter.

**Table 6**

**DEBT SERVICE COVERAGE\*  
CFD NO. 95-1**

<u>Year Ending March 1</u>	<u>CFD No. 95-1 Projected</u>	<u>Proceeds of CFD No. 95-1</u>	<u>CFD No. 95-1 Local Obligations</u>	<u>Debt Service Coverage<sup>(2)</sup></u>
--------------------------------	-----------------------------------	-------------------------------------	-------------------------------------------	------------------------------------------------

ITEM 4

	<u>Special Taxes<sup>(1)</sup></u>	<u>Special Tax Available</u>	<u>Debt Service</u>
2020	\$ 2,423,364		
2021	2,423,364		
2022	2,423,364		
2023	2,423,364		
2024	2,423,364		
2025	2,423,364		
2026	2,423,364		
2027	2,423,364		
2028	2,423,364		
2029	2,423,364		
2030	2,423,364		
2031	2,423,364		
2032	2,423,364		
2033	2,423,364		
2034	2,390,874		
2035	2,247,234		
2036	1,993,299		
2037	1,674,504		
2038	1,099,971		
2039	786,399		
2040	670,119		
2041	610,269		
2042	551,274		
2043	447,819		
2044	317,859		
2045	292,209		
2046	258,864		
2047	253,734		
2048	243,474		
<b>Total</b>	\$ 47,764,998		

\* Preliminary, subject to change.

(1) Reflects Special Taxes projected to be received in the year ending August 1, of the year preceding the Bond Year shown. Pursuant to Section 53321(d) of the Mello-Roos Act, Special Taxes levied against any parcel of property used for private residential purposes may not be increased by more than ten percent (10%) per fiscal year as a consequence of delinquency or default by the owner of any other parcel within a Series 2018 District. Therefore, it is possible that Special Taxes may not be levied up to the Projected Special Taxes in any particular fiscal year as a consequence of Special Tax delinquencies in the Series 2018 District.

(2) Calculated by dividing the CFD No. 95-1 Special Taxes column by the CFD No. 95-1 Local Obligations Debt Service column, expressed as a percentage.

Source: Koppel & Gruber Public Finance. CFD No. 95-1 Local Obligations Debt Service column provided by the Underwriter.

Table 7

**DEBT SERVICE COVERAGE\***  
**CFD NO. 95-2**

<b>Year Ending March 1</b>	<b>CFD No. 95-2 Projected Special Taxes<sup>(1)</sup></b>	<b>Proceeds of CFD No. 95-2 Special Tax Available</b>	<b>CFD No. 95-2 Local Obligations Debt Service</b>	<b>Debt Service Coverage<sup>(2)</sup></b>
2020	\$ 462,682			
2021	462,682			
2022	462,682			
2023	462,682			
2024	462,682			
2025	462,682			
2026	462,682			
2027	462,682			
2028	462,682			
2029	462,682			
2030	462,682			
2031	462,682			
2032	462,682			
2033	462,682			
2034	457,882			
2035	436,282			
2036	355,482			
2037	335,482			
2038	286,682			
2039	249,082			
2040	235,482			
2041	221,882			
2042	182,980			
2043	171,780			
2044	170,980			
2045	154,980			
2046	147,200			
2047	147,200			
2048	141,600			
<b>Total</b>	<b>\$ 10,172,524</b>			

\* Preliminary, subject to change.

(1) Reflects Special Taxes projected to be received in the year ending August 1, of the year preceding the Bond Year shown. Pursuant to Section 53321(d) of the Mello-Roos Act, Special Taxes levied against any parcel of property used for private residential purposes may not be increased by more than ten percent (10%) per fiscal year as a consequence of delinquency or default by the owner of any other parcel within a Series 2018 District. Therefore, it is possible that Special Taxes may not be levied up to the Projected Special Taxes in any particular fiscal year as a consequence of Special Tax delinquencies in the Series 2018 District.

(2) Calculated by dividing the CFD No. 95-2 Special Taxes column by the CFD No. 95-2 Local Obligations Debt Service column, expressed as a percentage.

Source: Koppel & Gruber Public Finance. CFD No. 95-2 Local Obligations Debt Service column provided by the Underwriter.

**Table 8**

**DEBT SERVICE COVERAGE\*  
CFD NO. 99-1**

<b>Year Ending March 1</b>	<b>CFD No. 99-1 Projected Special Taxes<sup>(1)</sup></b>	<b>Proceeds of CFD No. 99-1 Special Tax Available</b>	<b>CFD No. 99-1 Local Obligations Debt Service</b>	<b>Debt Service Coverage<sup>(2)</sup></b>
2020	\$ 519,683			
2021	519,683			
2022	519,683			
2023	519,683			
2024	519,683			
2025	519,683			
2026	519,683			
2027	519,683			
2028	519,683			
2029	519,683			
2030	519,683			
2031	519,683			
2032	519,683			
2033	519,683			
2034	519,683			
2035	519,683			
2036	519,683			
2037	514,553			
2038	497,880			
2039	377,966			
2040	270,663			
2041	262,113			
2042	190,601			
2043	182,051			
2044	180,341			
2045	180,341			
2046	180,341			
2047	179,058			
2048	179,058			
<b>Total</b>	<b>\$ 12,029,565</b>			

\* Preliminary, subject to change.

(1) Reflects Special Taxes projected to be received in the year ending August 1, of the year preceding the Bond Year shown. Pursuant to Section 53321(d) of the Mello-Roos Act, Special Taxes levied against any parcel of property used for private residential purposes may not be increased by more than ten percent (10%) per fiscal year as a consequence of delinquency or default by the owner of any other parcel within a Series 2018 District. Therefore, it is possible that Special Taxes may not be levied up to the Projected Special Taxes in any particular fiscal year as a consequence of Special Tax delinquencies in the Series 2018 District.

(2) Calculated by dividing the CFD No. 99-1 Special Taxes column by the CFD No. 99-1 Local Obligations Debt Service column, expressed as a percentage.

Source: Koppel & Gruber Public Finance. CFD No. 99-1 Local Obligations Debt Service column provided by the Underwriter.

**Table 9**

**DEBT SERVICE COVERAGE\*  
CFD NO. 99-2**

<b>Year Ending March 1</b>	<b>CFD No. 99-2 Projected Special Taxes<sup>(1)</sup></b>	<b>Proceeds of CFD No. 99-2 Special Tax Available</b>	<b>CFD No. 99-2 Local Obligations Debt Service</b>	<b>Debt Service Coverage<sup>(2)</sup></b>
2020	\$ 25,650			
2021	25,650			
2022	25,650			
2023	25,650			
2024	25,650			
2025	25,650			
2026	25,650			
2027	25,650			
2028	25,650			
2029	25,650			
2030	25,650			
2031	25,650			
2032	25,650			
2033	25,650			
2034	25,650			
2035	25,650			
2036	25,650			
2037	25,650			
2038	21,090			
2039	20,520			
2040	19,380			
2041	14,250			
2042	8,550			
2043	6,270			
2044	3,420			
2045	2,280			
2046	1,140			
2047	1,140			
2048	570			
<b>Total</b>	<b>\$ 560,310</b>			

\* Preliminary, subject to change.

(1) Reflects Special Taxes projected to be received in the year ending August 1, of the year preceding the Bond Year shown. Pursuant to Section 53321(d) of the Mello-Roos Act, Special Taxes levied against any parcel of property used for private residential purposes may not be increased by more than ten percent (10%) per fiscal year as a consequence of delinquency or default by the owner of any other parcel within a Series 2018 District. Therefore, it is possible that Special Taxes may not be levied up to the Projected Special Taxes in any particular fiscal year as a consequence of Special Tax delinquencies in the Series 2018 District.

(2) Calculated by dividing the CFD No. 99-2 Special Taxes column by the CFD No. 99-2 Local Obligations Debt Service column, expressed as a percentage.

Source: Koppel & Gruber Public Finance. CFD No. 99-2 Local Obligations Debt Service column provided by the Underwriter.



**Table 10**

**DEBT SERVICE COVERAGE\*  
CFD NO. 99-3**

<b>Year Ending March 1</b>	<b>CFD No. 99-3 Projected Special Taxes<sup>(1)</sup></b>	<b>Proceeds of CFD No. 99-3 Special Tax Available</b>	<b>CFD No. 99-3 Local Obligations Debt Service</b>	<b>Debt Service Coverage<sup>(2)</sup></b>
2020	\$ 79,800			
2021	79,800			
2022	79,800			
2023	79,800			
2024	79,800			
2025	79,800			
2026	79,800			
2027	79,800			
2028	79,800			
2029	79,800			
2030	79,800			
2031	79,800			
2032	79,800			
2033	79,800			
2034	79,800			
2035	79,800			
2036	76,950			
2037	68,970			
2038	40,470			
2039	31,350			
2040	29,640			
2041	28,500			
2042	22,230			
2043	12,540			
2044	7,980			
2045	6,840			
2046	5,700			
2047	5,130			
2048	4,560			
<b>Total</b>	<b>\$ 1,617,660</b>			

\* Preliminary, subject to change.

(1) Reflects Special Taxes projected to be received in the year ending August 1, of the year preceding the Bond Year shown. Pursuant to Section 53321(d) of the Mello-Roos Act, Special Taxes levied against any parcel of property used for private residential purposes may not be increased by more than ten percent (10%) per fiscal year as a consequence of delinquency or default by the owner of any other parcel within a Series 2018 District. Therefore, it is possible that Special Taxes may not be levied up to the Projected Special Taxes in any particular fiscal year as a consequence of Special Tax delinquencies in the Series 2018 District.

(2) Calculated by dividing the CFD No. 99-3 Special Taxes column by the CFD No. 99-3 Local Obligations Debt Service column, expressed as a percentage.

Source: Koppel & Gruber Public Finance. CFD No. 99-3 Local Obligations Debt Service column provided by the Underwriter.

**Table 11**

**DEBT SERVICE COVERAGE\*  
CFD NO. 03-1**

<b>Year Ending March 1</b>	<b>CFD No. 03-1 Projected Special Taxes<sup>(1)</sup></b>	<b>Proceeds of CFD No. 03-1 Special Tax Available</b>	<b>CFD No. 03-1 Local Obligations Debt Service</b>	<b>Debt Service Coverage<sup>(2)</sup></b>
2020	\$ 2,087,814			
2021	2,087,814			
2022	2,087,814			
2023	2,087,814			
2024	2,087,814			
2025	2,087,814			
2026	2,087,814			
2027	2,087,814			
2028	2,087,814			
2029	2,087,814			
2030	2,087,814			
2031	2,087,814			
2032	2,087,814			
2033	2,087,814			
2034	2,087,814			
2035	2,087,814			
2036	2,087,814			
2037	2,087,814			
2038	2,087,814			
2039	2,087,814			
2040	2,015,820			
2041	1,924,560			
2042	1,711,020			
2043	1,536,612			
2044	1,393,638			
2045	1,339,896			
2046	1,299,336			
2047	1,230,384			
2048	1,154,334			
<b>Total</b>	<b>\$ 55,361,880</b>			

\* Preliminary, subject to change.

(1) Reflects Special Taxes projected to be received in the year ending August 1, of the year preceding the Bond Year shown. Pursuant to Section 53321(d) of the Mello-Roos Act, Special Taxes levied against any parcel of property used for private residential purposes may not be increased by more than ten percent (10%) per fiscal year as a consequence of delinquency or default by the owner of any other parcel within a Series 2018 District. Therefore, it is possible that Special Taxes may not be levied up to the Projected Special Taxes in any particular fiscal year as a consequence of Special Tax delinquencies in the Series 2018 District.

(2) Calculated by dividing the CFD No. 03-1 Special Taxes column by the CFD No. 03-1 Local Obligations Debt Service column, expressed as a percentage.

Source: Koppel & Gruber Public Finance. CFD No. 03-1 Local Obligations Debt Service column provided by the Underwriter.

## SECURITY FOR THE BONDS

### General

As described below, the Bonds are payable primarily from Revenues, consisting primarily of amounts received by the Authority from the debt service payments on the Local Obligations.

**The Bonds are special obligations of the Authority payable solely from and secured solely by the Revenues and other amounts pledged therefor in the Trust Agreement. The Bonds are not a debt or liability of the School District, the State of California or any political subdivisions thereof other than the Authority to the limited extent described herein. The faith and credit of the Authority are not pledged to secure the payment of Bonds, nor is any other political subdivision liable therefor, nor in any event shall the Bonds or any interest or redemption premium thereon be payable out of any funds or properties other than those of the Authority as set forth in the Trust Agreement. The Authority has no taxing power.**

### Revenues; Flow of Funds

***Bonds; Revenues.*** The Bonds are secured by a first lien on and pledge of all of the Revenues. So long as any of the Bonds are Outstanding, the Revenues will not be used for any purpose except as is expressly permitted by the Trust Agreement.

***Collection by the Trustee.*** The Trustee will collect and receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and shall forthwith be paid by the Authority to the Trustee. The Trustee is also entitled to and will take all steps, actions and proceedings reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the Series 2018 Districts under the Local Obligations.

***Deposit of Revenues.*** All Revenues derived from the Local Obligations will be promptly deposited by the Trustee upon receipt thereof in the Revenue Fund for application in the order described under the caption “– Receipt and Deposit of Revenues” below; provided, however, that Revenues received in connection with the optional prepayment of Local Obligations shall be deposited to the Redemption Fund in the amounts and on the dates required to effect the required redemption of the Bonds as set forth in the Trust Agreement. See “THE BONDS – Redemption” herein. Any Revenues which represent the payment of delinquent principal of or interest on an issue of Local Obligations (“Local Obligations Delinquency Revenues”) will be applied first to cure any event of default on the Bonds and then will be deposited to the Reserve Fund to the extent necessary to replenish the Reserve Fund for any deficiency that resulted from the delinquency in the payment of scheduled debt service on such Local Obligations. Any amount in excess of that needed to replenish the Reserve Fund to the extent described above will be deposited to the Revenue Fund for transfer as provided in the Trust Agreement.

***Receipt and Deposit of Revenues.*** All Revenues, other than Revenues derived from Property Owner Prepayments received by the Trustee from the Authority will be deposited into the Revenue Fund. Not later than five Business Days prior to each Interest Payment Date and each Principal Payment Date for the Bonds, the Trustee will transfer Revenues from the Revenue Fund, in the amounts required in the order of priority as set forth below, with the requirements of each fund being fully satisfied, leaving no deficiencies therein, prior to any deposit into any fund later in priority:

***First:*** To the Interest Fund, an amount of Revenues which together with amounts on deposit therein, is equal to the interest due and payable on the Bonds due on such Interest Payment Date;

## ITEM 4

*Second:* To the Principal Fund on or before each Principal Payment Date, an amount of Revenues, which together with any amounts then on deposit in the Principal Fund, is sufficient to pay the Principal Installments on the Bonds when due on such Principal Payment Date;

*Third:* To the Reserve Fund before each Interest Payment Date, an amount of Revenues which together with any amounts on deposit therein, is equal to the Reserve Requirement; and

*Fourth:* To the Expense Fund on or before each Interest Payment Date, an amount specified in a Written Order of the Authority delivered pursuant to the Trust Agreement.

Following such deposits, any remaining Revenues are required to be deposited in the Surplus Fund. For additional information regarding the Flow of Funds, see APPENDIX A – “SUMMARY OF PRINCIPAL DOCUMENTS.”

**Revenues Derived from Property Owner Prepayments.** All Revenues derived from Property Owner Prepayments (except the portion of such Revenues relating to accrued interest which is required under the Trust Agreement to be deposited in the Revenue Fund) received by the Trustee will be immediately transferred to the Trustee for deposit into the applicable Redemption Fund to be applied to the extraordinary redemption of Bonds. See “THE BONDS – Redemption Provisions Extraordinary Redemption from Prepayment of Special Taxes.”

**Reserve Fund.** The Trust Agreement establishes a Reserve Fund to be held by the Fiscal Agent and requires that such Reserve Fund be maintained in the amount of the related “Reserve Requirement” as described therein. See APPENDIX A – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.” The Reserve Fund is a shared bond reserve fund used to pay the Series 2016 Bonds and the Bonds.

All money in the Reserve Fund will be used and withdrawn by the Trustee solely for the purpose of paying the interest on or the principal or the redemption premiums, if any, of, the Series 2016 Bonds and the Bonds; but solely in the event that insufficient moneys are available in the Interest Fund, the Principal Fund, or the Redemption Fund for such purpose.

**Reserve Policy.** The Reserve Requirement will be satisfied by a Municipal Bond Debt Service Reserve Insurance Policy (the “Reserve Policy”) to be provided by [\_\_\_\_\_]. The Reserve Policy will be held by the Trustee in the Reserve Fund. See Appendix G – “SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY.”

### **Description of Local Obligations**

Each issue of Local Obligations is a separate issue of bonds relating to a separate community facilities district and is secured solely by the Special Taxes levied upon real property within the related District and proceeds of foreclosure sales in such Series 2018 District. The Local Obligations, their respective principal amounts and the related District are set forth below:

## ITEM 4

<b>Local Obligations</b>	<b>Principal Amount*</b>	<b>Name of Series 2018 District</b>
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. 94-2
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. 94-3
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. 95-1
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. 95-2
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. 99-1
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. 99-2
San Dieguito Union High School District Community Facilities District No. 99-3 Special Tax Revenue Bonds, Series 2018		San Dieguito Union High School District Community Facilities District No. 99-3
San Dieguito Union High School District Community Facilities District No. 03-1 Special Tax Revenue Bonds, Series 2018		San Dieguito Union High School District Community Facilities District No. 03-1

See Table 2 herein for the Revenues anticipated to be derived from each of the Local Obligations.

\* Preliminary, subject to change.

### **Payment of the Local Obligations**

Each issue of Local Obligations is authorized pursuant to the Mello-Roos Act and is issued under a resolution of the Board of Trustees of the School District and the applicable Indenture. The Mello-Roos Act was enacted by the California Legislature to provide an alternate method of financing certain essential public capital facilities and services, especially in developing areas of the State. Subject to approval by a two-thirds vote of qualified electors and compliance with the provisions of the Mello-Roos Act, a legislative body of a local agency may issue bonds for a community facilities district and may levy and collect a special tax within such district to repay such indebtedness. See “THE COMMUNITY FACILITIES DISTRICTS” herein.

Each issue of Local Obligations constitutes special tax obligations of the School District payable as to both principal and interest from the annual Special Tax to be levied by the School District on land within such Series 2018 District, including proceeds from the sale of property within such Series 2018 District collected as result of foreclosure of the lien of the Special Taxes and certain funds and accounts held under the applicable Indenture. The School District’s sole recourse in the event of a delinquency or failure to pay Special Taxes on a particular parcel is to institute foreclosure proceedings with respect to that parcel. See “ – Covenant for Foreclosure” herein.

## ITEM 4

EACH ISSUE OF LOCAL OBLIGATIONS IS A SPECIAL TAX OBLIGATION OF THE SCHOOL DISTRICT, AND THE INTEREST ON, PRINCIPAL OF AND REDEMPTION PREMIUMS, IF ANY, ON SUCH LOCAL OBLIGATIONS ARE PAYABLE SOLELY FROM THE PROCEEDS OF THE APPLICABLE SPECIAL TAX (INCLUDING ANY PREPAYMENTS THEREOF AND PROCEEDS FROM THE SALE OF PROPERTY COLLECTED PURSUANT TO THE FORECLOSURE PROVISIONS OF THE APPLICABLE INDENTURE FOR THE DELINQUENCY OF THE APPLICABLE SPECIAL TAX) AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED IN THE APPLICABLE INDENTURE. NEITHER THE GENERAL FUND NOR THE FULL FAITH AND CREDIT OF THE SCHOOL DISTRICT IS PLEDGED FOR THE PAYMENT OF THE INTEREST ON, PRINCIPAL OF AND REDEMPTION PREMIUMS, IF ANY, ON THE LOCAL OBLIGATIONS. THE LOCAL OBLIGATIONS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE SCHOOL DISTRICT WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

Although the Special Tax for each Series 2018 District will constitute a lien on property subject to taxation in the related District, it will not constitute a personal indebtedness of the owners of such property. There is no assurance that the owners will be financially able to pay the annual Special Tax or that they will pay such tax even if financially able to do so. The risk of nonpayment by property owners is more fully described in "SPECIAL RISK FACTORS – Collection of Special Tax."

***Additional Parity Obligations.*** Pursuant to the Local Obligation Indentures, the School District covenants that it will not issue any additional obligations on a parity with the Local Obligations hereunder, except as provided therein. The School District may issue Refunding Local Obligations (as defined in the Local Obligation Indentures) the proceeds of which are used to refund outstanding Local Obligations or to fund capitalized interest pursuant to the Local Obligation Indentures.

In addition, to the extent permitted by applicable law, the School District may issue Additional Parity Obligations under each Local Obligation Indenture if the following conditions have been satisfied: (i) the Maximum Special Tax (as defined in the Rate and Method of Apportionment related to the applicable Series 2018 District) related to the applicable Local Obligations derived from Special Taxes collected from all property within the applicable Series 2018 District is estimated to cover 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 applicable Series 2018 District for the Fiscal Year in which additional parity debt is proposed is at least 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. See APPENDIX A – "SUMMARY OF PRINCIPAL DOCUMENTS."

***Covenants Against Indebtedness and Encumbrances; Priority of Payment.*** Pursuant to each Local Obligation Indenture, the School District covenants that:

(a) it will not issue any evidences of indebtedness payable from the proceeds of the Special Tax of the applicable Series 2018 District except as provided therein, and will not create, nor permit the creation of, any pledge, lien, charge or other encumbrance upon any money in the Special Tax Fund created thereunder other than as provided in such Local Obligation Indenture; provided, that the School District may at any time, or from time to time, issue evidences of indebtedness for any lawful purpose of the applicable Series 2018 District which are payable from any money in the Community Facilities Fund as may from time to time be deposited therein so long as any payments due thereunder shall be subordinate in all respects to the use of the proceeds of the Special Tax to secure the applicable Local Obligations as provided in such Local Obligation Indenture.

(b) So long as any obligations are outstanding under a Local Obligation Indenture, the School District will not, on behalf of itself or any Series 2018 District, 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 such Local Obligation

## ITEM 4

Indenture, including any Senior Obligations (new money or refunding obligations). In addition, the School 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 JPA 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 JPA Loan Agreement for the applicable Series 2016 District, the School District shall first transfer the Special Taxes for deposit under the Local Obligation Indentures for the Series 2016 Districts.

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

See APPENDIX A – “SUMMARY OF PRINCIPAL DOCUMENTS.”

### **Special Tax Authorization**

The Special Tax for each Series 2018 District is to be levied and collected against all Taxable Parcels within such Series 2018 District in accordance with the applicable rate and method of apportionment for such Series 2018 District. See APPENDIX B – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITY FACILITIES DISTRICTS.”

The Special Tax for each Series 2018 District is to be collected in the same manner as ordinary *ad valorem* property taxes are collected, and, except as otherwise provided in the covenant for foreclosure and in the Act, is to be subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for *ad valorem* property taxes. See “SECURITY FOR THE BONDS – Covenant for Foreclosure” and “SPECIAL RISK FACTORS – Collection of Special Tax.”

Each Rate and Method of Apportionment of Special Tax for each Series 2018 District, subject to the maximum rates set forth therein, apportions the total debt service requirement (principal, interest, and mandatory sinking fund payments), restoration of the applicable Required Bond Reserve, current annual expenses, and other costs each year in each Series 2018 District among the taxable land in such Series 2018 District. See APPENDIX B – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITY FACILITIES DISTRICTS.”

Pursuant to each Indenture, so long as any Local Obligations are outstanding thereunder, the School District is required annually to levy the applicable Special Tax against all taxable parcels in the applicable District and make provision for the collection of such 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 Units contained in the applicable Indenture, and which in any event will be sufficient to pay the interest on and principal of such Local Obligations as they become due and payable, to replenish the related Bond Reserve Fund to the related Required Bond Reserve and to pay all current expenses for such Local Obligations as they become due and payable.

### **Rates and Methods**

**General.** The Special Tax is levied and collected in each Series 2018 District according to each Series 2018 District’s Rate and Method (see Appendix B – “Rate and Method of Apportionment of Special Taxes for Each District”). The qualified electors of each Series 2018 District approved the applicable Rate and Method for the Series 2018 Districts, and the election results were confirmed by the Board of Trustees of the School District. See “THE COMMUNITY FACILITIES DISTRICTS” herein. The description below regarding each Series 2018 District’s Rate and Method is intended to be a summary, and is subject to the more

## ITEM 4

complete information set forth in the Rates and Methods for the Series 2018 Districts, which are included in Appendix B. Capitalized terms used in the following paragraphs but not defined herein have the meanings given them in the Rates and Methods.

**CFD No. 94-2.** The Rate and Method for CFD No. 94-2 provides the means by which the Board of Trustees of the School District may annually levy the Special Taxes within CFD No. 94-2 up to the Maximum Special Tax. Annually, at the time of levying the Special Tax for CFD No. 94-2, the Board of Trustees shall determine the amount of money to be collected from Developed Property and Undeveloped Property in such Community Facilities District. The Rate and Method for CFD No. 94-2 provides that a Maximum Special Tax on Developed Property may be levied (i) to pay the “Bond Requirements” and (ii) to provide for the cost of constructing, leasing, and/or acquiring the “Facilities,” and that a Maximum Special Tax may be levied on Undeveloped Property to the extent necessary to pay the Bond Requirements in the event Special Tax revenues from the levy on Developed Property, together with all other “Legally Available Funds” of CFD No. 94-2 are insufficient to pay the Bond Requirements for such Fiscal Year. “Facilities” is defined in the Rate and Method for CFD No. 94-2 as those school facilities (including land) and other facilities which CFD No. 94-2 is authorized by law to construct, lease, acquire, own or operate. “Bond Requirements” is defined in the Rate and Method for CFD No. 94-2, as the amount necessary in any Fiscal Year (i) to fund reasonably anticipated delinquencies that may arise from Developed Property in the applicable Fiscal Year, (ii) to pay principal of and interest on the bonds at that time outstanding in CFD No. 94-2, (iii) to make any deposits required to be made to replenish the reserve fund due to delinquencies on such bonds or obligations, and (iv) to pay for Administrative Expenses.

Developed and Undeveloped Property; Exempt Property. The Rate and Method for CFD No. 94-2 declares that on or before July 1 of each Fiscal Year, all Residential Property within CFD No. 94-2 shall be classified as Developed Property, Undeveloped Property or Exempt Property and shall be subject to Special Taxes in accordance with the applicable Rate and Method.

Developed Property for CFD No. 94-2 means any Assessor’s Parcel in CFD No. 94-2 for which a building permit has been issued as of June 30 of the previous fiscal year in which the Special Tax is being levied. Developed Property is further classified as Single-Family (having a density of fifteen or less residential units per acre) or Multi-Family (having a density of more than fifteen residential units per acre).

Undeveloped Property means all Residential Property in CFD No. 94-2 (i.e. parcels of land in such Community Facility District at any time zoned for residential purposes) which is not classified as Developed Property, and not exempt from the Annual Special Tax pursuant to law or the Rate and Method.

Exempt Property means any Assessor’s Parcel within the boundaries of CFD No. 94-2 which: (i) is the property of State, federal or other local government or public agency, except as otherwise provided by the Act, (ii) has been zoned, authorized or designated for a non-residential use on the applicable general plan, specific plan, or community plan for which the City of Carlsbad or the County of San Diego utilizes or relies upon for land use planning purposes and for the approval of the development of real property, (iii) is “common area” of a common interest development (as defined in Section 1351 of the California Civil Code or any similar subsequent legislation), or (iv) is property which meets the definition of “Senior Citizen Housing,” in the Rate and Method for CFD No. 94-2.

See Appendix B – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITIES FACILITIES DISTRICTS” for the complete Rate and Method for CFD No. 94-2.

The following table identifies the maximum tax on Developed and Undeveloped Property in CFD No. 94-2, assuming no prepayment. In the event of prepayment, a parcel in CFD No. 94-2 is subject to an



Alternate Prepayment Tax, and Alternate Prepayment Taxes are excluded from the definition of “Special Taxes” that secure each Series 2018 District’s obligation to make payments on Local Obligations.

**Table 12**  
**SAN DIEGUITO FACILITIES FINANCING AUTHORITY**  
**Community Facilities District No. 94-2**  
**Maximum Special Taxes**

Name of District	Multi Family	Annual Tax Single Family	Undev. Prop. Per Acre
CFD No. 94-2	\$218	\$800	\$500

Source: *The School District.*

THE BONDS AND THE LOCAL OBLIGATIONS ARE BEING SIZED BASED ON PROJECTED SPECIAL TAX COLLECTIONS FROM CURRENT DEVELOPED PROPERTY. NO SPECIAL TAX IS EXPECTED TO BE LEVIED ON UNDEVELOPED PROPERTY.

Method of Apportionment. The Rates and Method for CFD No. 94-2 provides that the Special Tax in such Community Facilities District shall be levied first on Developed Property, up to the Maximum Special Tax, and then, in the event that on July 1 of any Fiscal Year, the maximum projected revenues that can be generated from the levy on all Developed Property, together with all other Legally Available Funds of CFD No. 94-2 (such as bond fund earnings and other interest earnings) are insufficient to pay Bond Requirements for such Fiscal Year, then a Special Tax is levied on all Undeveloped Property for such Fiscal Year only. The Rate and Method for CFD No. 94-2 provides that the Special Tax levied on Undeveloped Property shall not exceed the lesser of (i) \$500 per acre, or (ii) the aggregate amount of actual delinquencies in the payment of Special Taxes for Developed Property for the prior Fiscal Year, divided by the total number of gross acres of Undeveloped Property in CFD No. 94-2.

Alternate Prepayment. The Rate and Method for CFD No. 94-2 provides for the option of prepayment by an owner of any Assessor’s Parcel in CFD No. 94-2 of 50% of such owner’s Special Tax obligation attributable to such Assessor’s Parcel. The owner wishing to prepay must elect to do so within five business days from the time of issuance of the initial building permit with respect to such Assessor’s Parcel. The CFD No. 94-2 Alternate Prepayment Tax is (i) \$4,955 for each Assessor’s Parcel of Single-Family Developed Property, and (ii) \$1,350 for each Assessor’s Parcel of Multi-Family Developed Property. Owners who elect to prepay 50% of the Special Tax are thereafter levied at 50% of the annual applicable Special Tax rate. The proceeds of the payment of Alternate Prepayment Taxes do not constitute Special Taxes and, as a result, are not pledged to payment of the Local Obligations.

Collection of Special Taxes. The annual Special Taxes are levied and collected in the same manner as ordinary *ad valorem* property taxes are levied and collected by the County. Notwithstanding any provision to the contrary in the Rate and Method for CFD No. 94-2, it provides that CFD No. 94-2 may collect any Annual Special Tax at a different time and/or in a different manner if necessary to meet its financial obligations. All Special Taxes are subject to the same penalties and lien priorities in the case of delinquency as is provided for *ad valorem* taxes; provided that CFD No. 94-2 may covenant for the benefit of bondholders to commence and diligently pursue to completion judicial foreclosure proceedings for the payment of delinquent installments of Annual Special Taxes.

Limitations of Special Tax. No CFD No. 94-2 Annual Special Tax may be imposed on Exempt Property. Under no circumstances will the Annual Special Tax levied against any parcel of Developed Property in CFD No. 94-2 be increased by more than ten percent as a consequence of delinquency or default by the owner of any other parcel within CFD No. 94-2. The Special Tax may be levied on any parcel in CFD

## ITEM 4

No. 94-2 for a period not to exceed 35 years commencing the first fiscal year in which the Special Tax is levied on such parcel of Developed Property.

For the complete texts of the Rate and Method for CFD No. 94-2, see Appendix B – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITIES FACILITIES DISTRICTS.”

**CFD No. 94-3.** The Rate and Method for CFD No. 94-3 provides the means by which the Board of Trustees of the School District may annually levy the Special Taxes within CFD No. 94-3 up to the Maximum Special Tax. Annually, at the time of levying the Special Tax for CFD No. 94-3, the Board of Trustees shall determine the amount of money to be collected from Developed Property and Undeveloped Property in such Community Facilities District. The Rate and Method for CFD No. 94-3 provides that a Maximum Special Tax on Developed Property may be levied (i) to pay the “Bond Requirements” and (ii) to provide for the cost of constructing, leasing, and/or acquiring the “Facilities,” and that a Maximum Special Tax may be levied on Undeveloped Property to the extent necessary to pay the Bond Requirements in the event Special Tax revenues from the levy on Developed Property, together with all other “Legally Available Funds” of CFD No. 94-3 are insufficient to pay the Bond Requirements for such Fiscal Year. “Facilities” is defined in the Rate and Method for CFD No. 94-3 as those school facilities (including land) and other facilities which CFD No. 94-3 is authorized by law to construct, lease, acquire, own or operate. “Bond Requirements” is defined in the Rate and Method for CFD No. 94-3, as the amount necessary in any Fiscal Year (i) to pay principal of and interest on the bonds at that time outstanding in CFD No. 94-3 or any certificates of participation or other obligations issued to finance the Facilities, (ii) to make any deposits required to be made with respect to any reserve fund created with respect to such bonds or obligations, and (iv) to pay for Administrative Expenses.

Developed and Undeveloped Property; Exempt Property. The Rate and Method for CFD No. 94-3 declares that on or before July 1 of each Fiscal Year, all Residential Property within CFD No. 94-3 shall be classified as Developed Property, Undeveloped Property or Exempt Property and shall be subject to Special Taxes in accordance with the applicable Rate and Method.

Developed Property for CFD No. 94-3 means any Assessor’s Parcel in CFD No. 94-3 for which a building permit has been issued as of June 30 of the previous fiscal year in which the Special Tax is being levied. Developed Property is further classified as Single-Family (having a density of fifteen or less residential units per acre) or Multi-Family (having a density of more than fifteen residential units per acre).

Undeveloped Property means all Residential Property in CFD No. 94-3 2 (i.e. parcels of land in such Community Facility District at any time zoned for residential purposes) which is not classified as Developed Property, and not exempt from the Annual Special Tax pursuant to law or the Rate and Method.

Exempt Property means any Assessor’s Parcel within the boundaries of CFD No. 94-3 which: (i) is the property of State, federal or other local government or public agency, except as otherwise provided by the Act, (ii) has been zoned, authorized or designated for a non-residential use on the applicable general plan, specific plan, or community plan for which the Cities of Carlsbad, Encinitas or San Diego or the County of San Diego utilizes or relies upon for land use planning purposes and for the approval of the development of real property, (iii) is “common area” of a common interest development (as defined in Section 1351 of the California Civil Code or any similar subsequent legislation), (iv) is property which meets the definition of “Senior Citizen Housing,” in the Rate and Method for CFD No. 94-3, or (v) is subject to a contract pursuant to California Government Code Section 51200 et seq.

See Appendix B – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITIES FACILITIES DISTRICTS” for the complete Rate and Method for CFD No. 94-3.

The following table identifies the maximum tax on Developed and Undeveloped Property in CFD No. 94-3, assuming no prepayment. In the event of prepayment, a parcel in CFD No. 94-3 is subject to an Alternate Prepayment Tax, and Alternate Prepayment Taxes are excluded from the definition of “Special Taxes” that secure each Series 2018 District’s obligation to make payments on Local Obligations.

**Table 13**  
**SAN DIEGUITO FACILITIES FINANCING AUTHORITY**  
**Community Facilities District No. 94-3**  
**Maximum Special Taxes**

<u>Name of District</u>	<u>Multi Family</u>	<u>Annual Tax Single Family</u>	<u>Undev. Prop. Per Acre</u>
CFD No. 94-3	\$218	\$800	\$500

*Source: The School District.*

THE BONDS AND THE LOCAL OBLIGATIONS ARE BEING SIZED BASED ON PROJECTED SPECIAL TAX COLLECTIONS FROM CURRENT DEVELOPED PROPERTY. NO SPECIAL TAX IS EXPECTED TO BE LEVIED ON UNDEVELOPED PROPERTY.

Method of Apportionment. The Rates and Method for CFD No. 94-3 provides that the Special Tax in such Community Facilities District shall be levied first on Developed Property, up to the Maximum Special Tax, and then, in the event that on July 1 of any Fiscal Year, the maximum projected revenues that can be generated from the levy on all Developed Property, together with all other Legally Available Funds of CFD No. 94-3 (such as bond fund earnings and other interest earnings) are insufficient to pay Bond Requirements for such Fiscal Year, then a Special Tax is levied on all Undeveloped Property for such Fiscal Year only. The Rate and Method for CFD No. 94-3 provides that the Special Tax levied on Undeveloped Property shall not exceed the lesser of (i) \$500 per acre, or (ii) the aggregate amount of actual delinquencies in the payment of Special Taxes for Developed Property for the prior Fiscal Year, divided by the total number of gross acres of Undeveloped Property in CFD No. 94-3.

Alternate Prepayment. The Rate and Method for CFD No. 94-3 provides for the option of prepayment by an owner of any Assessor’s Parcel in CFD No. 94-3 of 50% of such owner’s Special Tax obligation attributable to such Assessor’s Parcel. The owner wishing to prepay must elect to do so within five business days from the time of issuance of the initial building permit with respect to such Assessor’s Parcel. The CFD No. 94-3 Alternate Prepayment Tax is (i) \$9,910 for each Assessor’s Parcel of Single-Family Developed Property, and (ii) \$2,700 for each Assessor’s Parcel of Multi-Family Developed Property. The Alternate Prepayment Tax is adjusted annually based on the Rates and Methods of Apportionment. Owners who elect to prepay 50% of the Special Tax are thereafter levied at 50% of the annual applicable Special Tax rate. The proceeds of the payment of Alternate Prepayment Taxes do not constitute Special Taxes and, as a result, are not pledged to payment of the Local Obligations.

Collection of Special Taxes. The annual Special Taxes are levied and collected in the same manner as ordinary *ad valorem* property taxes are levied and collected by the County. Notwithstanding any provision to the contrary in the Rate and Method for CFD No. 94-3, it provides that CFD No. 94-3 may collect any Annual Special Tax at a different time and/or in a different manner if necessary to meet its financial obligations. All Special Taxes are subject to the same penalties and lien priorities in the case of delinquency as is provided for *ad valorem* taxes; provided that CFD No. 94-3 may covenant for the benefit of bondholders to commence and diligently pursue to completion judicial foreclosure proceedings for the payment of delinquent installments of Annual Special Taxes.

## ITEM 4

Limitations of Special Tax. No CFD No. 94-3 Annual Special Tax may be imposed on Exempt Property. Under no circumstances will the Annual Special Tax levied against any parcel of Developed Property in CFD No. 94-3 be increased by more than ten percent as a consequence of delinquency or default by the owner of any other parcel within CFD No. 94-3. The Special Tax may be levied on any parcel in CFD No. 94-3 for a period not to exceed 35 years commencing the first fiscal year in which the Special Tax is levied on such parcel of Developed Property.

For the complete texts of the Rate and Method for CFD No. 94-3, see Appendix B – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITIES FACILITIES DISTRICTS.”

**CFD No. 95-1.** The Rate and Method for CFD No. 95-1 provides the means by which the Board of Trustees of the School District may annually levy the Special Taxes within CFD No. 95-1 up to the Maximum Special Tax. Annually, at the time of levying the Special Tax for CFD No. 95-1, the Board of Trustees shall determine the amount of money to be collected from Developed Property and Undeveloped Property in such Community Facilities District. The Rate and Method for CFD No. 95-1 provides that a Maximum Special Tax on Developed Property may be levied (i) to pay the “Bond Requirements” and (ii) to provide for the cost of constructing, leasing, and/or acquiring the “Facilities,” and that a Maximum Special Tax may be levied on Undeveloped Property to the extent necessary to pay the Bond Requirements in the event Special Tax revenues from the levy on Developed Property, together with all other “Legally Available Funds” of CFD No. 95-1 are insufficient to pay the Bond Requirements for such Fiscal Year. “Facilities” is defined in the Rate and Method for CFD No. 95-1 as those school facilities, including land and other facilities which CFD No. 95-1 is authorized by law to construct, lease, acquire, own or operate. “Bond Requirements” is defined in the Rate and Method for CFD No. 95-1, as the amount necessary in any Fiscal Year (i) to pay principal of and interest on the bonds at that time outstanding in CFD No. 95-1 or any certificates of participation or other obligations issued to finance the Facilities, (ii) to make any deposits required to be made with respect to any reserve fund created with respect to such bonds or obligations, and (iii) to pay for Administrative Expenses.

Developed and Undeveloped Property; Exempt Property. The Rate and Method for CFD No. 95-1 declares that on or before July 1 of each Fiscal Year, all Residential Property within CFD No. 95-1 shall be classified as Developed Property, Undeveloped Property or Exempt Property and shall be subject to Special Taxes in accordance with the applicable Rate and Method.

Developed Property for CFD No. 95-1 means any Assessor’s Parcel in CFD No. 95-1 for which a building permit has been issued as of June 30 of the previous fiscal year in which the Special Tax is being levied. Developed Property is further classified as Single-Family (any Dwelling Unit not classified as Multi-Family) or Multi-Family (having a density of more than fifteen residential units per acre or attached by a common wall to two or more additional Dwelling Units).

Undeveloped Property means all Residential Property in CFD No. 95-1 (i.e. parcels of land in such Community Facility District at any time zoned for residential purposes) which is not classified as Developed Property, and not exempt from the Annual Special Tax pursuant to law or the Rate and Method.

Exempt Property means any Assessor’s Parcel within the boundaries of CFD No. 95-1 which: (i) is the property of State, federal or other local government or public agency, except as otherwise provided by the Act, (ii) has been zoned, authorized or designated for a non-residential use on the applicable general plan, specific plan, or community plan for which the Cities of Carlsbad, Encinitas or San Diego or the County of San Diego utilizes or relies upon for land use planning purposes and for the approval of the development of real property, (iii) is “common area” of a common interest development (as defined in Section 1351 of the California Civil Code or any similar subsequent legislation), or (iv) is property which meets the definition of “Senior Citizen Housing,” in the Rate and Method for CFD No. 95-1.

See Appendix B – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITIES FACILITIES DISTRICTS” for the complete Rate and Method for CFD No. 95-1.

The following table identifies the maximum tax on Developed and Undeveloped Property in CFD No. 95-1.

**Table 14**  
**SAN DIEGUITO FACILITIES FINANCING AUTHORITY**  
**Community Facilities District No. 95-1**  
**Maximum Special Taxes**

Name of District	Multi Family	Annual Tax Single Family	Undev. Prop. Per Acre
CFD No. 95-1	\$231	\$855	\$800

*Source: The School District.*

THE BONDS AND THE LOCAL OBLIGATIONS ARE BEING SIZED BASED ON PROJECTED SPECIAL TAX COLLECTIONS FROM CURRENT DEVELOPED PROPERTY. NO SPECIAL TAX IS EXPECTED TO BE LEVIED ON UNDEVELOPED PROPERTY.

Method of Apportionment. The Rates and Method for CFD No. 95-1 provides that the Special Tax in such Community Facilities District shall be levied first on Developed Property, up to the Maximum Special Tax, and then, in the event that on July 1 of any Fiscal Year, the maximum projected revenues that can be generated from the levy on all Developed Property, together with all other Legally Available Funds of CFD No. 95-1 (such as bond fund earnings and other interest earnings) are insufficient to pay Bond Requirements for such Fiscal Year, then a Special Tax is levied on all Undeveloped Property for such Fiscal Year only. The Rate and Method for CFD No. 95-1 provides that the Special Tax levied on Undeveloped Property shall not exceed the lesser of (i) \$800 per acre, or (ii) the aggregate amount of actual delinquencies in the payment of Special Taxes for Developed Property for the prior Fiscal Year, divided by the total number of gross acres of Undeveloped Property in CFD No. 95-1.

Collection of Special Taxes. The annual Special Taxes are levied and collected in the same manner as ordinary *ad valorem* property taxes are levied and collected by the County. Notwithstanding any provision to the contrary in the Rate and Method for CFD No. 95-1, it provides that CFD No. 95-1 may collect any Annual Special Tax at a different time and/or in a different manner if necessary to meet its financial obligations. All Special Taxes are subject to the same penalties and lien priorities in the case of delinquency as is provided for *ad valorem* taxes; provided that CFD No. 95-1 may covenant for the benefit of bondholders to commence and diligently pursue to completion judicial foreclosure proceedings for the payment of delinquent installments of Annual Special Taxes.

Limitations of Special Tax. No CFD No. 95-1 Annual Special Tax may be imposed on Exempt Property. Under no circumstances will the Annual Special Tax levied against any parcel of Developed Property in CFD No. 95-1 be increased by more than ten percent as a consequence of delinquency or default by the owner of any other parcel within CFD No. 95-1. The Special Tax may be levied on any parcel in CFD No. 95-1 for a period not to exceed 35 years commencing the first fiscal year in which the Special Tax is levied on such parcel of Developed Property.

For the complete texts of the Rate and Method for CFD No. 95-1, see Appendix B – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITIES FACILITIES DISTRICTS.”

## ITEM 4

**CFD No. 95-2.** The Rate and Method for CFD No. 95-2 provides the means by which the Board of Trustees of the School District may annually levy the Special Taxes within CFD No. 95-2 up to the Maximum Special Tax. Annually, at the time of levying the Special Tax for CFD No. 95-2, the Board of Trustees shall determine the amount of money to be collected from Developed Property and Undeveloped Property in such Community Facilities District. The Rate and Method for CFD No. 95-2 provides that a Maximum Special Tax on Developed Property may be levied (i) to pay the “Bond Requirements” and (ii) to provide for the cost of constructing, leasing, and/or acquiring the “Facilities,” and that a Maximum Special Tax may be levied on Undeveloped Property to the extent necessary to pay the Bond Requirements in the event Special Tax revenues from the levy on Developed Property, together with all other “Legally Available Funds” of CFD No. 95-2 are insufficient to pay the Bond Requirements for such Fiscal Year. “Facilities” is defined in the Rate and Method for CFD No. 95-2 as those school facilities (including land) and other facilities which CFD No. 95-2 is authorized by law to construct, lease, acquire, own or operate. “Bond Requirements” is defined in the Rate and Method for CFD No. 95-2, as the amount necessary in any Fiscal Year (i) to pay principal of and interest on the bonds at that time outstanding in CFD No. 95-2 or any certificates of participation or other obligations issued to finance the Facilities, (ii) to make any deposits required to be made with respect to any reserve fund created with respect to such bonds or obligations, and (iii) to pay for Administrative Expenses.

Developed and Undeveloped Property; Exempt Property. The Rate and Method for CFD No. 95-2 declares that on or before July 1 of each Fiscal Year, all Residential Property within CFD No. 95-2 shall be classified as Developed Property, Undeveloped Property or Exempt Property and shall be subject to Special Taxes in accordance with the applicable Rate and Method.

Developed Property for CFD No. 95-2 means any Assessor’s Parcel in CFD No. 95-2 for which a building permit has been issued as of June 30 of the previous fiscal year in which the Special Tax is being levied. Developed Property is further classified as Single-Family (having a density of fifteen or less residential units per acre) or Multi-Family (having a density of more than fifteen residential units per acre).

Undeveloped Property means all Residential Property in CFD No. 95-2 (i.e. parcels of land in such Community Facility District at any time zoned for residential purposes) which is not classified as Developed Property, and not exempt from the Annual Special Tax pursuant to law or the Rate and Method.

Exempt Property means any Assessor’s Parcel within the boundaries of CFD No. 95-2 which: (i) is the property of State, federal or other local government or public agency, except as otherwise provided by the Act, (ii) has been zoned, authorized or designated for a non-residential use on the applicable general plan, specific plan, or community plan for which the Cities of Carlsbad, Encinitas or San Diego or the County of San Diego utilizes or relies upon for land use planning purposes and for the approval of the development of real property, (iii) is “common area” of a common interest development (as defined in Section 1351 of the California Civil Code or any similar subsequent legislation), or (iv) is property which meets the definition of “Senior Citizen Housing,” in the Rate and Method for CFD No. 95-2.

See Appendix B – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITIES FACILITIES DISTRICTS” for the complete Rate and Method for CFD No. 95-2.

The following table identifies the maximum tax on Developed and Undeveloped Property in CFD No. 95-2, assuming no prepayment. In the event of prepayment, a parcel in CFD No. 95-2 is subject to an Alternate Prepayment Tax, and Alternate Prepayment Taxes are excluded from the definition of “Special Taxes” that secure each Series 2018 District’s obligation to make payments on Local Obligations.

**Table 15  
SAN DIEGUITO FACILITIES FINANCING AUTHORITY  
Community Facilities District No. 95-2  
Maximum Special Taxes**

<u>Name of District</u>	<u>Multi Family</u>	<u>Annual Tax Single Family</u>	<u>Undev. Prop. Per Acre</u>
CFD No. 95-2	\$218	\$800	\$500

Source: The School District.

THE BONDS AND THE LOCAL OBLIGATIONS ARE BEING SIZED BASED ON PROJECTED SPECIAL TAX COLLECTIONS FROM CURRENT DEVELOPED PROPERTY. NO SPECIAL TAX IS EXPECTED TO BE LEVIED ON UNDEVELOPED PROPERTY.

Method of Apportionment. The Rates and Method for CFD No. 95-2 provides that the Special Tax in such Community Facilities District shall be levied first on Developed Property, up to the Maximum Special Tax, and then, in the event that on July 1 of any Fiscal Year, the maximum projected revenues that can be generated from the levy on all Developed Property, together with all other Legally Available Funds of CFD No. 95-2 (such as bond fund earnings and other interest earnings) are insufficient to pay Bond Requirements for such Fiscal Year, then a Special Tax is levied on all Undeveloped Property for such Fiscal Year only. The Rate and Method for CFD No. 95-2 provides that the Special Tax levied on Undeveloped Property shall not exceed the lesser of (i) \$500 per acre, or (ii) the aggregate amount of actual delinquencies in the payment of Special Taxes for Developed Property for the prior Fiscal Year, divided by the total number of gross acres of Undeveloped Property in CFD No. 95-2.

Alternate Prepayment. The Rate and Method for CFD No. 95-2 provides for the option of prepayment by an owner of any Assessor’s Parcel in CFD No. 95-2 of 50% of such owner’s Special Tax obligation attributable to such Assessor’s Parcel. The owner wishing to prepay must elect to do so within five business days from the time of issuance of the initial building permit with respect to such Assessor’s Parcel. The CFD No. 95-2 Alternate Prepayment Tax is (i) \$9,910 for each Assessor’s Parcel of Single-Family Developed Property, and (ii) \$2,700 for each Assessor’s Parcel of Multi-Family Developed Property. The Alternate Prepayment Tax is adjusted annually based on the Rates and Methods of Apportionment. Owners who elect to prepay 50% of the Special Tax are thereafter levied at 50% of the annual applicable Special Tax rate. The proceeds of the payment of Alternate Prepayment Taxes do not constitute Special Taxes and, as a result, are not pledged to payment of the Local Obligations.

Collection of Special Taxes. The annual Special Taxes are levied and collected in the same manner as ordinary *ad valorem* property taxes are levied and collected by the County. Notwithstanding any provision to the contrary in the Rate and Method for CFD No. 95-2, it provides that CFD No. 95-2 may collect any Annual Special Tax at a different time and/or in a different manner if necessary to meet its financial obligations. All Special Taxes are subject to the same penalties and lien priorities in the case of delinquency as is provided for *ad valorem* taxes; provided that CFD No. 95-2 may covenant for the benefit of bondholders to commence and diligently pursue to completion judicial foreclosure proceedings for the payment of delinquent installments of Annual Special Taxes.

Limitations of Special Tax. No CFD No. 95-2 Annual Special Tax may be imposed on Exempt Property. Under no circumstances will the Annual Special Tax levied against any parcel of Developed Property in CFD No. 95-2 be increased by more than ten percent as a consequence of delinquency or default by the owner of any other parcel within CFD No. 95-2. The Special Tax may be levied on any parcel in CFD No. 95-2 for a period not to exceed 35 years commencing the first fiscal year in which the Special Tax is levied on such parcel of Developed Property.

## ITEM 4

For the complete texts of the Rate and Method for CFD No. 95-2, see Appendix B – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITIES FACILITIES DISTRICTS.”

**CFD No. 99-1.** The Rate and Method for CFD No. 99-1 provides the means by which the Board of Trustees of the School District may annually levy the Special Taxes within CFD No. 99-1 up to the Maximum Special Tax. Annually, at the time of levying the Special Tax for CFD No. 99-1, the Board of Trustees shall determine the amount of money to be collected from Developed Property and Undeveloped Property in such Community Facilities District. The Rate and Method for CFD No. 99-1 provides that a Maximum Special Tax on Developed Property may be levied (i) to pay the “Bond Requirements” and (ii) to provide for the cost of constructing, leasing, and/or acquiring the “Facilities,” and that a Maximum Special Tax may be levied on Undeveloped Property to the extent necessary to pay the Bond Requirements in the event Special Tax revenues from the levy on Developed Property, together with all other “Legally Available Funds” of CFD No. 99-1 are insufficient to pay the Bond Requirements for such Fiscal Year. “Facilities” is defined in the Rate and Method for CFD No. 99-1 as those school facilities, including land and other facilities which CFD No. 99-1 is authorized by law to construct, lease, acquire, own or operate. “Bond Requirements” is defined in the Rate and Method for CFD No. 99-1, as the amount necessary in any Fiscal Year (i) to pay principal of and interest on the bonds at that time outstanding in CFD No. 99-1 or any certificates of participation or other obligations issued to finance the Facilities, (ii) to make any deposits required to be made with respect to any reserve fund created with respect to such bonds or obligations, and (iii) to pay for Administrative Expenses.

Developed and Undeveloped Property; Exempt Property. The Rate and Method for CFD No. 99-1 declares that on or before July 1 of each Fiscal Year, all Residential Property within CFD No. 99-1 shall be classified as Developed Property, Undeveloped Property or Exempt Property and shall be subject to Special Taxes in accordance with the applicable Rate and Method.

Developed Property for CFD No. 99-1 means any Assessor’s Parcel in CFD No. 99-1 for which a building permit has been issued as of June 30 of the previous fiscal year in which the Special Tax is being levied. Developed Property is further classified as Single-Family (any Dwelling Unit not classified as Multi-Family) or Multi-Family (not exceeding 1,600 square feet of Assessable Area and having a density of more than fifteen residential units per acre).

Undeveloped Property means all Residential Property in CFD No. 99-1 (i.e. parcels of land in such Community Facility District at any time zoned for residential purposes) which is not classified as Developed Property, and not exempt from the Annual Special Tax pursuant to law or the Rate and Method.

Exempt Property means any Assessor’s Parcel within the boundaries of CFD No. 99-1 which: (i) is the property of State, federal or other local government or public agency, except as otherwise provided by the Act, (ii) has been zoned, authorized or designated for a non-residential use on the applicable general plan, specific plan, or community plan for which the City of San Diego or the County of San Diego utilizes or relies upon for land use planning purposes and for the approval of the development of real property, (iii) is “common area” of a common interest development (as defined in Section 1351 of the California Civil Code or any similar subsequent legislation), or (iv) is property which meets the definition of “Senior Citizen Housing,” in the Rate and Method for CFD No. 99-1.

See Appendix B – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITIES FACILITIES DISTRICTS” for the complete Rate and Method for CFD No. 99-1.

The following table identifies the maximum tax on Developed and Undeveloped Property in CFD No. 99-1, assuming no prepayment. In the event of prepayment, a parcel in CFD No. 99-1 is subject to an Alternate Prepayment Tax, and Alternate Prepayment Taxes are excluded from the definition of “Special Taxes” that secure each Series 2018 District’s obligation to make payments on Local Obligations.



**Table 16  
SAN DIEGUITO FACILITIES FINANCING AUTHORITY  
Community Facilities District No. 99-1  
Maximum Special Taxes**

<u>Name of District</u>	<u>Multi Family</u>	<u>Annual Tax Single Family</u>	<u>Undev. Prop. Per Acre</u>
CFD No. 99-1	\$231	\$855	\$800

Source: *The School District.*

THE BONDS AND THE LOCAL OBLIGATIONS ARE BEING SIZED BASED ON PROJECTED SPECIAL TAX COLLECTIONS FROM CURRENT DEVELOPED PROPERTY. NO SPECIAL TAX IS EXPECTED TO BE LEVIED ON UNDEVELOPED PROPERTY.

Method of Apportionment. The Rates and Method for CFD No. 99-1 provides that the Special Tax in such Community Facilities District shall be levied first on Developed Property, up to the Maximum Special Tax, and then, in the event that on July 1 of any Fiscal Year, the maximum projected revenues that can be generated from the levy on all Developed Property, together with all other Legally Available Funds of CFD No. 99-1 (such as bond fund earnings and other interest earnings) are insufficient to pay Bond Requirements for such Fiscal Year, then a Special Tax is levied on all Undeveloped Property for such Fiscal Year only. The Rate and Method for CFD No. 99-1 provides that the Special Tax levied on Undeveloped Property shall not exceed the lesser of (i) \$800 per acre, or (ii) the aggregate amount of actual delinquencies in the payment of Special Taxes for Developed Property for the prior Fiscal Year, divided by the total number of gross acres of Undeveloped Property in CFD No. 99-1.

Alternate Prepayment. The Rate and Method for CFD No. 99-1 provides for the option of prepayment by an owner of any Assessor’s Parcel in CFD No. 99-1 of 50% of such owner’s Special Tax obligation attributable to such Assessor’s Parcel. The owner wishing to prepay must elect to do so within five business days from the time of issuance of the initial building permit with respect to such Assessor’s Parcel. The CFD No. 99-1 Alternate Prepayment Tax is (i) \$11,403 for each Assessor’s Parcel of Single-Family Developed Property, and (ii) \$3,080 for each Assessor’s Parcel of Multi-Family Developed Property. The Alternate Prepayment Tax is adjusted annually based on the Rates and Methods of Apportionment. Owners who elect to prepay 50% of the Special Tax are thereafter levied at 50% of the annual applicable Special Tax rate. The proceeds of the payment of Alternate Prepayment Taxes do not constitute Special Taxes and, as a result, are not pledged to payment of the Local Obligations.

Collection of Special Taxes. The annual Special Taxes are levied and collected in the same manner as ordinary *ad valorem* property taxes are levied and collected by the County. Notwithstanding any provision to the contrary in the Rate and Method for CFD No. 99-1, it provides that CFD No. 99-1 may collect any Annual Special Tax at a different time and/or in a different manner if necessary to meet its financial obligations. All Special Taxes are subject to the same penalties and lien priorities in the case of delinquency as is provided for *ad valorem* taxes; provided that CFD No. 99-1 may covenant for the benefit of bondholders to commence and diligently pursue to completion judicial foreclosure proceedings for the payment of delinquent installments of Annual Special Taxes.

Limitations of Special Tax. No CFD No. 99-1 Annual Special Tax may be imposed on Exempt Property. Under no circumstances will the Annual Special Tax levied against any parcel of Developed Property in CFD No. 99-1 be increased by more than ten percent as a consequence of delinquency or default by the owner of any other parcel within CFD No. 99-1. The Special Tax may be levied on any parcel in CFD No. 99-1 for a period not to exceed 35 years commencing the first fiscal year in which the Special Tax is levied on such parcel of Developed Property.

## ITEM 4

For the complete texts of the Rate and Method for CFD No. 99-1, see Appendix B – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITIES FACILITIES DISTRICTS.”

**CFD No. 99-2.** The Rate and Method for CFD No. 99-2 provides the means by which the Board of Trustees of the School District may annually levy the Special Taxes within CFD No. 99-2 up to the Maximum Special Tax. Annually, at the time of levying the Special Tax for CFD No. 99-2, the Board of Trustees shall determine the amount of money to be collected from Developed Property and Undeveloped Property in such Community Facilities District.

Developed and Undeveloped Property; Exempt Property. The Rate and Method for CFD No. 99-2 declares that on or before July 1 of each Fiscal Year, all Residential Property within CFD No. 99-2 shall be classified as Developed Property, Undeveloped Property or Exempt Property and shall be subject to Special Taxes in accordance with the applicable Rate and Method.

Developed Property for CFD No. 99-2 means any Assessor’s Parcel in CFD No. 99-2 for which a building permit has been issued as of June 30 of the previous fiscal year in which the Special Tax is being levied. Developed Property is further classified as Residential Property that is not Exempt Property and further classified as Residential, Commercial, or exempt.

Undeveloped Property means an Assessor’s Parcel which is not Developed Property.

One-Time Special Tax means for the 1999-2000 fiscal year, an amount equal to (i) \$0.76 per square foot of Assessable Space for Assessor’s Parcels of Residential Property, or (ii) \$0.10 per square foot of Chargeable Covered and Enclosed Space for Assessor’s Parcels of Commercial Property located within Rancho Santa Fe Union School District, or (iii) \$0.17 per square foot of Chargeable Covered and Enclosed Space for Assessor’s Parcels of Commercial Property located within the boundaries of Encinitas Union School District, subject in each case to increased adjustments in each fiscal year.

Exempt Property means any Assessor’s Parcel within the boundaries of CFD No. 99-2 which: (i) is the property of State, federal or other local government or public agency, except as otherwise provided by the Act, (ii) is Undeveloped Property, (iii) is “common area” of a common interest development (as defined in Section 1351 of the California Civil Code or any similar subsequent legislation), (iv) is Residential Property for which the One Time Special Tax was paid or the Mitigation Payment under the Mitigation Agreement was paid, or (v) is Commercial Property for which the Mitigation Payment under the Mitigation Agreement was paid.

See Appendix B – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITIES FACILITIES DISTRICTS” for the complete Rate and Method for CFD No. 99-2.

The following table identifies the maximum tax on Developed and Undeveloped Property in CFD No. 99-2.

**Table 17**  
**SAN DIEGUITO FACILITIES FINANCING AUTHORITY**  
**Community Facilities District No. 99-2**  
**Maximum Special Taxes**

<u>Name of District</u>	<u>Residential Property<sup>(1)</sup></u>	<u>Undev. Prop. Per Acre</u>
CFD No. 99-2	\$570	--

<sup>(1)</sup> Such Residential Property that is Developed Property and not Exempt Property.  
*Source: The School District.*

THE BONDS AND THE LOCAL OBLIGATIONS ARE BEING SIZED BASED ON PROJECTED SPECIAL TAX COLLECTIONS FROM CURRENT DEVELOPED PROPERTY. NO SPECIAL TAX CAN BE LEVIED ON UNDEVELOPED PROPERTY.

Method of Apportionment. The Rates and Method for CFD No. 99-2 provides that the Special Tax in such Community Facilities District shall be levied on each Assessor’s Parcel of Residential Property that is Developed Property that is not Exempt Property in the amount of \$570 per year. Exempt Property includes any Residential Property that is Developed Property that paid the One-Time Special Tax, Commercial Property and Undeveloped Property.

Collection of Special Taxes. The annual Special Taxes are levied and collected in the same manner as ordinary *ad valorem* property taxes are levied and collected by the County. Notwithstanding any provision to the contrary in the Rate and Method for CFD No. 99-2, it provides that CFD No. 99-2 may collect any Annual Special Tax at a different time and/or in a different manner if necessary to meet its financial obligations. All Special Taxes are subject to the same penalties and lien priorities in the case of delinquency as is provided for *ad valorem* taxes; provided that CFD No. 99-2 may covenant for the benefit of bondholders to commence and diligently pursue to completion judicial foreclosure proceedings for the payment of delinquent installments of Annual Special Taxes.

Limitations of Special Tax. No CFD No. 99-2 Annual Special Tax may be imposed on Exempt Property. Under no circumstances will the Annual Special Tax levied against any parcel of Developed Property in CFD No. 99-2 be increased by more than ten percent as a consequence of delinquency or default by the owner of any other parcel within CFD No. 99-2. The Special Tax may be levied on any parcel in CFD No. 99-2 for a period not to exceed 35 years commencing the first fiscal year in which the Special Tax is levied on such parcel of Developed Property.

For the complete texts of the Rate and Method for CFD No. 99-2, see Appendix B – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITIES FACILITIES DISTRICTS.”

**CFD No. 99-3.** The Rate and Method for CFD No. 99-3 provides the means by which the Board of Trustees of the School District may annually levy the Special Taxes within CFD No. 99-3 up to the Maximum Special Tax. Annually, at the time of levying the Special Tax for CFD No. 99-3, the Board of Trustees shall determine the amount of money to be collected from Developed Property and Undeveloped Property in such Community Facilities District.

Developed and Undeveloped Property; Exempt Property. The Rate and Method for CFD No. 99-3 declares that on or before July 1 of each Fiscal Year, all Residential Property within CFD No. 99-3 shall be classified as Developed Property, Undeveloped Property or Exempt Property and shall be subject to Special Taxes in accordance with the applicable Rate and Method.

Developed Property for CFD No. 99-3 means any Assessor’s Parcel in CFD No. 99-3 for which a building permit has been issued as of June 30 of the previous fiscal year in which the Special Tax is being levied. Developed Property is further classified as Residential Property that is not Exempt Property or Commercial Property.

Undeveloped Property means an Assessor’s Parcel which is not Developed Property.

One-Time Special Tax means for the 1999-2000 fiscal year, an amount equal to (i) \$0.76 per square foot of Assessable Space for Assessor’s Parcels of Residential Property, or (ii) \$0.17 per square foot of Chargeable Covered and Enclosed Space for Assessor’s Parcels of Commercial Property, subject in each case to increased adjustments in each fiscal year.

Exempt Property means any Assessor’s Parcel within the boundaries of CFD No. 99-3 which: (i) is the property of State, federal or other local government or public agency, except as otherwise provided by the Act, (ii) is Undeveloped Property, (iii) is “common area” of a common interest development (as defined in Section 1351 of the California Civil Code or any similar subsequent legislation), or (iv) is Residential Property for which the One Time Special Tax was paid or the Mitigation Payment under the Mitigation Agreement was paid, or (v) is Commercial Property for which the Mitigation Payment under the Mitigation Agreement was paid.

See Appendix B – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITIES FACILITIES DISTRICTS” for the complete Rate and Method for CFD No. 99-3.

The following table identifies the maximum tax on Developed and Undeveloped Property in CFD No. 99-3.

**Table 18**  
**SAN DIEGUITO FACILITIES FINANCING AUTHORITY**  
**Community Facilities District No. 99-3**  
**Maximum Special Taxes**

<u>Name of District</u>	<u>Residential Property<sup>(1)</sup></u>	<u>Undev. Prop. Per Acre</u>
CFD No. 99-3	\$570	--

<sup>(1)</sup> Such Residential Property that is Developed Property and not Exempt Property.  
Source: *The School District.*

THE BONDS AND THE LOCAL OBLIGATIONS ARE BEING SIZED BASED ON PROJECTED SPECIAL TAX COLLECTIONS FROM CURRENT DEVELOPED PROPERTY. NO SPECIAL TAX CAN BE LEVIED ON UNDEVELOPED PROPERTY.

Method of Apportionment. The Rates and Method for CFD No. 99-3 provides that the Special Tax in such Community Facilities District shall be levied on each Assessor’s Parcel of Residential Property that is Developed Property that is not Exempt Property in the amount of \$570 per year. Exempt Property includes any Residential Property that is Developed Property that paid the One-Time Special Tax.

Collection of Special Taxes. The annual Special Taxes are levied and collected in the same manner as ordinary *ad valorem* property taxes are levied and collected by the County. Notwithstanding any provision to the contrary in the Rate and Method for CFD No. 99-3, it provides that CFD No. 99-3 may collect any Annual Special Tax at a different time and/or in a different manner if necessary to meet its financial obligations. All Special Taxes are subject to the same penalties and lien priorities in the case of delinquency as is provided for *ad valorem* taxes; provided that CFD No. 99-3 may covenant for the benefit of bondholders to commence and

## ITEM 4

diligently pursue to completion judicial foreclosure proceedings for the payment of delinquent installments of Annual Special Taxes.

Limitations of Special Tax. No CFD No. 99-3 Annual Special Tax may be imposed on Exempt Property. Under no circumstances will the Annual Special Tax levied against any parcel of Developed Property in CFD No. 99-3 be increased by more than ten percent as a consequence of delinquency or default by the owner of any other parcel within CFD No. 99-3. The Special Tax may be levied on any parcel in CFD No. 99-3 for a period not to exceed 35 years commencing the first fiscal year in which the Special Tax is levied on such parcel of Developed Property.

For the complete texts of the Rate and Method for CFD No. 99-3, see Appendix B – “RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITIES FACILITIES DISTRICTS.”

**CFD No. 03-1.** The Rate and Method for CFD No. 03-1 provides the means by which the Board of Trustees of the School District may annually levy the Special Taxes within CFD No. 03-1 up to the Maximum Special Tax. Annually, at the time of levying the Special Tax for CFD No. 03-1, the Board of Trustees shall determine the amount of money to be collected from Developed Property and Undeveloped Property in such Community Facilities District. The Rate and Method for CFD No. 03-1 provides that a Maximum Special Tax on Developed Property may be levied (i) to pay the “Bond Requirements” and (ii) to provide for the cost of constructing, leasing, and/or acquiring the “Facilities,” and that a Maximum Special Tax may be levied on Undeveloped Property to the extent necessary to pay the Bond Requirements in the event Special Tax revenues from the levy on Developed Property, together with all other “Legally Available Funds” of CFD No. 03-1 are insufficient to pay the Bond Requirements for such Fiscal Year. “Facilities” is defined in the Rate and Method for CFD No. 03-1 as those school facilities, including land, and other facilities which CFD No. 03-1 is authorized by law to construct, lease, acquire, own or operate. “Bond Requirements” is defined in the Rate and Method for CFD No. 03-1, as the amount necessary in any Fiscal Year (i) to pay principal and interest on the bonds at that time outstanding in CFD No. 03-1, (ii) to make any deposits required to be made with respect to any reserve fund created with respect to such bonds or obligations, and (iii) to pay for Administrative Expenses.

Developed and Undeveloped Property; Exempt Property. The Rate and Method for CFD No. 03-1 declares that on or before July 1 of each Fiscal Year, all Residential Property within CFD No. 03-1 shall be classified as Developed Property, Undeveloped Property or Exempt Property and shall be subject to Special Taxes in accordance with the applicable Rate and Method. Pursuant to such Rate and Method, Assessor’s Parcels for which building permits are issued for the first 1,126 Equivalent Dwelling Units (“EDUs”) with CFD No. 03-1 shall be assigned to Tax Class A, and thereafter all remaining Assessor’s Parcels for which building permits are issued shall be classified as Tax Class B.

Developed Property for CFD No. 03-1 means any Assessor’s Parcel in CFD No. 03-1 for which a building permit has been issued as of June 30 of the previous fiscal year in which the Special Tax is being levied. Developed Property is further classified as Multi-Family (any Dwelling Unit that does not exceed 1,600 square feet of Assessable Area and is located on a Residential Property with density of more than fifteen Dwelling Units per acre) or Single-Family (any Dwelling Unit not classified as Multi-Family).

Undeveloped Property means all Residential Property in CFD No. 03-1 not classified as Developed Property, and not exempt from the Annual Special Tax pursuant to law or the Rate and Method.

EDU means an equivalent dwelling unit: one Single-Family Dwelling Unit is equal to one EDU, and one Multi-Family Dwelling Unit is equal to 0.27 EDUs.

Exempt Property means any Assessor’s Parcel within the boundaries of CFD No. 03-1 which: (i) is the property of State, federal or other local government or public agency, except as otherwise provided by the Act, (ii) has been zoned, authorized or designated for a non-residential use on the applicable general plan, specific plan, or community plan for which the applicable city or the County of San Diego utilize or rely upon for land use planning purposes and for the approval of the development of real property, (iii) is “common area” of a common interest development (as defined in Section 1351 of the California Civil Code or any similar subsequent legislation), or (iv) is property which meets the definition of “Senior Citizen Housing,” in the Rate and Method for CFD No. 03-1.

See Appendix B – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITIES FACILITIES DISTRICTS” for the complete Rate and Method for CFD No. 03-1.

The following table identifies the maximum tax on Developed and Undeveloped Property in CFD No. 03-1, assuming no prepayment. In the event of prepayment, a parcel in CFD No. 03-1 is subject to an Alternate Prepayment Tax, and Alternate Prepayment Taxes are excluded from the definition of “Special Taxes” that secure each Series 2018 District’s obligation to make payments on Local Obligations.

**Table 19  
SAN DIEGUITO FACILITIES FINANCING AUTHORITY  
Community Facilities District No. 03-1  
Maximum Special Taxes**

<b>Name of District</b>	<b>Multi Family</b>	<b>Annual Tax Single Family</b>	<b>Undev. Prop. Per Acre</b>
CFD No. 03-1 <sup>(1)</sup>			\$949
Tax Class A	\$274	\$1,014	--
Tax Class B	231	855	--

<sup>(1)</sup> The Rate and Method for CFD No. 03-1 provides that the first 1,126 EDUs (defined as equivalent dwelling unit) within CFD No. 03-1 will be assigned to Tax Class A. One Single-Family Dwelling Unit equals one EDU and one Multi-Family Dwelling Unit equals 0.27 EDUs. All remaining Assessor’s Parcels will be classified as Tax Class B. See Appendix B – “RATES AND METHODS OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITIES FACILITIES DISTRICTS.”

Source: *The School District.*

THE BONDS AND THE LOCAL OBLIGATIONS ARE BEING SIZED BASED ON PROJECTED SPECIAL TAX COLLECTIONS FROM CURRENT DEVELOPED PROPERTY. NO SPECIAL TAX IS EXPECTED TO BE LEVIED ON UNDEVELOPED PROPERTY.

Method of Apportionment. The Rates and Method for CFD No. 03-1 provides that the Special Tax in such Community Facilities District shall be levied first on Developed Property, up to the Maximum Special Tax, and then, in the event that on July 1 of any Fiscal Year, the maximum projected revenues that can be generated from the levy on all Developed Property, together with all other Legally Available Funds of CFD No. 03-1 (such as bond fund earnings and other interest earnings) are insufficient to pay Bond Requirements for such Fiscal Year, then a Special Tax is levied on all Undeveloped Property for such Fiscal Year only. The Rate and Method for CFD No. 03-1 provides that the Special Tax levied on Undeveloped Property shall not exceed the lesser of (i) \$949 per acre, or (ii) the aggregate amount of actual delinquencies in the payment of Special Taxes for Developed Property for the prior Fiscal Year, divided by the total number of gross acres of Undeveloped Property in CFD No. 03-1.

Alternate Prepayment. The Rate and Method for CFD No. 03-1 provides for the option of prepayment by an owner of any Assessor’s Parcel in CFD No. 03-1 of 50% of such owner’s Special Tax obligation attributable to such Assessor’s Parcel. The owner wishing to prepay must elect to do so within five business

## ITEM 4

days from the time of issuance of the initial building permit with respect to such Assessor's Parcel. The CFD No. 03-1 Alternate Prepayment Tax is (i) \$13,524 for each Assessor's Parcel of Tax Class A Single-Family Developed Property, (ii) \$11,403 for each Assessor's Parcel of Tax Class B Single-Family Developed Property, (iii) \$3,654 for each Assessor's Parcel of Tax Class A Multi-Family Developed Property, and (iv) \$3,080 for each Assessor's Parcel of Tax Class B Multi-Family Developed Property. Owners who elect to prepay 50% of the Special Tax are thereafter levied at 50% of the annual applicable Special Tax rate. The proceeds of the payment of Alternate Prepayment Taxes do not constitute Special Taxes and, as a result, are not pledged to payment of the Local Obligations.

Collection of Special Taxes. The annual Special Taxes are levied and collected in the same manner as ordinary *ad valorem* property taxes are levied and collected by the County. Notwithstanding any provision to the contrary in the Rate and Method for CFD No. 03-1, it provides that CFD No. 03-1 may collect any Annual Special Tax at a different time and/or in a different manner if necessary to meet its financial obligations. All Special Taxes are subject to the same penalties and lien priorities in the case of delinquency as is provided for *ad valorem* taxes; provided that CFD No. 03-1 may covenant for the benefit of bondholders to commence and diligently pursue to completion judicial foreclosure proceedings for the payment of delinquent installments of Annual Special Taxes.

Limitations of Special Tax. No CFD No. 03-1 Annual Special Tax may be imposed on Exempt Property. Under no circumstances will the Annual Special Tax levied against any parcel of Developed Property in CFD No. 03-1 be increased by more than ten percent as a consequence of delinquency or default by the owner of any other parcel within CFD No. 03-1. The Special Tax may be levied on any parcel in CFD No. 03-1 for a period not to exceed 35 years commencing the first fiscal year in which the Special Tax is levied on such parcel of Developed Property.

For the complete texts of the Rate and Method for CFD No. 03-1, see Appendix B – "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES FOR THE COMMUNITIES FACILITIES DISTRICTS."

### **Foreclosure of Special Tax Liens**

The School District will annually on or before August 1 of each year review the public records of the County 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 School District determines on the basis of such review that the amount so collected for any Series 2018 District is deficient by more than 5% of the total amount of the Special Tax levied in such Fiscal Year, it will within 60 days thereafter institute foreclosure proceedings as authorized by the Mello-Roos Act in order to enforce the lien of the delinquent installments of the Special Tax against each lot or parcel of land in such Series 2018 District, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; provided, that irrespective of the foregoing if the School District determines on the basis of such review that property owned by any single property owner in such Series 2018 District is delinquent by more than \$5,000 with respect to the Special Tax due and payable by such property owner by such delinquency date, then the School 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.

***No Required Advances from Available Surplus Funds.*** The School District is not obligated to advance available surplus funds from the School District treasury to pay debt service on any issue of Local Obligations or to replenish the related Bond Reserve Fund; provided, that nothing shall affect the right of the School District under the Mello-Roos Act to make advances to cure any deficiencies.

### **Additional Bonds**

In addition to the Bonds, the Authority may at any time, by a Supplemental Trust Agreement, authorize the issuance of additional bonds, payable from Revenues and secured by a pledge and charge and lien upon the Revenues equally and ratably with the Bonds previously issued (the "Additional Parity Bonds"), but only upon compliance by the Authority with the provisions hereof and any additional requirements set forth in a Supplemental Trust Agreement, and subject to the following specific conditions, which are hereby made conditions precedent to the issuance of any Additional Parity Bonds:

- (a) No Event of Default under the Trust Agreement shall have occurred and then be continuing;
- (b) The Supplemental Trust Agreement providing for the issuance of the Additional Parity Bonds shall specify the purposes for which the Additional Parity Bonds are being issued, which shall be to acquire Eligible Local Obligations or to refund all or part of the Bonds relating to the Outstanding Local Obligations;
- (c) The Supplemental Trust Agreement providing for the issuance of the Additional Parity Bonds shall provide for a deposit to the Reserve Fund sufficient to raise the amount on deposit therein to the Reserve Requirement upon the issuance of the Additional Parity Bonds;
- (d) The Supplemental Trust Agreement providing for the issuance of the Additional Parity Bonds shall provide the date, the maturity date or dates, the interest payment dates and the mandatory redemption dates, if any, for such Series; provided, that (i) the Additional Parity Bonds shall be payable as to principal on March 1 of each year in which principal of such Additional Parity Bonds falls due, and the Additional Parity Bonds shall be subject to mandatory redemption on March 1 of each year in which mandatory redemption is required; and (ii) the Additional Parity Bonds shall be payable as to interest semiannually on March 1 and September 1 of each year, except that the first installment of interest may be payable on either March 1 or September 1 and shall be for a period of not longer than 12 months and the interest shall be payable thereafter semiannually on March 1 and September 1;
- (e) The Authority shall have received written confirmation from the rating agency then rating the Bonds that the issuance of the Additional Parity Bonds will not result in a downgrade of the underlying rating on the Bonds;
- (f) If the Additional Parity Bonds are issued to refund Outstanding Bonds, the Authority will not issue any Additional Parity Bonds unless the Authority certifies that the following conditions have been satisfied: (i) the final maturity date of the Additional Parity Bonds is no later than the final maturity date of the Bonds being refunded; (ii) the issuance of the Additional Parity Bonds will result in annual debt service savings in every year until maturity; and
- (g) If the Additional Parity Bonds are issued other than under the preceding subsection (f), then the Authority shall also certify that the following conditions have been satisfied: (i) all conditions to the issuance of any related Local Obligations required under the applicable Local Obligation Indenture have been satisfied; (ii) the Revenues are estimated to cover 110% of the debt service in each Fiscal Year of all Bonds (including all proposed Additional Parity Bonds); (iii) the Revenues derived from Local Obligations of Community Facilities Districts with at least 450 developed residential properties are estimated to cover one hundred percent (100%) of the debt service in each Fiscal Year of all Bonds (including all proposed Additional Parity Bonds); and (iv) the Revenues derived from Local Obligations of Community Facilities Districts in which the assessed property value of all property within the District is at least 20 times the sum of the principal amount of outstanding obligations of the Community Facilities District plus any assessment liens or special tax liens secured by such property are estimated to cover 100% of the debt service in each Fiscal Year of all Bonds (including all proposed Additional Parity Bonds).



## THE COMMUNITY FACILITIES DISTRICTS

*Set forth under this caption is certain information describing the Series 2018 Districts in the aggregate and individually. Investors should be aware that the debt service on one Local Obligation may not be used to make up any shortfall in the debt service on another Local Obligation. Moreover, the parcels in each of the Series 2018 Districts are taxed according to that Series 2018 District's specific Rate and Method, and the Special Taxes may only be applied to pay the debt service on the Local Obligations of the Series 2018 District in which they are levied and not on the debt service of any other Local Obligations. Potential investors should further be aware that Special Taxes are levied against individual parcels within each Series 2018 District and that any such parcel may have a value-to-lien ratio less than the overall value-to-lien ratio for such Series 2018 District.*

### Combined Community Facilities Districts

**Projected Special Tax Revenues.** The following table shows Special Tax revenue projections from fiscal year 2018-19 through fiscal year 2051-52, based on current development of all of the Community Facilities Districts, including the Series 2018 Districts, and the various Rates and Methods for such Community Facilities Districts set forth in Appendix B.

**Table 20**  
**Special Tax Revenue Projections**  
**All Community Facilities Districts**  
**Fiscal Year 2018-19 through 2051-52**

Fiscal Year	CFD No. 94-2	CFD No. 94-3	CFD No. 95-1	CFD No. 95-2	CFD No. 99-1	CFD No. 99-2	CFD No. 99-3	CFD No. 03-1	CFD Totals
2018-19	\$ 2,124,800	\$ 537,046	\$ 2,423,364	\$ 462,682	\$ 519,683	\$ 25,650	\$ 79,800	\$ 2,087,814	\$8,260,839
2019-20	2,124,800	537,046	2,423,364	462,682	519,683	25,650	79,800	2,087,814	\$8,260,839
2020-21	2,124,800	537,046	2,423,364	462,682	519,683	25,650	79,800	2,087,814	\$8,260,839
2021-22	2,124,800	537,046	2,423,364	462,682	519,683	25,650	79,800	2,087,814	\$8,260,839
2022-23	2,124,800	537,046	2,423,364	462,682	519,683	25,650	79,800	2,087,814	\$8,260,839
2023-24	2,124,800	537,046	2,423,364	462,682	519,683	25,650	79,800	2,087,814	\$8,260,839
2024-25	2,124,800	537,046	2,423,364	462,682	519,683	25,650	79,800	2,087,814	\$8,260,839
2025-26	2,124,800	537,046	2,423,364	462,682	519,683	25,650	79,800	2,087,814	\$8,260,839
2026-27	2,124,800	537,046	2,423,364	462,682	519,683	25,650	79,800	2,087,814	\$8,260,839
2027-28	2,124,800	537,046	2,423,364	462,682	519,683	25,650	79,800	2,087,814	\$8,260,839
2028-29	2,124,800	537,046	2,423,364	462,682	519,683	25,650	79,800	2,087,814	\$8,260,839
2029-30	2,124,800	537,046	2,423,364	462,682	519,683	25,650	79,800	2,087,814	\$8,260,839
2030-31	2,087,200	537,046	2,423,364	462,682	519,683	25,650	79,800	2,087,814	\$8,223,239
2031-32	2,077,200	537,046	2,423,364	462,682	519,683	25,650	79,800	2,087,814	\$8,213,239
2032-33	1,944,400	519,088	2,390,874	457,882	519,683	25,650	79,800	2,087,814	\$8,025,191
2033-34	1,628,400	477,732	2,247,234	436,282	519,683	25,650	79,800	2,087,814	\$7,502,595
2034-35	1,393,600	425,760	1,993,299	355,482	519,683	25,650	76,950	2,087,814	\$6,878,238
2035-36	1,140,800	363,360	1,674,504	335,482	514,553	25,650	68,970	2,087,814	\$6,211,133
2036-37	940,800	291,200	1,099,971	286,682	497,880	21,090	40,470	2,087,814	\$5,265,907
2037-38	864,000	144,000	786,399	249,082	377,966	20,520	31,350	2,087,814	\$4,561,131
2038-39	745,600	18,400	670,119	235,482	270,663	19,380	29,640	2,015,820	\$4,005,104
2039-40	575,200	800	610,269	221,882	262,113	14,250	28,500	1,924,560	\$3,637,574
2040-41	393,600	800	551,274	182,980	190,601	8,550	22,230	1,711,020	\$3,061,055
2041-42	350,400	800	447,819	171,780	182,051	6,270	12,540	1,536,612	\$2,708,272
2042-43	350,400	800	317,859	170,980	180,341	3,420	7,980	1,393,638	\$2,425,418
2043-44	350,400	800	292,209	154,980	180,341	2,280	6,840	1,339,896	\$2,327,746
2044-45	331,200	800	258,864	147,200	180,341	1,140	5,700	1,299,336	\$2,224,581
2045-46	277,600	800	253,734	147,200	179,058	1,140	5,130	1,230,384	\$2,095,046
2046-47	212,000	800	243,474	141,600	179,058	570	4,560	1,154,334	\$1,936,396
2047-48	148,800	800	199,869	122,400	179,058	570	4,560	1,073,214	\$1,729,271
2048-49	100,800	800	146,859	112,000	170,508	0	4,560	937,575	\$1,473,102
2049-50	68,800	800	52,170	64,000	170,508	0	2,280	863,618	\$1,222,176
2050-51	24,800	800	24,795	31,200	124,338	0	1,710	457,608	\$665,251
2051-52	0	0	9,405	8,800	57,834	0	570	382,332	\$458,941
<b>Total<sup>(1)</sup></b>	<b>\$41,503,600</b>	<b>\$ 9,767,784</b>	<b>\$48,198,096</b>	<b>\$10,510,924</b>	<b>\$12,731,811</b>	<b>\$ 560,880</b>	<b>\$ 1,631,340</b>	<b>\$59,076,227</b>	<b>\$183,980,662</b>

Source: Koppel & Gruber Public Finance.

(1) Totals may not add due to rounding.

## ITEM 4

**Delinquencies.** The following table is a summary of Special Tax levies, collections and delinquency rates in all of the Community Facilities Districts for fiscal years 2013-14 through 2017-18.

**Table 21**  
**Special Tax Levies, Delinquencies and Delinquency Rates**  
**ALL CFDs**  
**Fiscal Years 2013/2014 TO 2017/2018**

Fiscal Year	Number of Parcels Levied	Amount Levied	Delinquencies as of Fiscal Year End				Remaining Delinquencies as of July 10, 2018		
			Number of Delinquent Parcels	Amount Delinquent	Percent Delinquent		Remaining Parcels Delinquent	Remaining Amount Delinquent	Remaining Percent Delinquent <sup>(5)</sup>
2013/2014	8,318	\$6,881,571	27	\$ 17,805	0.26%	<sup>(1)</sup>	0	\$ 0	0.00%
2014/2015	8,518	\$7,066,039	30	17,369	0.25	<sup>(2)</sup>	0	0	0.00
2015/2016	9,039	\$7,610,978	29	16,137	0.21	<sup>(3)</sup>	1	400	0.01
2016/2017	9,291	\$7,806,173	39	23,000	0.29	<sup>(4)</sup>	11	7,043	0.09
2017/2018	9,604	\$8,071,431	71	40,135	0.50	<sup>(5)</sup>	71	40,135	0.50

<sup>(1)</sup> Delinquent as of Sept 24, 2014, as reported in the Annual Continuing Disclosure Report.

<sup>(2)</sup> Delinquent as of Sept 11, 2015, as reported in the Annual Continuing Disclosure Report.

<sup>(3)</sup> Delinquent as of August 1, 2016, as reported in the Annual Continuing Disclosure Report.

<sup>(4)</sup> Delinquent as of Sept 18, 2017, as reported in the Annual Continuing Disclosure Report.

<sup>(5)</sup> Delinquent as of July 10, 2018, based on information obtained from the County as compiled by Koppel & Gruber Public Finance.

Source: Koppel & Gruber Public Finance.

**Direct and Overlapping Debt.** The property within the Community Facilities Districts is subject to taxation by a number of taxing agencies, some of which have issued debt secured by taxes and assessments levied on such property. The table below sets forth the direct and overlapping debt for all of the Community Facilities Districts as of August 1, 2018.

**Table 22**  
**Detailed Direct And Overlapping Debt**  
**All Community Facilities Districts**

2017-18 Assessed Valuation: \$11,063,644,530 (Land and Improvements)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/18</u>
Metropolitan Water District	0.401%	\$ 243,327
Mira Costa Community College District	10.710	9,194,209
Palomar Community College District	0.089	554,210
San Diego Community College District	0.012	159,982
San Dieguito Union High School District	17.680	59,013,600
Solana Beach School District School Facilities Improvement District No. 2016-1	5.962	2,709,636
Palomar Healthcare District	0.095	410,483
San Dieguito Union High School District Combined Community Facilities Districts	100.	92,386,589
Cardiff School District	4.156	682,618
Encinitas Union School District	22.646	10,767,463
Rancho Santa Fe School District	6.219	2,077,052
Del Mar School District Community Facilities District No. 95-1	99.509	14,587,946
Del Mar School District Community Facilities District No. 99-1	100.	3,420,000
Rancho Santa Fe Community Services District Community Facilities District No. 1	44.298	15,123,260
Solana Beach School District Community Facilities District No. 99-1	99.999	3,894,240
Solana Beach School District Community Facilities District No. 2000-1	100.	2,860,000
Solana Beach School District Community Facilities District No. 2004-1	100.	27,080,000
City of Encinitas Community Facilities District No. 1	82.126	20,897,087
Olivenhain Municipal Water District Assessment District No. 96-1	14.301	1,516,447
California Statewide Community Development Authority Assessment District Nos. 17-03&17-04	37.195-50.000%	3,469,146
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$271,047,295</b>
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
San Diego County General Fund Obligations	2.219%	\$ 6,060,562
San Diego County Pension Obligation Bonds	2.219	12,389,190
San Diego County Superintendent of Schools Obligations	2.219	239,233
Mira Costa Community College District Certificates of Participation	10.710	59,439
Palomar Community College District General Fund Obligations	0.089	2,420
San Dieguito Union High School District General Fund Obligations	17.680	2,250,456
City of Encinitas Certificates of Participation	10.115	4,546,744
City of Solana Beach Certificates of Participation	1.411	9,741
City of San Diego General Fund Obligations	2.343	<u>12,903,034</u>
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>		<b>\$38,460,819</b>
 <b>COMBINED TOTAL DEBT</b>		<b>\$309,508,114<sup>(1)</sup></b>

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

<b>Direct Debt (\$92,415,000)</b> .....	<b>0.84%</b>
Total Overlapping Tax and Assessment Debt .....	2.45%
Combined Total Debt .....	2.80%

Source: California Municipal Statistics, Inc.

**Major Land Owners.** The following table presents a summary of the top taxpayers among all of the Community Facilities Districts, measured by the percentage of Fiscal Year 2018-19 Special Tax Levy.

**Table 23**  
**Largest Taxpayers (Top 10)**  
**All CFDs**  
**Fiscal Year 2018-19**

Property Owner <sup>1</sup>	Number of Parcels Levied	Special Tax Levy 2018-19	Percent of Special Tax Levy
IRVINE COMPANY LLC	9	\$208,593.00	2.53%
PARDEE HOMES	197	168,435.00	2.04
TORREY GARDEN HILLS I L L C	2	88,704.00	1.07
TORREY HILLS APARTMENTS S D LLC	4	78,540.00	0.95
PACIFIC HIGHLANDS RANCH LP	1	31,878.00	0.39
CARMEL VILLAGE LP	2	29,106.00	0.35
PACIFICO ENCINITAS APARTMENT HOMES L P	1	26,160.00	0.32
OCEAN AIR L P	3	23,100.00	0.28
MERITAGE HOMES OF CALIFORNIA INC	25	21,375.00	0.26
MEADOWOOD 20 LLC	17	17,100.00	0.21
Sub Total	261	\$692,991.00	8.39%
Other Properties	9,536	7,567,847.50	91.61
Grand Total	9,797	\$8,260,838.50	100.00%

<sup>1</sup> Property ownership as listed on the San Diego County secured tax roll for Fiscal Year 2018-19. Parcels with the same levy amount are listed in alphabetical order to meet the Top Ten property owners, other parcels may have the same levy amount.

Source: Koppel & Gruber Public Finance.

**Value-To-Lien Ratios.** The Authority has obtained the assessed values of all of the taxable Developed Property in the Community Facilities Districts (9,797 parcels in total), as established by the County Assessor for Fiscal Year 2018-19, which totals \$12,046,230,918. The direct and overlapping special tax and assessment indebtedness within all of the Community Facilities Districts as of August 1, 2018, was approximately \$271,047,295. The assessed value to lien ratio of the property within all of the Community Facilities Districts, based on the fiscal year 2018-19 assessed values, the estimated aggregate principal amount of the Local Obligations and the Series 2016 Bonds and the estimated direct and overlapping indebtedness within all of the Community Facilities Districts equals approximately 42.09-to-1\*.

The following table sets forth the estimated value-to-lien ratios for parcels within all the Community Facilities Districts by various ranges, based upon the direct and overlapping debt information.

\*Preliminary, subject to change.

**Table 24**  
**Estimated Assessed Value-To-Lien Ratios By Ranges**  
**All CFDs**

<b>Current Assessed Value-to-Debt</b>	<b>Number of Parcels Levied</b>	<b>Fiscal Year 2018-19 Special Tax Levy</b>	<b>Percentage of FY 2018-19 Special Tax Levy</b>	<b>Pro Rata Share of Outstanding Local Obligations <sup>(1)</sup></b>	<b>Share of Other Direct and Overlapping Debt <sup>(2)</sup></b>	<b>FY 2018/19 Total Assessed Valuation <sup>(3)</sup></b>	<b>Value-to-Debt *</b>
Less Than 10.0	148	\$ 131,495	1.59%	\$ 1,821,098	\$ 3,454,104	\$ 41,509,665	7.87
10.0-19.99	651	549,026	6.65%	7,060,159	16,371,092	396,973,714	16.94
20.00-39.99	4,157	3,841,511	46.50%	51,201,806	91,615,238	4,122,370,421	28.86
40.00-59.99	2,560	2,121,328	25.68%	26,919,763	37,902,296	3,162,396,772	48.79
60.00-79.99	1,208	973,293	11.78%	12,382,575	16,901,459	2,004,938,151	68.47
80 or Greater	1,073	644,187	7.80%	8,179,598	12,416,517	2,318,042,195	112.55
<b>Total</b>	<b>9,797</b>	<b>\$ 8,260,839</b>	<b>100.00%</b>	<b>\$107,565,000</b>	<b>\$178,660,706</b>	<b>\$ 12,046,230,918</b>	<b>42.09</b>

(1) Represents the sum of the all CFDs Refunding Bonds Local Obligations estimated at \$82,625,000 and CFD No. 94-2 and CFD No. 03-1 share of the 2016 Local Obligation Bonds (after bond call) of \$5,870,000 and \$19,070,000 respectively , all allocated based on Fiscal Year 2018-19 levy. Numbers may not total due to rounding.

(2) Represents the total of the non-CFD Direct and Overlapping Tax and Assessment Debt, which includes general obligation, community facilities district and assessment district bonds, as shown on the Overlapping Debt Statement prepared by California Municipal Statistics, Inc. dated July 25, 2018 and allocated based on the Fiscal Year 2018-19 levy.

(3) Values as shown on the County of San Diego Fiscal Year 2018-19 Secured Roll.

\* Preliminary, subject to change.

Source: Koppel & Gruber Public Finance.

**Assessed Values.** The assessed values, direct and overlapping debt, and total tax burden on individual parcels varies among parcels within all of the Community Facilities Districts. The value of individual parcels is significant because in the event of a delinquency in the payment of Special Taxes, the District may foreclose only against delinquent parcels. The gross assessed valuation of property within the Community Facilities Districts may not be representative of the actual market value of property within such Community Facilities Districts because Article XIII A of the California Constitution limits any increase in assessed value to no more than 2% a year, unless a property is sold or transferred. See “SPECIAL RISK FACTORS – Property Values.”

The following table shows the historical assessed valuation of land and improvements for Developed Property within all of the Community Facilities Districts, total assessed valuation of such taxable parcels within all such Community Facilities Districts, and percent increase or decrease in such assessed valuation for Fiscal Years 2013-14 through 2018-19.

**Table 25**  
**Assessed Valuation Of Taxable Parcels**  
**All Community Facilities Districts**  
**Fiscal Years 2013-14 Through 2018-19**

<b>Fiscal Year</b>	<b>Assessed Value of Land</b>	<b>Assessed Value of Improvements</b>	<b>Total Assessed Valuation<sup>(1)</sup></b>	<b>Percentage Annual Increase (Decrease)</b>
2013-14 <sup>(2)</sup>	\$3,539,402,008	\$4,342,859,644	\$7,882,261,652	--
2014-15 <sup>(2)</sup>	3,957,311,177	4,704,001,228	8,661,312,405	9.88%
2015-16 <sup>(2)</sup>	4,348,260,018	5,011,035,655	9,359,295,673	8.06
2016-17 <sup>(2)</sup>	4,706,649,870	5,422,553,572	10,129,203,442	8.23
2017-18 <sup>(3)</sup>	5,207,434,273	5,856,210,257	11,063,644,530	9.23
2018-19 <sup>(3)</sup>	5,673,638,910	6,372,592,008	12,046,230,918	8.88

(1) Includes Assessed Land and Structure value of parcels upon which special taxes were levied.

(2) Based on data provided in Annual Continuation Disclosure Reports.

(3) San Diego County Secured roll as compiled by Koppel & Gruber Public Finance

*Source: Annual Continuation Disclosure Reports and San Diego County Secured Roll*

**Table 26**  
**Estimated Assessed Value-To-Debt Ratios By CFD**  
**All Community Facilities Districts**

<b>Community Facilities District</b>	<b>Number of Parcels Levied</b>	<b>Local Obligations<sup>(1)</sup></b>	<b>Share of Other Direct and Overlapping Debt<sup>(2)</sup></b>		<b>FY 2018/19 Total Assessed Valuation<sup>(4)</sup></b>	<b>Estimated Assessed Value-to-Debt<sup>(5)</sup></b>
				<b>Total Debt<sup>(3)</sup></b>		
CFD No. 94-2	2,888	\$26,385,000	\$24,401,867	\$50,786,867	\$2,750,393,069	54.16
CFD No. 94-3	878	6,380,000	28,256,212	34,636,212	885,484,161	25.57
CFD No. 95-1	2,371	29,930,000	58,116,776	88,046,776	3,871,582,807	43.97
CFD No. 95-2	614	5,910,000	7,127,753	13,037,753	797,226,517	61.15
CFD No. 99-1	746	6,760,000	6,572,125	13,332,125	733,353,147	55.01
CFD No. 99-2	45	300,000	1,886,012	2,186,012	179,842,196	82.27
CFD No. 99-3	140	960,000	3,340,690	4,300,690	290,202,048	67.48
CFD No. 03-1	2,115	30,940,000	48,959,271	79,899,271	2,538,146,973	31.77
<b>Total</b>	<b>9,797</b>	<b>\$107,565,000</b>	<b>\$178,660,706</b>	<b>\$286,225,706</b>	<b>\$12,046,230,918</b>	<b>42.09</b>

\*Preliminary, Subject to change.

(1) Represents the sum of all CFDs Refunding Bonds Local Obligations estimated at \$82,625,000 in addition to CFD Nos. 94-2 and 03-1 share of the 2016 Local Obligation Bonds (after bond call) of \$5,870,000 & \$19,070,000 respectively.

(2) Represents the total of the non-CFD Direct and Overlapping Tax and Assessment Debt, which includes general obligation, community facilities district and assessment district bonds, as shown on the Overlapping Debt Statement prepared by California Municipal Statistics, Inc. dated August 1, 2018 and allocated based on the Fiscal Year 2018-19 levy.

(3) Represents the sum of each Community Facilities Districts' share of the Refunding Local Obligations, the share of the 2016 Local Obligation Bonds if any and Other Direct and Overlapping Debt.

(4) Values as shown on the County of San Diego Fiscal Year 2018-19 Secured Roll.

(5) Represents "Assessed Value" divided by the "Total Debt."

### CFD No. 94-2

**Location and Description.** CFD No. 94-2 is located in the City of Carlsbad, in the northern section of the School District. The area encompasses the planning area known as the Villages of La Costa, which includes La Costa Valley and La Costa Oaks. There are 2,888 parcels of Developed Property in CFD No. 94-2 and one parcel of Undeveloped Property.

**Special Tax Levies.** The following table is a summary of Special Tax levies, collections and delinquency rates in CFD No. 94-2 for fiscal years 2013-14 through 2017-18. As reflected below, the applicable Special Tax has been levied only on Developed Property within CFD No. 94-2. See “SECURITY FOR THE BONDS – Rates and Methods – CFD No. 94-2.”

**Table 27**  
**Special Tax Levies, Delinquencies And Delinquency Rates**  
**CFD No. 94-2**  
**Fiscal Years 2013-14 To 2017-18**

Fiscal Year	Parcels Levied	Amount Levied	Delinquencies at Fiscal Year End			Remaining Delinquencies as of July 10, 2018		
			Parcels Delinquent	Amount Delinquent	Percent Delinquent	Remaining Parcels Delinquent	Remaining Amount Delinquent	Remaining Percent Delinquent <sup>(5)</sup>
2013-14	2,762	\$2,024,000	5	\$ 3,200	0.16%	<sup>(1)</sup> 0	\$ 0	0.00%
2014-15	2,802	2,056,000	14	8,000	0.39	<sup>(2)</sup> 0	0	0.00
2015-16	2,857	2,100,000	9	4,200	0.20	<sup>(3)</sup> 1	400	0.02
2016-17	2,888	2,124,800	12	6,200	0.29	<sup>(4)</sup> 3	2,000	0.09
2017-18	2,888	2,124,800	18	9,800	0.46	<sup>(5)</sup> 18	9,800	0.46

<sup>(1)</sup> Delinquent as of September 24, 2014, as reported in the Annual Continuing Disclosure Report.

<sup>(2)</sup> Delinquent as of September 11, 2015, as reported in the Annual Continuing Disclosure Report.

<sup>(3)</sup> Delinquent as of August 1, 2016, as reported in the Annual Continuing Disclosure Report.

<sup>(4)</sup> Delinquent as of September 18, 2017, as reported in the Annual Continuing Disclosure Report.

<sup>(5)</sup> Delinquent as of July 10, 2018, based on information obtained from the County as compiled by Koppel & Gruber Public Finance.

Source: Koppel & Gruber Public Finance.

**Direct and Overlapping Debt.** The property within CFD No. 94-2 is subject to taxation by a number of taxing agencies, some of which have issued debt secured by taxes and assessments levied on such property. The table below sets forth the direct and overlapping debt for CFD No. 94-2 as of August 1, 2018.

**Table 28  
Detailed Direct And Overlapping Debt  
CFD No. 94-2**

2017-18 Assessed Valuation: \$2,632,050,786 (Land and Improvements)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/18</u>
Metropolitan Water District	0.096%	\$ 58,207
Mira Costa Community College District	2.564	2,201,400
Palomar Community College District	0.024	147,672
San Dieguito Union High School District	4.229	14,121,180
<b>San Dieguito Union High School District Community Facilities District No. 94-2</b>	<b>100.</b>	<b>22,792,489</b>
Cardiff School District	1.287	211,345
Encinitas Union School District	14.115	6,711,165
Olivenhain Municipal Water District Assessment District No. 96-1	8.950	950,898
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$47,194,356</b>
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
San Diego County General Fund Obligations	0.531%	\$ 1,449,771
San Diego County Pension Obligation Bonds	0.531	2,963,667
San Diego County Superintendent of Schools Obligations	0.531	57,228
Mira Costa Community College District Certificates of Participation	2.564	14,232
Palomar Community College District General Fund Obligations	0.024	645
San Dieguito Union High School District General Fund Obligations	4.229	538,340
City of Encinitas Certificates of Participation	0.248	111,436
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>		<b>\$5,135,319</b>
 <b>COMBINED TOTAL DEBT</b>		 <b>\$52,329,675<sup>(1)</sup></b>

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

<b>Direct Debt (\$22,792,489)</b> .....	<b>0.87%</b>
Total Overlapping Tax and Assessment Debt.....	1.79%
Combined Total Debt.....	1.99%

Source: California Municipal Statistics, Inc.

**Estimated Fiscal Year 2017-18 Tax Rates.** The table below sets forth an estimated property tax bill for a residential unit in CFD No. 94-2. The estimated tax rates and amounts presented herein are based on information for fiscal year 2017-18. The actual amounts charged may vary and may increase in future years. For fiscal year 2017-18, the projected average total effective tax was approximately 1.20% of assessed value.



**Table 29**  
**Sample Tax Bill**  
**CFD No. 94-2**  
**Estimated Fiscal Year 2017-18 Total Effective Tax Rate<sup>(1)</sup>**

Tax Classification	Single Family Residential	
<b>Estimated Value</b>		
Average Assessed Valuation <sup>(2)</sup>		\$911,750
Homeowner's Exemption		(7,000)
<b>Estimated Net Assessed Value<sup>(3)</sup></b>		<b>\$904,750</b>
<b>Ad Valorem Property Taxes<sup>(4)</sup></b>		
	<b>Tax Rate</b>	
Basic Levy	1.00000%	\$9,047.50
Gen Bond Encinitas-Prop O 3/26/1996, Series 1996A	0.01943%	\$175.79
Hi Bond San Dieguito-Prop AA 11/6/2012, 2013A A1	0.01067%	\$96.54
Hi Bond San Dieguito-Prop AA 11/6/2012, 2015B-2	0.00948%	\$85.77
Hi Bond San Dieguito-Prop AA 11/6/2012, 2016C-2	0.00214%	\$19.36
Mira Costa Community Coll Prop MM 11/8/2016, 2016A	0.01443%	\$130.56
MWD D/S Remainder of SDCWA 15019999	0.00350%	\$31.67
<b>Subtotal Ad Valorem Property Taxes</b>	<b>1.05965%</b>	<b>\$9,587.18</b>
<b>Assessments, Special taxes and Parcel Charges<sup>(4)</sup></b>		
CSA 17 Emer Ambul Sv		\$29.62
Mosquito Surveillance		3.00
Vector Disease Control		7.06
Ltg/Landscape ZN M		8.34
San Dieguito CFD 94-2		800.00
Leuc. Wastewater Fee		343.68
Assmt Dist 96-1		47.72
MWD Wtr Standby Charge		11.50
CWA Wtr Availability		10.00
<b>Subtotal Assessments, Charges and Special Taxes</b>		<b>\$1,260.92</b>
<b>Total Estimated Property Taxes</b>		<b>\$10,848.10</b>
<b>Estimated Effective Tax Rate</b>		<b>1.20%</b>

<sup>(1)</sup> These sample property tax bills are estimated based on adopted rates for Fiscal Year 2017-18.

<sup>(2)</sup> Based on average value as shown on the Fiscal Year 2017-18 County Assessor's Roll.

<sup>(3)</sup> Estimated Net Assessed Value reflects estimated total assessed value for a parcel net of homeowner's exemption. Not all residences qualify for homeowner's exemption.

<sup>(4)</sup> Based on Fiscal Year 2017-18 rates; FY 2018-19 rate not finalized or available.

Source: Koppel & Gruber Public Finance.

**Major Land Owners.** The following table presents a summary of the top taxpayers in CFD No. 94-2 measured by the percentage of Fiscal Year 2018-19 Special Tax Levy.

**Table 30**  
**Largest Taxpayers (Top 10)**  
**CFD No. 94-2**  
**Fiscal Year 2018-19**

<u>Property Owner<sup>(1)</sup></u>	<u>Number of Parcels Levied</u>	<u>Special Tax Levy 2018-19</u>	<u>Percent of Special Tax Levy</u>
I & F TRUST 12-18-13	3	\$ 2,400.00	0.11%
SAKAI FAMILY TRUST 04-01-06	3	2,000.00	0.09
CHEN/GUO FAMILY TRUST 09-07-10	2	1,600.00	0.08
EVERGREEN CARDIFF LLC	2	1,600.00	0.08
GONZALES TRUST 09-26-01	2	1,600.00	0.08
ISRANI FAMILY TRUST 12-05-08	2	1,600.00	0.08
KNYSH MICHAEL A & KOROL OLGA	2	1,600.00	0.08
LAUTH JAMES E & RISA F	2	1,600.00	0.08
LEHRER MATTHEW N & VIOLET S	2	1,600.00	0.08
<u>LI XUGUANG &amp; TU XINLEI</u>	2	1,600.00	0.08
Sub Total	22	\$ 17,200.00	0.81%
<u>Other Properties</u>	2,866	\$ 2,107,600.00	99.19
<u>Grand Total</u>	2,888	\$ 2,124,800.00	100.00%

<sup>(1)</sup> Property ownership as listed on the San Diego County secured tax roll for Fiscal Year 2018-19. Parcels with the same levy amount are listed in alphabetical order to meet the Top Ten property owners, other parcels may have the same levy amount..  
*Source: Koppel & Gruber Public Finance.*

**Value-To-Lien Ratios.** The Authority has obtained the assessed values of all of the taxable Developed Property in CFD No. 94-2 (2,888 parcels in total), as established by the County Assessor for Fiscal Year 2018-19, which total \$2,750,393,069. The direct and overlapping special tax and assessment indebtedness within CFD No. 94-2 as of August 1, 2018, was approximately \$47,194,356. The assessed value-to-lien ratio of the property within CFD No. 94-2, based on the fiscal year 2018-19 assessed values, the estimated aggregate principal amount of the CFD No. 94-2 Local Obligations and CFD No. 94-2's share of the Series 2016 Bonds and the estimated direct and overlapping indebtedness within CFD No. 94-2 equals approximately 54.16-to-1\*.

The table below sets forth the estimated value-to-lien ratios for parcels within CFD No. 94-2 by various ranges based upon the direct and overlapping debt information.

\*Preliminary, subject to change.

**Table 31**  
**Estimated Assessed Value-To-Lien Ratios By Ranges**  
**CFD No. 94-2**

Current Assessed Value-To-Debt	Number of Parcels Levied	Fiscal Year 2018-19 Special Tax Levy	Percentage of FY 2018-19 Special Tax Levy	Pro Rata Share of Outstanding Local Obligations <sup>(1)</sup>	Share of Other Direct and Overlapping Debt <sup>(2)</sup>	FY 2018/19 Total Assessed Valuation <sup>(3)</sup>	Value-to-Debt*
Less than 10.00 <sup>(4)</sup>	10	\$8,000	0.38%	\$99,341	\$91,875	\$1,269,905	6.64
10.00-19.99	58	44,800	2.11	556,311	514,497	18,139,606	16.94
20.00-39.99	607	484,800	22.82	6,020,071	5,567,595	380,619,429	32.85
40.00-59.99	1,269	985,600	46.39	12,238,824	11,318,940	1,171,036,918	49.71
60.00-79.99	563	424,800	19.99	5,275,013	4,878,536	679,906,184	66.96
80.00 or Greater	381	176,800	8.32	2,195,440	2,030,425	499,421,027	118.18
Total	2,888	\$2,124,800	100.00%	\$26,385,000	\$24,401,867	\$2,750,393,069	54.16

<sup>(1)</sup> Represents the sum of the CFD No. 94-2 Refunding Bonds Local Obligations estimated at \$20,515,000 and CFD No. 94-2's share of the 2016 Local Obligation Bonds (after bond call) of \$5,870,000, all allocated based on Fiscal Year 2018-19 levy. Numbers may not total due to rounding.

<sup>(2)</sup> Represents the total of the non-CFD Direct and Overlapping Tax and Assessment Debt, which includes general obligation, community facilities district and assessment district bonds, as shown on the Overlapping Debt Statement prepared by California Municipal Statistics, Inc. dated July 25, 2018 and allocated based on the Fiscal Year 2018-19 levy.

<sup>(3)</sup> Values as shown on the County of San Diego Fiscal Year 2018-19 Secured Roll.

<sup>(4)</sup> The lowest value to debt on a parcel is 4.70 to 1.

\* Preliminary, subject to change.

Source: Koppel & Gruber Public Finance.

**Assessed Values.** The assessed values, direct and overlapping debt, and total tax burden on individual parcels varies among parcels within CFD No. 94-2. The value of individual parcels is significant because in the event of a delinquency in the payment of Special Taxes, the District may foreclose only against delinquent parcels. The gross assessed valuation of property within the District may not be representative of the actual market value of property within such District because Article XIII A of the California Constitution limits any increase in assessed value to no more than 2% a year, unless a property is sold or transferred. See "SPECIAL RISK FACTORS – Property Values."

The following table shows the historical assessed valuation of land and improvements for Developed Property within CFD No. 94-2, total assessed valuation of such taxable parcels within CFD No. 94-2, and percent increase or decrease in such assessed valuation for Fiscal Years 2013-14 through 2018-19.

**Table 32**  
**Assessed Valuation Of Taxable Parcels**  
**CFD No. 94-2**  
**Fiscal Years 2013-14 Through 2018-19**

<b>Fiscal Year</b>	<b>Assessed Value of Land</b>	<b>Assessed Value of Improvements</b>	<b>Total Assessed Valuation<sup>(1)</sup></b>	<b>Percentage Annual Increase (Decrease)</b>
2013-14 <sup>(2)</sup>	\$ 878,290,727	\$1,133,196,478	\$2,011,487,205	--
2014-15 <sup>(2)</sup>	1,005,656,808	1,257,282,018	2,262,938,826	12.50%
2015-16 <sup>(2)</sup>	1,074,008,414	1,307,187,976	2,381,196,390	5.23
2016-17 <sup>(2)</sup>	1,135,895,411	1,373,151,830	2,509,047,241	5.37
2017-18 <sup>(3)</sup>	1,198,271,636	1,433,779,150	2,632,050,786	4.90
2018-19 <sup>(3)</sup>	1,271,385,315	1,479,007,754	2,750,393,069	4.50

(1) Included Assessed Land and Structure value of parcels upon which special taxes are levied.

(2) Based on data provided in Annual Continuation Disclosure Reports.

(3) San Diego County Secured roll as compiled by Koppel & Gruber Public Finance.

Source: Annual Continuation Disclosure Reports and San Diego County Secured Roll

### CFD No. 94-3

**Location and Description.** CFD No. 94-3 is located in the Encinitas Ranch planning area of the City of Encinitas. Encinitas Ranch is a master planned community developed around an 18-hole golf course. There are 878 parcels of Developed Property in CFD No. 94-3 and zero parcels of Undeveloped Property.

**Special Tax Levies.** The following table is a summary of Special Tax levies, collections and delinquency rates in CFD No. 94-3 for fiscal years 2013-14 through 2017-18. As reflected below, the applicable Special Tax has been levied only on Developed Property within CFD No. 94-3. See "SECURITY FOR THE BONDS – Rates and Methods – CFD No. 94-3."

**Table 33**  
**Special Tax Levies, Delinquencies And Delinquency Rates**  
**CFD No. 94-3**  
**Fiscal Years 2013-14 To 2017-18**

<b>Fiscal Year</b>	<b>Parcels Levied</b>	<b>Amount Levied</b>	<b>Delinquencies at Fiscal Year End</b>				<b>Remaining Delinquencies as of July 10, 2018</b>		
			<b>Parcels Delinquent</b>	<b>Amount Delinquent</b>	<b>Percent Delinquent</b>		<b>Remaining Parcels Delinquent</b>	<b>Remaining Amount Delinquent</b>	<b>Remaining Percent Delinquent<sup>(5)</sup></b>
2013-14	877	\$536,246	4	\$ 2,109	0.39%	(1)	0	\$ 0	0.00%
2014-15	877	536,246	2	1,200	0.22	(2)	0	0	0.00
2015-16	877	536,246	4	2,000	0.37	(3)	0	0	0.00
2016-17	878	537,046	5	2,509	0.47	(4)	1	109	0.02
2017-18	878	537,046	5	2,618	0.49	(5)	5	2,618	0.49

(1) Delinquent as of September 24, 2014, as reported in the Annual Continuing Disclosure Report.

(2) Delinquent as of September 11, 2015, as reported in the Annual Continuing Disclosure Report.

(3) Delinquent as of August 1, 2016, as reported in the Annual Continuing Disclosure Report.

(4) Delinquent as of September 18, 2017, as reported in the Annual Continuing Disclosure Report.

(5) Delinquent as of July 10, 2018, based on information obtained from the County as compiled by Koppel & Gruber Public Finance.

Source: Koppel & Gruber Public Finance.

**Direct and Overlapping Debt.** The property within CFD No. 94-3 is subject to taxation by a number of taxing agencies, some of which have issued debt secured by taxes and assessments levied on such property. The table below sets forth the direct and overlapping debt for CFD No. 94-3 as of August 1, 2018.

**Table 34  
Detailed Direct And Overlapping Debt  
CFD No. 94-3**

2017-18 Assessed Valuation: \$820,266,402 (Land and Improvements)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/18</u>
Metropolitan Water District	0.030%	\$ 18,140
Mira Costa Community College District	0.808	693,292
San Dieguito Union High School District	1.318	4,400,755
<b>San Dieguito Union High School District Community Facilities District No. 94-3</b>	<b>100.</b>	<b>4,242,689</b>
Encinitas Union School District	4.463	2,122,207
City of Encinitas Community Facilities District No. 1	82.126	20,897,087
Olivenhain Municipal Water District Assessment District No. 96-1	1.174	<u>124,731</u>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$32,498,901</b>
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
San Diego County General Fund Obligations	0.165%	\$ 451,810
San Diego County Pension Obligation Bonds	0.165	923,603
San Diego County Superintendent of Schools Obligations	0.165	17,835
Mira Costa Community College District Certificates of Participation	0.808	4,482
San Dieguito Union High School District General Fund Obligations	1.318	167,770
City of Encinitas General Fund Obligations	5.336	<u>2,398,719</u>
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>		<b>\$3,964,219</b>
 <b>COMBINED TOTAL DEBT</b>		 <b>\$36,463,120<sup>(1)</sup></b>

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

<b>Direct Debt (\$4,242,689)</b> .....	<b>0.52%</b>
Total Overlapping Tax and Assessment Debt.....	3.96%
Combined Total Debt.....	4.45%

Source: California Municipal Statistics, Inc.

**Estimated Fiscal Year 2017-18 Tax Rates.** The table below sets forth estimated property tax bills for two residential units in CFD No. 94-3. The estimated tax rates and amounts presented herein are based on information for fiscal year 2017-18. The actual amounts charged may vary and may increase in future years. For fiscal year 2017-18, the projected average total effective tax was approximately 1.45% of assessed value for single family residential and 1.36% for multi-family residential.

**Table 35**  
**Sample Tax Bill**  
**CFD No. 94-3**  
**Estimated Fiscal Year 2017-18 Total Effective Tax Rate<sup>(1)</sup>**

Tax Classification		Single Family Residential	Multi-Family Residential
<b>Estimated Value</b>			
Average Assessed Valuation <sup>(2)</sup>		\$1,150,000	\$486,710
Homeowner's Exemption		(7,000)	(7,000)
<b>Estimated Net Assessed Value<sup>(3)</sup></b>		<b>\$1,143,000</b>	<b>\$479,710</b>
<b>Ad Valorem Property Taxes<sup>(4)</sup></b>			
	<b>Tax Rate</b>		
Basic Levy	1.00000%	\$11,430.00	\$4,797.10
Gen Bond Encinitas-Prop O 3/26/1996, Series 1996A	0.01943%	\$222.08	\$93.21
Hi Bond San Dieguito-Prop AA 11/6/2012, 2013A A1	0.01067%	\$121.96	\$51.19
Hi Bond San Dieguito-Prop AA 11/6/2012, 2015B-2	0.00948%	\$108.36	\$45.48
Hi Bond San Dieguito-Prop AA 11/6/2012, 2016C-2	0.00214%	\$24.46	\$10.27
Mira Costa Community Coll Prop MM 11/8/2016, 2016A	0.01443%	\$164.93	\$69.22
MWD D/S Remainder of SDCWA 15019999	0.00350%	\$40.01	\$16.79
<b>Subtotal Ad Valorem Property Taxes</b>	<b>1.05965%</b>	<b>\$12,111.80</b>	<b>\$5,083.25</b>
<b>Assessments, Special taxes and Parcel Charges<sup>(4)</sup></b>			
CSA 17 Emer Ambul Sv		\$29.62	\$29.62
Mosquito Surveillance		3.00	3.00
Vector Disease Control		7.06	4.94
Landscape/Ltg Zn A/B/C		5.22	4.18
Landscape/Ltg Zn h		100.00	0.00
Encinitas CFD #1		2,828.96	967.24
Sewer Service Charge		635.82	205.60
San Dieguito CFD 94-3		800.00	218.00
MWD Wtr Standby Charge		11.50	11.50
CWA Wtr Availability		10.00	10.00
<b>Subtotal Assessments, Charges and Special Taxes</b>		<b>\$4,431.18</b>	<b>\$1,454.08</b>
<b>Total Estimated Property Taxes</b>		<b>\$16,542.98</b>	<b>\$6,537.33</b>
<b>Estimated Effective Tax Rate</b>		<b>1.45%</b>	<b>1.36%</b>

<sup>(1)</sup> These sample property tax bills are estimated based on adopted rates for Fiscal Year 2017-18.

<sup>(2)</sup> Based on average value as shown on the Fiscal Year 2017-18 County Assessor's Roll.

<sup>(3)</sup> Estimated Net Assessed Value reflects estimated total assessed value for a parcel net of homeowner's exemption. Not all residences qualify for homeowner's exemption.

<sup>(4)</sup> Based on Fiscal Year 2017-18 rates; FY 2018-19 rates not finalized or available.

Source: Koppel & Gruber Public Finance.

**Major Land Owners.** The following table presents a summary of the top taxpayers in CFD No. 94-3 measured by the percentage of Fiscal Year 2018-19 Special Tax Levy.

**Table 36  
Largest Taxpayers (Top 10)  
CFD No. 94-3  
Fiscal Year 2018-19**

<b>Property Owner<sup>(1)</sup></b>	<b>Number of Parcels Levied</b>	<b>Special Tax Levy 2018-19</b>	<b>Percent of Special Tax Levy</b>
PACIFICO ENCINITAS APARTMENT HOMES L P	1	\$ 26,160.00	4.87%
SMITH TIMOTHY J & SUZETTE T	3	2,400.00	0.45
DANG TRAN FAMILY TRUST 11-27-13	2	1,600.00	0.30
HODGES LIVING TRUST 06-28-99	2	1,600.00	0.30
PATEL FAMILY TRUST 10-14-99	2	1,600.00	0.30
RADTKE LIVING TRUST 05-25-07	2	1,600.00	0.30
1685 L L C	1	800.00	0.15
A B LIVING TRUST	1	800.00	0.15
ABERG BRANT	1	800.00	0.15
ABRAHAM FAMILY REVOCABLE TRUST 07-11-17	1	800.00	0.15
Sub Total	16	\$ 38,160.00	7.11%
<u>Other Properties</u>	862	\$ 498,886.00	92.89
<b>Grand Total</b>	<b>878</b>	<b>\$ 537,046.00</b>	<b>100.00%</b>

<sup>(1)</sup> Property ownership as listed on the San Diego County secured tax roll for Fiscal Year 2018-19. Parcels with the same levy amount are listed in alphabetical order to meet the Top Ten property owners, other parcels may have the same levy amount.

**Value-To-Lien Ratios.** The Authority has obtained the assessed values of all of the taxable Developed Property in CFD No. 94-3 (878 parcels in total), as established by the County Assessor for Fiscal Year 2018-19, which total \$885,484,161. The direct and overlapping special tax and assessment indebtedness within CFD No. 94-3 as of August 1, 2018, was approximately \$32,498,901. The assessed value-to-lien ratio of the property within CFD No. 94-3, based on the fiscal year 2018-19 assessed values, the estimated aggregate principal amount of the CFD No. 94-3 Local Obligations and the estimated direct and overlapping indebtedness within CFD No. 94-3 equals approximately 25.57-to-1\*.

The table below sets forth the estimated value-to-lien ratios for parcels within CFD No. 94-3 by various ranges based upon the direct and overlapping debt information.

\*Preliminary, subject to change.

**Table 37**  
**Estimated Assessed Value-To-Lien Ratios By Ranges**  
**CFD No. 94-3**

Current Assessed Value-to-Debt	Number of Parcels Levied	Fiscal Year 2018-19 Special Tax Levy	Percentage of FY 2018-19 Special Tax Levy	Pro Rata Share of Outstanding Local Obligations <sup>(1)</sup>	Share of Other Direct and Overlapping Debt <sup>(2)</sup>	FY 2018/19 Total Assessed Valuation <sup>(3)</sup>	Value-to-Debt*
Less than 10.00 <sup>(4)</sup>	23	\$17,818	3.32%	\$211,674	\$937,479	\$8,633,423	7.51
10.00-19.99	199	141,158	26.28%	1,676,929	7,426,906	152,225,422	16.72
20.00-39.99	487	331,152	61.66%	3,934,020	17,423,277	582,885,585	27.29
40.00-59.99	168	46,118	8.59%	547,873	2,426,459	138,175,198	46.46
60.00-79.99	1	800	0.15%	9,504	42,091	3,564,533	69.09
80.00 or Greater	0	0	0.00%	0	0	0	N/A
<b>Total</b>	<b>878</b>	<b>\$537,046</b>	<b>100.00%</b>	<b>\$6,380,000</b>	<b>\$28,256,212</b>	<b>\$885,484,161</b>	<b>25.57</b>

<sup>(1)</sup> Represents the sum of the CFD No. 94-3 Refunding Bonds Local Obligations estimated at \$6,380,000 allocated based on Fiscal Year 2018-19 levy. Numbers may not total due to rounding.

<sup>(2)</sup> Represents the total of the non-CFD Direct and Overlapping Tax and Assessment Debt, which includes general obligation, community facilities district and assessment district bonds, as shown on the Overlapping Debt Statement prepared by California Municipal Statistics, Inc. dated July 25, 2018 and allocated based on the Fiscal Year 2018-19 levy.

<sup>(3)</sup> Values as shown on the County of San Diego Fiscal Year 2018-19 Secured Roll.

<sup>(4)</sup> The lowest value to debt on a parcel is 0.43 to 1.

\* Preliminary, subject to change.

Source: Koppel & Gruber Public Finance.

**Assessed Values.** The assessed values, direct and overlapping debt, and total tax burden on individual parcels varies among parcels within CFD No. 94-3. The value of individual parcels is significant because in the event of a delinquency in the payment of Special Taxes, the District may foreclose only against delinquent parcels. The gross assessed valuation of property within the District may not be representative of the actual market value of property within such District because Article XIII A of the California Constitution limits any increase in assessed value to no more than 2% a year, unless a property is sold or transferred. See “SPECIAL RISK FACTORS – Property Values.”

The following table shows the historical assessed valuation of land and improvements for Developed Property within CFD No. 94-3, total assessed valuation of such taxable parcels within CFD No. 94-3, and percent increase or decrease in such assessed valuation for Fiscal Years 2013-14 through 2018-19.



**Table 38**  
**Assessed Valuation Of Taxable Parcels**  
**CFD No. 94-3**  
**Fiscal Years 2013-14 Through 2018-19**

<b>Fiscal Year</b>	<b>Assessed Value of Land</b>	<b>Assessed Value of Improvements</b>	<b>Total Assessed Valuation<sup>(1)</sup></b>	<b>Percentage Annual Increase (Decrease)</b>
2013-14 <sup>(2)</sup>	\$298,216,683	\$384,150,327	\$682,367,010	--
2014-15 <sup>(2)</sup>	321,971,366	403,003,330	724,974,696	6.24%
2015-16 <sup>(2)</sup>	343,695,153	419,915,385	763,610,538	5.33
2016-17 <sup>(2)</sup>	361,592,723	428,930,817	790,523,540	3.52
2017-18 <sup>(3)</sup>	381,249,529	439,016,873	820,266,402	3.76
2018-19 <sup>(3)</sup>	432,857,041	452,627,120	885,484,161	7.95

- (1) Includes assessed values of parcels upon which Special Taxes were levied.
- (2) Based on data provided in Annual Continuation Disclosure Reports.
- (3) San Diego County Secured roll as compiled by Koppel & Gruber Public Finance.

Source: Annual Continuation Disclosure Reports and San Diego County Secured Roll

**CFD No. 95-1**

**Location and Description.** CFD No. 95-1 is located in the southern portion of the School District boundaries and includes developments in Sorrento Hills and the Del Mar Planning Area. There are 2,371 parcels of Developed Property in CFD No. 95-1 and 45 parcels of Undeveloped Property.

**Special Tax Levies.** The following table is a summary of Special Tax levies, collections and delinquency rates in CFD No. 95-1 for fiscal years 2013-14 through 2017-18. As reflected below, the applicable Special Tax has been levied only on Developed Property within CFD No. 95-1, but can be levied on Undeveloped Property in instance of shortfall. See “SECURITY FOR THE BONDS – Rates and Methods – CFD No. 95-1.”

**Table 39**  
**Special Tax Levies, Delinquencies And Delinquency Rates**  
**CFD No. 95-1**  
**Fiscal Years 2013-14 To 2017-18**

<b>Fiscal Year</b>	<b>Parcels Levied</b>	<b>Amount Levied</b>	<b>Delinquencies at Fiscal Year End</b>				<b>Remaining Delinquencies as of July 10, 2018</b>		
			<b>Parcels Delinquent</b>	<b>Amount Delinquent</b>	<b>Percent Delinquent</b>		<b>Remaining Parcels Delinquent</b>	<b>Remaining Amount Delinquent</b>	<b>Remaining Percent Delinquent<sup>(5)</sup></b>
2013-14	2,333	\$2,370,339	10	\$ 6,413	0.27%	(1)	0	\$ 0	0.00%
2014-15	2,342	2,398,569	5	2,993	0.12	(2)	0	0	0.00
2015-16	2,360	2,413,959	8	6,840	0.28	(3)	0	0	0.00
2016-17	2,365	2,418,234	9	6,413	0.27	(4)	4	2,993	0.12
2017-18	2,368	2,420,799	26	16,245	0.67	(5)	26	16,245	0.67

- (1) Delinquent as of September 24, 2014, as reported in the Annual Continuing Disclosure Report.
- (2) Delinquent as of September 11, 2015, as reported in the Annual Continuing Disclosure Report.
- (3) Delinquent as of August 1, 2016, as reported in the Annual Continuing Disclosure Report.
- (4) Delinquent as of September 18, 2017, as reported in the Annual Continuing Disclosure Report.
- (5) Delinquent as of July 10, 2018, based on information obtained from the County as compiled by Koppel & Gruber Public Finance.

Source: Koppel & Gruber Public Finance.

**Direct and Overlapping Debt.** The property within CFD No. 95-1 is subject to taxation by a number of taxing agencies, some of which have issued debt secured by taxes and assessments levied on such property. The table below sets forth the direct and overlapping debt for CFD No. 95-1 as of August 1, 2018.

**Table 40  
Detailed Direct And Overlapping Debt  
CFD No. 95-1**

2017-18 Assessed Valuation: \$3,708,895,279 (Land and Improvements)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/18</u>
Metropolitan Water District	0.135%	\$ 81,931
Mira Costa Community College District	3.552	3,049,001
Palomar Community College District	0.065	406,538
San Diego Community College District	0.012	159,982
San Dieguito Union High School District	5.953	19,876,610
Solana Beach School District School Facilities Improvement District No. 2016-1	5.904	2,683,315
Palomar Healthcare District	0.095	410,483
<b>San Dieguito Union High School District Community Facilities District No. 95-1</b>	<b>100.</b>	<b>18,767,885</b>
Del Mar School District Community Facilities District No. 95-1	82.786	12,136,376
Rancho Santa Fe Community Services District Community Facilities District No. 1	44.298	15,123,260
Solana Beach School District Community Facilities District No. 99-1	29.121	1,135,722
Solana Beach School District Community Facilities District No. 2000-1	100.	2,860,000
Olivenhain Municipal Water District Assessment District No. 96-1	1.822	193,558
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$76,884,661</b>
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
San Diego County General Fund Obligations	0.747%	\$ 2,040,660
San Diego County Pension Obligation Bonds	0.747	4,171,581
San Diego County Superintendent of Schools Obligations	0.747	80,552
Mira Costa Community College District Certificates of Participation	3.552	19,711
Palomar Community College District General Fund Obligations	0.065	1,775
San Dieguito Union High School District General Fund Obligations	5.953	757,754
City of Solana Beach Certificates of Participation	1.411	9,741
City of San Diego General Fund Obligations	1.228	6,765,822
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>		<b>\$13,847,596</b>
 <b>COMBINED TOTAL DEBT</b>		 <b>\$90,732,257<sup>(1)</sup></b>

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

<b>Direct Debt (\$18,767,885)</b> .....	<b>0.51%</b>
Total Overlapping Tax and Assessment Debt .....	2.07%
Combined Total Debt.....	2.45%

Source: California Municipal Statistics, Inc.

**Estimated Fiscal Year 2017-18 Tax Rates.** The table below sets forth estimated property tax bills for two residential units in CFD No. 95-1. The estimated tax rates and amounts presented herein are based on information for fiscal year 2017-18. The actual amounts charged may vary and may increase in future years. For fiscal year 2017-18, the projected average total effective tax was approximately 1.15% of assessed value for single family residential and 1.18% for multi-family residential.

**Table 41**  
**Sample Tax Bill**  
**CFD No. 95-1**  
**Estimated Fiscal Year 2017-18 Total Effective Tax Rate<sup>(1)</sup>**

Tax Classification	Single Family Residential	Multi-Family Residential (Apartment)
<b>Estimated Value</b>		
Average Assessed Valuation <sup>(2)</sup>	\$2,456,488	\$27,000,000
Homeowner's Exemption	(7,000)	0
<b>Estimated Net Assessed Value <sup>(3)</sup></b>	<b>\$2,449,488</b>	<b>\$27,000,000</b>
<b>Ad Valorem Property Taxes <sup>(4)</sup></b>		
	<b>Tax Rate</b>	
Basic Levy	1.00000%	\$24,494.88
Gen Bond Encinitas-Prop O 3/26/1996, Series 1996A	0.00000%	\$0.00
Hi Bond San Dieguito-Prop AA 11/6/2012, 2013A A1	0.01067%	\$261.36
Hi Bond San Dieguito-Prop AA 11/6/2012, 2015B-2	0.00948%	\$232.21
Hi Bond San Dieguito-Prop AA 11/6/2012, 2016C-2	0.00214%	\$52.42
Mira Costa Community Coll Prop MM 11/8/2016, 2016A	0.01443%	\$353.46
San Diego City Zoo Zoological Exhibits - Maintenance	0.00500%	\$122.47
MWD D/S Remainder of SDCWA 15019999	0.00350%	\$85.73
<b>Subtotal Ad Valorem Property Taxes</b>	<b>1.04522%</b>	<b>\$25,602.53</b>
<b>Assessments, Special taxes and Parcel Charges <sup>(4)</sup></b>		
Mosquito Surveillance	3.00	3.00
Vector Disease Control	7.06	91.20
Torrey Hills Maint	0.00	7,095.26
Del Mar Elem CFD 95-1	1,571.04	12,178.50
San Dieguito CFD 95-1	855.00	15,939.00
MWD Wtr Standby Charge	11.50	20.36
CWA Wtr Availability	10.00	17.70
<b>Subtotal Assessments, Charges and Special Taxes</b>	<b>\$2,457.60</b>	<b>\$35,345.02</b>
<b>Total Estimated Property Taxes</b>	<b>\$28,060.13</b>	<b>\$317,554.42</b>
<b>Estimated Effective Tax Rate</b>	<b>1.15%</b>	<b>1.18%</b>

<sup>(1)</sup> These sample property tax bills are estimated based on adopted rates for Fiscal Year 2017-18.

<sup>(2)</sup> Based on average value as shown on the Fiscal Year 2017-18 County Assessor's Roll.

<sup>(3)</sup> Estimated Net Assessed Value reflects estimated total assessed value for a parcel net of homeowner's exemption. Not all residences qualify for homeowner's exemption.

<sup>(4)</sup> Based on Fiscal Year 2017-18 rates; FY 2018-19 rates not finalized or available.

Source: Koppel & Gruber Public Finance.

## ITEM 4

**Major Land Owners.** The following table presents a summary of the top taxpayers in CFD No. 95-1 measured by the percentage of Fiscal Year 2018-19 Special Tax Levy.

**Table 42**  
**Largest Taxpayers (Top 10)**  
**CFD No. 95-1**  
**Fiscal Year 2018-19**

<b>Property Owner<sup>(1)</sup></b>	<b>Number of Parcels Levied</b>	<b>Special Tax Levy 2018-19</b>	<b>Percent of Special Tax Levy</b>
IRVINE COMPANY LLC	9	\$208,593.00	8.61%
TORREY GARDEN HILLS I L L C	2	88,704.00	3.66
TORREY HILLS APARTMENTS S D LLC	4	78,540.00	3.24
OCEAN AIR L P	3	23,100.00	0.95
LONGACRES AT SEABREEZE FARMS LP	1	8,778.00	0.36
DERBY TERRACE L L C	1	5,544.00	0.23
LANG ANTHONY & KIM	3	2,565.00	0.11
URVEK PERI N	3	2,565.00	0.11
BERKMAN CHARLES S & KATHRYN S	2	1,710.00	0.07
<u>CHAMMAS-JEHAMY FAMILY TRUST 04-17-09</u>	2	1,710.00	0.07
Sub Total	30	\$421,809.00	17.41%
<u>Other Properties</u>	2,341	\$2,001,555.00	82.59
Grand Total	2,371	\$2,423,364.00	100.00%

<sup>(2)</sup> Property ownership as listed on the San Diego County secured tax roll for Fiscal Year 2018-19. Parcels with the same levy amount are listed in alphabetical order to meet the Top Ten property owners, other parcels may have the same levy amount.  
*Source: Koppel & Gruber Public Finance.*

**Value-To-Lien Ratios.** The Authority has obtained the assessed values of all of the taxable Developed Property in CFD No. 95-1 (2,371 parcels in total), as established by the County Assessor for Fiscal Year 2018-19, which total \$3,871,582,807. The direct and overlapping special tax and assessment indebtedness within CFD No. 95-1 as of August 1, 2018, was approximately \$76,884,661. The assessed value-to-lien ratio of the property within CFD No. 95-1, based on the fiscal year 2018-19 assessed values, the estimated aggregate principal amount of the CFD No. 95-1 Local Obligations and the estimated direct and overlapping indebtedness within CFD No. 95-1 equals approximately 43.97-to-1\*.

The table below sets forth the estimated value-to-lien ratios for parcels within CFD No. 95-1 by various ranges based upon the direct and overlapping debt information.

\*Preliminary, subject to change.

**Table 43**  
**Estimated Assessed Value-To-Lien Ratios By Ranges**  
**CFD No. 95-1**

<u>Current Assessed Value-to-Debt</u>	<u>Number of Parcels Levied</u>	<u>Fiscal Year 2018-19 Special Tax Levy</u>	<u>Percentage of FY 2018-19 Special Tax Levy</u>	<u>Pro Rata Share of Outstanding Local Obligations<sup>(1)</sup></u>	<u>Share of Other Direct and Overlapping Debt<sup>(2)</sup></u>	<u>Total Assessed Valuation<sup>(3)</sup></u>	<u>Value-to-Debt<sup>*</sup></u>
Less Than 10.0*	15	\$17,514	0.72%	\$216,308	\$420,018	\$5,100,575	8.02
10.0-19.99	232	206,283	8.51	2,547,718	4,947,050	125,239,719	16.71
20.00-39.99	1,193	1,227,105	50.64	15,155,481	29,428,260	1,331,228,370	29.86
40.00-59.99	472	559,482	23.09	6,909,940	13,417,419	979,961,047	48.21
60.00-79.99	192	184,695	7.62	2,281,095	4,429,330	463,785,758	69.11
80 or Greater	267	228,285	9.42	2,819,458	5,474,699	966,267,338	116.50
Total	2,371	\$2,423,364	100.00%	\$29,930,000	\$58,116,776	\$3,871,582,807	43.97

<sup>(1)</sup> Represents the sum of the CFD No. 95-1 Refunding Bonds Local Obligations estimated at \$29,930,000 allocated based on Fiscal Year 2018-19 levy. Numbers may not total due to rounding.

<sup>(2)</sup> Represents the total of the non-CFD Direct and Overlapping Tax and Assessment Debt, which includes general obligation, community facilities district and assessment district bonds, as shown on the Overlapping Debt Statement prepared by California Municipal Statistics, Inc. dated July 25, 2018 and allocated based on the Fiscal Year 2018-19 levy.

<sup>(3)</sup> Values as shown on the County of San Diego Fiscal Year 2018-19 Secured Roll.

<sup>(4)</sup> The lowest value to debt on a parcel is 3.93 to 1

\* Preliminary, subject to change.

Source: Koppel & Gruber Public Finance.

**Assessed Values.** The assessed values, direct and overlapping debt, and total tax burden on individual parcels varies among parcels within CFD No. 95-1. The value of individual parcels is significant because in the event of a delinquency in the payment of Special Taxes, the District may foreclose only against delinquent parcels. The gross assessed valuation of property within the District may not be representative of the actual market value of property within such District because Article XIII A of the California Constitution limits any increase in assessed value to no more than 2% a year, unless a property is sold or transferred. See “SPECIAL RISK FACTORS – Property Values.”

The following table shows the historical assessed valuation of land and improvements for Developed Property within CFD No. 95-1, total assessed valuation of such taxable parcels within CFD No. 95-1, and percent increase or decrease in such assessed valuation for Fiscal Years 2013-14 through 2018-19.

**Table 44**  
**Assessed Valuation Of Taxable Parcels**  
**CFD No. 95-1**  
**Fiscal Years 2013-14 Through 2018-19**

<b>Fiscal Year</b>	<b>Assessed Value of Land</b>	<b>Assessed Value of Improvements</b>	<b>Total Assessed Valuation<sup>(1)</sup></b>	<b>Percentage Annual Increase (Decrease)</b>
2013-14 <sup>(2)</sup>	\$1,409,302,042	\$1,681,162,106	\$3,090,464,148	--
2014-15 <sup>(2)</sup>	1,524,934,945	1,767,916,996	3,292,851,941	6.55%
2015-16 <sup>(2)</sup>	1,601,722,825	1,836,577,541	3,438,300,366	4.42
2016-17 <sup>(2)</sup>	1,657,490,262	1,913,971,621	3,571,461,883	3.87
2017-18 <sup>(3)</sup>	1,712,901,971	1,995,993,308	3,708,895,279	3.85
2018-19 <sup>(3)</sup>	1,810,269,817	2,061,312,990	3,871,582,807	4.39

- (1) Included Assessed Land and Structure value of parcels upon which special taxes are levied.
- (2) Based on data provided in Annual Continuation Disclosure Reports.
- (3) San Diego County Secured roll as compiled by Koppel & Gruber Public Finance.

Source: Annual Continuation Disclosure Reports and San Diego County Secured Roll

**CFD No. 95-2**

**Location and Description.** CFD No. 95-2 is located both within the City of Carlsbad and the City of Encinitas. CFD No. 95-2 is developed primarily with a continuing care facility for the elderly known as La Costa Glen, which is exempt from the payment of Special Taxes. There are 614 parcels of Developed Property in CFD No. 95-2 and 31 parcels of Undeveloped Property.

**Special Tax Levies.** The following table is a summary of Special Tax levies, collections and delinquency rates in CFD No. 95-2 for fiscal years 2013-14 through 2017-18. As reflected below, the applicable Special Tax has been levied only on Developed Property within CFD No. 95-2, but can be levied on Undeveloped in instances of shortfall. See “SECURITY FOR THE BONDS – Rates and Methods – CFD No. 95-2.”

**Table 45**  
**Special Tax Levies, Delinquencies And Delinquency Rates**  
**CFD No. 95-2**  
**Fiscal Years 2013-14 To 2017-18**

<b>Fiscal Year</b>	<b>Parcels Levied</b>	<b>Amount Levied</b>	<b>Delinquencies at Fiscal Year End</b>				<b>Delinquencies as of July 10, 2018</b>		
			<b>Parcels Delinquent</b>	<b>Amount Delinquent</b>	<b>Percent Delinquent</b>		<b>Parcels Delinquent</b>	<b>Amount Delinquent</b>	<b>Percent Delinquent<sup>(5)</sup></b>
2013-14	474	\$350,682	4	\$ 3,200	0.91%	(1)	0	\$ 0	0.00%
2014-15	534	398,682	4	2,800	0.70	(2)	0	0	0.00
2015-16	575	431,482	1	400	0.09	(3)	0	0	0.00
2016-17	603	453,882	1	400	0.09	(4)	0	0	0.00
2017-18	607	457,082	3	1,200	0.26	(5)	3	1,200	0.26

- (1) Delinquent as of September 24, 2014, as reported in the Annual Continuing Disclosure Report.
- (2) Delinquent as of September 11, 2015, as reported in the Annual Continuing Disclosure Report.
- (3) Delinquent as of August 1, 2016, as reported in the Annual Continuing Disclosure Report.
- (4) Delinquent as of September 18, 2017, as reported in the Annual Continuing Disclosure Report.
- (5) Delinquent as of July 10, 2018, based on information obtained from the County as compiled by Koppel & Gruber Public Finance.

Source: Koppel & Gruber Public Finance.

**Direct and Overlapping Debt.** The property within CFD No. 95-2 is subject to taxation by a number of taxing agencies, some of which have issued debt secured by taxes and assessments levied on such property. The table below sets forth the direct and overlapping debt for CFD No. 95-2 as of August 1, 2018.

**Table 46  
Detailed Direct And Overlapping Debt  
CFD No. 95-2**

2017-18 Assessed Valuation: \$766,932,758 (Land and Improvements)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/18</u>
Metropolitan Water District	0.028%	\$ 16,957
Mira Costa Community College District	0.755	648,096
San Dieguito Union High School District	1.232	4,113,870
<b>San Dieguito Union High School District Community Facilities District No. 95-2</b>	<b>100.</b>	<b>3,868,520</b>
Cardiff School District	2.869	471,273
Encinitas Union School District	3.710	1,764,016
Olivenhain Municipal Water District Assessment District No. 96-1	1.069	<u>113,541</u>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$10,996,273</b>

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
San Diego County General Fund Obligations	0.155%	\$ 422,356
San Diego County Pension Obligation Bonds	0.155	863,394
San Diego County Superintendent of Schools Obligations	0.155	16,672
Mira Costa Community College District Certificates of Participation	0.755	4,190
San Dieguito Union High School District General Fund Obligations	1.232	156,833
City of Encinitas Certificates of Participation	4.531	<u>2,036,589</u>
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>		<b>\$3,500,034</b>

COMBINED TOTAL DEBT \$14,496,307<sup>(1)</sup>

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

<b>Direct Debt (\$3,868,520)</b> .....	<b>0.50%</b>
Total Overlapping Tax and Assessment Debt.....	1.43%
Combined Total Debt	1.89%

Source: California Municipal Statistics, Inc.

**Estimated Fiscal Year 2017-18 Tax Rates.** The table below sets forth estimated property tax bills for two residential units in CFD No. 95-2. The estimated tax rates and amounts presented herein are based on information for fiscal year 2017-18. The actual amounts charged may vary and may increase in future years. For fiscal year 2017-18, the projected average total effective tax was approximately 1.13% of assessed value for single-family residential and 1.17% for multi-family residential.

**Table 47**  
**Sample Tax Bill**  
**CFD No. 95-2**  
**Estimated Fiscal Year 2017-18 Total Effective Tax Rate<sup>(1)</sup>**

<u>Tax Classification</u>		<u>Single Family Residential</u>	<u>Multi-Family Residential</u>
<b>Estimated Value</b>			
Average Assessed Valuation <sup>(2)</sup>		\$1,628,259	\$575,000
Homeowner's Exemption		(7,000)	(7,000)
<b>Estimated Net Assessed Value<sup>(3)</sup></b>		<b><u>\$1,621,259</u></b>	<b><u>\$568,000</u></b>
<b>Ad Valorem Property Taxes<sup>(4)</sup></b>			
	<b>Tax Rate</b>		
Basic Levy	1.00000%	\$16,212.59	\$5,680.00
Gen Bond Encinitas-Prop O 3/26/1996, Series 1996A	0.01943%	\$315.01	\$110.36
Hi Bond San Dieguito-Prop AA 11/6/2012, 2013A A1	0.01067%	\$172.99	\$60.61
Hi Bond San Dieguito-Prop AA 11/6/2012, 2015B-2	0.00948%	\$153.70	\$53.85
Hi Bond San Dieguito-Prop AA 11/6/2012, 2016C-2	0.00214%	\$34.69	\$12.16
Mira Costa Community Coll Prop MM 11/8/2016, 2016A	0.01443%	\$233.95	\$81.96
MWD D/S Remainder of SDCWA 15019999	0.00350%	\$56.74	\$19.88
<b>Subtotal Ad Valorem Property Taxes</b>	<b><u>1.05965%</u></b>	<b><u>\$17,179.67</u></b>	<b><u>\$6,018.81</u></b>
<b>Assessments, Special taxes and Parcel Charges<sup>(4)</sup></b>			
CSA 17 Emer Ambul Sv		\$29.62	\$0.00
Mosquito Surveillance		3.00	3.00
Vector Disease Control		7.14	4.94
Carlsbad Lighting #1		0.00	12.98
Lndscpe/Ltg Zn A/B/C		5.22	0.00
Lndscpe/Ltg Zn M		0.00	0.82
Sewer Service Charge		191.72	0.00
San Dieguito CFD 95-2		800.00	218.00
Leuc Wastewater Fee		0.00	343.68
Assmt Dist 96-1		90.64	39.60
MWD Wtr Standby Charge		23.02	11.50
CWA Wtr Availability		20.00	10.00
<b>Subtotal Assessments, Charges and Special Taxes</b>		<b><u>\$1,170.36</u></b>	<b><u>\$644.52</u></b>
<b>Total Estimated Property Taxes</b>		<b><u>\$18,350.03</u></b>	<b><u>\$6,663.33</u></b>
<b>Estimated Effective Tax Rate</b>		<b>1.13%</b>	<b>1.17%</b>

<sup>(1)</sup> These sample property tax bills are estimated based on adopted rates for Fiscal Year 2017-18.

<sup>(2)</sup> Based on average value as shown on the Fiscal Year 2017-18 County Assessor's Roll.

<sup>(3)</sup> Estimated Net Assessed Value reflects estimated total assessed value for a parcel net of homeowner's exemption. Not all residences qualify for homeowner's exemption.

<sup>(4)</sup> Based on Fiscal Year 2017-18 rates; FY 2018-19 rates not finalized or available OS.

Source: Koppel & Gruber Public Finance.



**Major Land Owners.** The following table presents a summary of the top taxpayers in CFD No. 95-2 measured by the percentage of Fiscal Year 2018-19 Special Tax Levy.

**Table 48  
Largest Taxpayers (Top 10)  
CFD No. 95-2  
Fiscal Year 2018-19**

<b>Property Owner<sup>(1)</sup></b>	<b>Number of Parcels Levied</b>	<b>Special Tax Levy 2018-19</b>	<b>Percent of Special Tax Levy</b>
SHEA HOMES L P	9	\$7,200.00	1.56%
SANTIARA L L C	2	1,600.00	0.35
1314 LAKE DRIVE TRUST 10-19-15	1	800.00	0.17
707 OLYMPUS STREET PARTNERSHIP JOINT VENTURE, BREVAN PENSCHOTT CHILDRENS TRUST (25%) ET AL	1	800.00	0.17
ACHOUR FAMILY TRUST 07-16-03	1	800.00	0.17
ACKERMAN BRETT & JENNIFER	1	800.00	0.17
ADAMS MATTHEW S & NICOLE R LIVING TRUST 10-26-12	1	800.00	0.17
ADIGHIJE OBINNA L & SELICH-ADIGHIJE LESLIE	1	800.00	0.17
AHEARN CHRISTOPHER & JILL FAMILY TRUST 07-28-05	1	800.00	0.17
<u>AHRANJANI MASSIH &amp; SUSANNA M</u>	1	800.00	0.17
Sub Total	19	\$15,200.00	3.29%
<u>Other Properties</u>	<u>595</u>	<u>447,482.00</u>	<u>96.71</u>
<u>Grand Total</u>	<u>614</u>	<u>\$462,682.00</u>	<u>100.00%</u>

<sup>(1)</sup> Property ownership as listed on the San Diego County secured tax roll for Fiscal Year 2018-19. Parcels with the same levy amount are listed in alphabetical order to meet the Top Ten property owners, other parcels may have the same levy amount.  
Source: Koppel & Gruber Public Finance.

**Value-To-Lien Ratios.** The Authority has obtained the assessed values of all of the taxable Developed Property in CFD No. 95-2 (614 parcels in total), as established by the County Assessor for Fiscal Year 2018-19, which total \$797,226,517. The direct and overlapping special tax and assessment indebtedness within CFD No. 95-2 as of August 1, 2018, was approximately \$10,996,273. The assessed value-to-lien ratio of the property within CFD No. 95-2, based on the fiscal year 2018-19 assessed values, the estimated aggregate principal amount of the CFD No. 95-2 Local Obligations and the estimated direct and overlapping indebtedness within CFD No. 95-2 equals approximately 61.15-to-1\*.

The table below sets forth the estimated value-to-lien ratios for parcels within CFD No. 95-2 by various ranges based upon the direct and overlapping debt information.

\*Preliminary, subject to change.

**Table 49**  
**Estimated Assessed Value-To-Lien Ratios By Ranges**  
**CFD No. 95-2**

<b>Current Assessed Value-to-Debt</b>	<b>Number of Parcels Levied</b>	<b>Fiscal Year 2018-19 Special Tax Levy</b>	<b>Percentage of FY 2018-19 Special Tax Levy</b>	<b>Pro Rata Share of Outstanding Local Obligations<sup>(1)</sup></b>	<b>Share of Other Direct and Overlapping Debt<sup>(2)</sup></b>	<b>FY 2018/19 Total Assessed Valuation<sup>(3)</sup></b>	<b>Value-to-Debt<sup>*</sup></b>
Less than 10.00 <sup>(4)</sup>	4	\$3,200	0.69%	\$40,875	\$49,297	\$557,664	6.18
10.00-19.99	9	7,200	1.56	91,968	110,918	3,439,893	16.95
20.00-39.99	91	72,218	15.61	922,466	1,112,540	69,132,107	33.97
40.00-59.99	167	132,436	28.62	1,691,652	2,040,216	192,534,758	51.59
60.00-79.99	229	180,872	39.09	2,310,341	2,786,387	352,990,902	69.26
80.00 or Greater	114	66,756	14.43	852,698	1,028,395	178,571,193	94.93
<b>Total</b>	<b>614</b>	<b>\$462,682</b>	<b>100.00%</b>	<b>\$5,910,000</b>	<b>\$7,127,753</b>	<b>\$797,226,517</b>	<b>61.15</b>

<sup>(1)</sup> Represents the sum of the CFD No. 95-2 Refunding Bonds Local Obligations estimated at \$5,910,000 allocated based on Fiscal Year 2018-19 levy. Numbers may not total due to rounding.

<sup>(2)</sup> Represents the total of the non-CFD Direct and Overlapping Tax and Assessment Debt, which includes general obligation, community facilities district and assessment district bonds, as shown on the Overlapping Debt Statement prepared by California Municipal Statistics, Inc. dated July 25, 2018 and allocated based on the Fiscal Year 2018-19 levy.

<sup>(3)</sup> Values as shown on the County of San Diego Fiscal Year 2018-19 Secured Roll.

<sup>(4)</sup> The lowest value to debt on a parcel is 5.30 to 1.

\* Preliminary, subject to change.

Source: Koppel & Gruber Public Finance.

**Assessed Values.** The assessed values, direct and overlapping debt, and total tax burden on individual parcels varies among parcels within CFD No. 95-2. The value of individual parcels is significant because in the event of a delinquency in the payment of Special Taxes, the District may foreclose only against delinquent parcels. The gross assessed valuation of property within the District may not be representative of the actual market value of property within such District because Article XIII A of the California Constitution limits any increase in assessed value to no more than 2% a year, unless a property is sold or transferred. See “SPECIAL RISK FACTORS – Property Values.”

The following table shows the historical assessed valuation of land and improvements for Developed Property within CFD No. 95-2, total assessed valuation of such taxable parcels within CFD No. 95-2, and percent increase or decrease in such assessed valuation for Fiscal Years 2013-14 through 2018-19.

**Table 50**  
**Assessed Valuation Of Taxable Parcels**  
**CFD No. 95-2**  
**Fiscal Years 2013-14 Through 2018-19**

<b>Fiscal Year</b>	<b>Assessed Value of Land</b>	<b>Assessed Value of Improvements</b>	<b>Total Assessed Valuation<sup>(1)</sup></b>	<b>Percentage Annual Increase (Decrease)</b>
2013-14 <sup>(2)</sup>	\$219,507,242	\$255,607,004	\$475,114,246	--
2014-15 <sup>(2)</sup>	267,122,142	276,993,116	544,115,258	14.52%
2015-16 <sup>(2)</sup>	297,667,616	314,430,877	612,098,493	12.49
2016-17 <sup>(2)</sup>	335,529,332	357,401,463	692,930,795	13.21
2017-18 <sup>(3)</sup>	373,876,893	393,055,865	766,932,758	10.68
2018-19 <sup>(3)</sup>	392,498,119	404,728,398	797,226,517	3.95

- (1) Included Assessed Land and Structure value of parcels upon which special taxes are levied.  
 (2) Based on data provided in Annual Continuation Disclosure Reports.  
 (3) San Diego County Secured roll as compiled by Koppel & Gruber Public Finance.

Source: Annual Continuation Disclosure Reports and San Diego County Secured Roll

**CFD No. 99-1**

**Location and Description.** CFD No. 99-1 contains a portion of a master-planned development known as Pacific Highlands Ranch. There are 746 parcels of Developed Property in CFD No. 99-1 and 14 parcels of Undeveloped Property.

**Special Tax Levies.** The following table is a summary of Special Tax levies, collections and delinquency rates in CFD No. 99-1 for fiscal years 2013-14 through 2017-18. As reflected below, the applicable Special Tax has been levied only on Developed Property within CFD No. 99-1, but can be levied on Undeveloped in instances of shortfall. See “SECURITY FOR THE BONDS – Rates and Methods – CFD No. 99-1.”

**Table 51**  
**Special Tax Levies, Delinquencies And Delinquency Rates**  
**CFD No. 99-1**  
**Fiscal Years 2013-14 To 2017-18**

<b>Fiscal Year</b>	<b>Parcels Levied</b>	<b>Amount Levied</b>	<b>Delinquencies at Fiscal Year End</b>				<b>Remaining Delinquencies as of July 10, 2018</b>		
			<b>Parcels Delinquent</b>	<b>Amount Delinquent</b>	<b>Percent Delinquent</b>		<b>Remaining Parcels Delinquent</b>	<b>Remaining Amount Delinquent</b>	<b>Remaining Percent Delinquent<sup>(5)</sup></b>
2013-14	570	\$349,175	1	\$ 855	0.24%	(1)	0	\$ 0	0.00%
2014-15	570	349,175	0	0	0.00	(2)	0	0	0.00
2015-16	571	395,345	2	543	0.14	(3)	0	0	0.00
2016-17	699	461,849	6	3,027	0.66	(4)	2	1,086	0.24
2017-18	727	485,789	5	2,369	0.49	(5)	5	2,369	0.49

- (1) Delinquent as of September 24, 2014, as reported in the Annual Continuing Disclosure Report.  
 (2) Delinquent as of September 11, 2015, as reported in the Annual Continuing Disclosure Report.  
 (3) Delinquent as of August 1, 2016, as reported in the Annual Continuing Disclosure Report.  
 (4) Delinquent as of September 18, 2017, as reported in the Annual Continuing Disclosure Report.  
 (5) Delinquent as of July 10, 2018, based on information obtained from the County as compiled by Koppel & Gruber Public Finance.

Source: Koppel & Gruber Public Finance.

**Direct and Overlapping Debt.** The property within CFD No. 99-1 is subject to taxation by a number of taxing agencies, some of which have issued debt secured by taxes and assessments levied on such property. The table below sets forth the direct and overlapping debt for CFD No. 99-1 as of August 1, 2018.

**Table 52  
Detailed Direct And Overlapping Debt  
CFD No. 99-1**

2017-18 Assessed Valuation: \$663,747,314 (Land and Improvements)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/18</u>
Metropolitan Water District	0.024%	\$ 14,285
Mira Costa Community College District	0.636	545,946
San Dieguito Union High School District	1.038	3,465,459
<b>San Dieguito Union High School District Community Facilities District No. 99-1</b>	<b>100.</b>	<b>4,345,991</b>
Solana Beach School District School Facilities Improvement District No. 2016-1	0.058	26,321
Del Mar School District Community Facilities District No. 95-1	4.254	623,662
Del Mar School District Community Facilities District No. 99-1	33.728	1,153,510
Solana Beach School District Community Facilities District No. 99-1	19.197	<u>742,942</u>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$10,918,116</b>

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
San Diego County General Fund Obligations	0.130%	\$ 355,786
San Diego County Pension Obligation Bonds	0.130	727,309
San Diego County Superintendent of Schools Obligations	0.130	14,044
Mira Costa Community College District Certificates of Participation	0.636	3,529
San Dieguito Union High School District General Fund Obligations	1.038	132,113
City of San Diego General Fund Obligations	0.275	<u>1,513,338</u>
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>		<b>\$2,746,119</b>

COMBINED TOTAL DEBT \$13,664,237<sup>(1)</sup>

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

<b>Direct Debt (\$4,345,991)</b> .....	<b>0.65%</b>
Total Overlapping Tax and Assessment Debt.....	1.64%
Combined Total Debt.....	2.06%

Source: California Municipal Statistics, Inc.

**Estimated Fiscal Year 2017-18 Tax Rates.** The table below sets forth estimated property tax bills for two residential units in CFD No. 99-1. The estimated tax rates and amounts presented herein are based on information for fiscal year 2017-18. The actual amounts charged may vary and may increase in future years. For fiscal year 2017-18, the projected average total effective tax was approximately 1.25% of assessed value for single family residential and 1.22% for multi-family residential.

**Table 53**  
**Sample Tax Bill**  
**CFD No. 99-1**  
**Estimated Fiscal Year 2017-18 Total Effective Tax Rate<sup>(1)</sup>**

<u>Tax Classification</u>		<u>Single Family Residential</u>	<u>Multi-Family Residential</u>
<b>Estimated Value</b>			
Average Assessed Valuation <sup>(2)</sup>		\$1,092,647	\$470,777
Homeowner's Exemption		(7,000)	(7,000)
<b>Estimated Net Assessed Value<sup>(3)</sup></b>		<b>\$1,085,647</b>	<b>\$463,777</b>
<b>Ad Valorem Property Taxes<sup>(4)</sup></b>			
	<b>Tax Rate</b>		
Basic Levy	1.00000%	\$10,856.47	\$4,637.77
Hi Bond San Dieguito-Prop AA 11/6/2012, 2013A A1	0.01067%	\$115.84	\$49.49
Hi Bond San Dieguito-Prop AA 11/6/2012, 2015B-2	0.00948%	\$102.92	\$43.97
Hi Bond San Dieguito-Prop AA 11/6/2012, 2016C-2	0.00214%	\$23.23	\$9.92
Mira Costa Community Coll Prop MM 11/8/2016, 2016A	0.01443%	\$156.66	\$66.92
San Diego City Zoo Zoological Exhibits - Maintenance	0.00500%	\$54.28	\$23.19
MWD D/S Remainder of SDCWA 15019999	0.00350%	\$38.00	\$16.23
<b>Subtotal Ad Valorem Property Taxes</b>	<b>1.04522%</b>	<b>\$11,347.40</b>	<b>\$4,847.49</b>
<b>Assessments, Special taxes and Parcel Charges<sup>(4)</sup></b>			
Mosquito Surveillance		3.00	3.00
Vector Disease Control		7.06	4.94
Pac High Rnch Maint		60.24	43.98
Del Mar Elem CFD 99-1		0.00	523.04
San Dieguito CFD 99-1		855.00	231.00
Solana Bch CFD 99-1		1,240.24	0.00
MWD Wtr Standby Charge		11.50	11.50
CWA Wtr Availability		10.00	10.00
<b>Subtotal Assessments, Charges and Special Taxes</b>		<b>\$2,187.04</b>	<b>\$827.46</b>
<b>Total Estimated Property Taxes</b>		<b>\$13,534.44</b>	<b>\$5,674.95</b>
<b>Estimated Effective Tax Rate</b>		<b>1.25%</b>	<b>1.22%</b>

<sup>(1)</sup> These sample property tax bills are estimated based on adopted rates for Fiscal Year 2017-18.

<sup>(2)</sup> Based on average value as shown on the Fiscal Year 2017-18 County Assessor's Roll.

<sup>(3)</sup> Estimated Net Assessed Value reflects estimated total assessed value for a parcel net of homeowner's exemption. Not all residences qualify for homeowner's exemption.

<sup>(4)</sup> Based on Fiscal Year 2017-18 rates; FY 2018-19 not finalized or available.

Source: Koppel & Gruber Public Finance.

**Major Land Owners.** The following table presents a summary of the top taxpayers in CFD No. 99-1 measured by the percentage of Fiscal Year 2018-19 Special Tax Levy.

**Table 54**  
**Largest Taxpayers (Top 10)**  
**CFD No. 99-1**  
**Fiscal Year 2018-19**

<b>Property Owner<sup>(1)</sup></b>	<b>Number of Parcels Levied</b>	<b>Special Tax Levy 2018-19</b>	<b>Percent of Special Tax Levy</b>
MEADOWOOD 20 LLC	17	\$17,100.00	3.29%
K B HOME COASTAL INC	1	15,939.00	3.07
CIC PHR L P	1	10,626.00	2.04
C I C VILLAS L P	1	3,696.00	0.71
TORREY VALE C I C LP	1	3,234.00	0.62
GARG PANKAJ & SINGLA RITU	2	1,710.00	0.33
J B K REALTY LLC	2	1,710.00	0.33
LIAO SOJIM JOY SEPARATE PROPERTY TRUST 11-21-13	2	1,710.00	0.33
N C A FAMILY TRUST 10-02-09	2	1,710.00	0.33
<u>PENG RONGHUI &amp; PAN XUEYAN</u>	<u>2</u>	<u>1,710.00</u>	<u>0.33</u>
Sub Total	31	\$59,145.00	11.38%
<u>Other Properties</u>	<u>715</u>	<u>460,537.50</u>	<u>88.62</u>
Grand Total	746	\$519,682.50	100.00%

<sup>(1)</sup> Property ownership as listed on the San Diego County secured tax roll for Fiscal Year 2018-19. Parcels with the same levy amount are listed in alphabetical order to meet the Top Ten property owners, other parcels may have the same levy amount.  
*Source: Koppel & Gruber Public Finance.*

**Value-To-Lien Ratios.** The Authority has obtained the assessed values of all of the taxable Developed Property in CFD No. 99-1 (746 parcels in total), as established by the County Assessor for Fiscal Year 2018-19, which total \$733,353,147. The direct and overlapping special tax and assessment indebtedness within CFD No. 99-1 as of August 1, 2018, was approximately \$10,918,116. The assessed value-to-lien ratio of the property within CFD No. 99-1, based on the fiscal year 2018-19 assessed values, the estimated aggregate principal amount of the CFD No. 99-1 Local Obligations and the estimated direct and overlapping indebtedness within CFD No. 99-1 equals approximately 55.01-to-1\*.

The table below sets forth the estimated value-to-lien ratios for parcels within CFD No. 99-1 by various ranges based upon the direct and overlapping debt information.

\*Preliminary, subject to change.

**Table 55**  
**Estimated Assessed Value-To-Lien Ratios By Ranges**  
**CFD No. 99-1**

<b>Current Assessed Value-to-Debt</b>	<b>Number of Parcels Levied</b>	<b>Fiscal Year 2018-19 Special Tax Levy</b>	<b>Percentage of FY 2018-19 Special Tax Levy</b>	<b>Pro Rata Share of Outstanding Local Obligations<sup>(1)</sup></b>	<b>Share of Other Direct and Overlapping Debt<sup>(2)</sup></b>	<b>FY 2018/19 Total Assessed Valuation<sup>(3)</sup></b>	<b>Value-to-Debt*</b>
Less than 10.00 <sup>4</sup>	1	\$3,420	0.66%	\$44,487	\$43,251	\$408,000	4.65
10.00-19.99	17	14,535	2.80%	189,071	183,816	6,790,147	18.21
20.00-39.99	275	224,757	43.25%	2,923,626	2,842,372	188,947,924	32.77
40.00-59.99	159	137,700	26.50%	1,791,194	1,741,413	172,755,752	48.90
60.00-79.99	66	49,566	9.54%	644,752	626,833	86,351,596	67.91
80.00 or Greater	228	89,705	17.26%	1,166,870	1,134,440	278,099,728	120.84
<b>Total</b>	<b>746</b>	<b>\$519,683</b>	<b>100.00%</b>	<b>\$6,760,000</b>	<b>\$6,572,125</b>	<b>\$733,353,147</b>	<b>55.01</b>

<sup>(1)</sup> Represents the sum of the CFD No. 99-1 Refunding Bonds Local Obligations estimated at \$6,760,000 allocated based on Fiscal Year 2018-19 levy. Numbers may not total due to rounding.

<sup>(2)</sup> Represents the total of the non-CFD Direct and Overlapping Tax and Assessment Debt, which includes general obligation, community facilities district and assessment district bonds, as shown on the Overlapping Debt Statement prepared by California Municipal Statistics, Inc. dated July 25, 2018 and allocated based on the Fiscal Year 2018-19 levy.

<sup>(3)</sup> Values as shown on the County of San Diego Fiscal Year 2018-19 Secured Roll.

<sup>(4)</sup> A building permit was pulled for 4 units on this APN in order to develop four condominiums. To date a condominium plan has not been recorded and the assessed value is for land only. The value to debt on this parcel is 4.65 to 1.

\* Preliminary, subject to change.

Source: Koppel & Gruber Public Finance.

**Assessed Values.** The assessed values, direct and overlapping debt, and total tax burden on individual parcels varies among parcels within CFD No. 99-1. The value of individual parcels is significant because in the event of a delinquency in the payment of Special Taxes, the District may foreclose only against delinquent parcels. The gross assessed valuation of property within the District may not be representative of the actual market value of property within such District because Article XIII A of the California Constitution limits any increase in assessed value to no more than 2% a year, unless a property is sold or transferred. See “SPECIAL RISK FACTORS – Property Values.”

The following table shows the historical assessed valuation of land and improvements for Developed Property within CFD No. 99-1, total assessed valuation of such taxable parcels within CFD No. 99-1, and percent increase or decrease in such assessed valuation for Fiscal Years 2013-14 through 2018-19.

**Table 56**  
**Assessed Valuation Of Taxable Parcels**  
**CFD No. 99-1**  
**Fiscal Years 2013-14 Through 2018-19**

<b>Fiscal Year</b>	<b>Assessed Value of Land</b>	<b>Assessed Value of Improvements</b>	<b>Total Assessed Valuation<sup>(1)</sup></b>	<b>Percentage Annual Increase (Decrease)</b>
2013-14 <sup>(2)</sup>	\$210,325,485	\$241,613,925	\$451,939,410	--
2014-15 <sup>(2)</sup>	226,668,370	259,284,482	485,952,852	7.53%
2015-16 <sup>(2)</sup>	272,394,692	266,465,662	538,860,354	10.89
2016-17 <sup>(2)</sup>	280,613,905	282,471,144	563,085,049	4.50
2017-18 <sup>(3)</sup>	318,170,802	345,576,512	663,747,314	17.88
2018-19 <sup>(3)</sup>	360,918,536	372,434,611	733,353,147	10.49

<sup>(1)</sup> Included Assessed Land and Structure value of parcels upon which special taxes are levied.

<sup>(2)</sup> Based on data provided in Annual Continuation Disclosure Reports.

<sup>(3)</sup> San Diego County Secured roll as compiled by Koppel & Gruber Public Finance.

Source: Annual Continuation Disclosure Reports and San Diego County Secured Roll

#### CFD No. 99-2

**Location and Description.** CFD No. 99-2 is composed of the master planned community located in Rancho Santa Fe known as The Bridges. There are 45 parcels of Developed Property in CFD No. 99-2 and 5 parcels of Undeveloped Property.

**Special Tax Levies.** The following table is a summary of Special Tax levies, collections and delinquency rates in CFD No. 99-2 for fiscal years 2013-14 through 2017-18. As reflected below, the applicable Special Tax has been levied only on Developed Property within CFD No. 99-2 and Undeveloped Property is exempt. See “SECURITY FOR THE BONDS – Rates and Methods – CFD No. 99-2.”

**Table 57**  
**Special Tax Levies, Delinquencies And Delinquency Rates**  
**CFD No. 99-2**  
**Fiscal Years 2013-14 To 2017-18**

<b>Fiscal Year</b>	<b>Parcels Levied</b>	<b>Amount Levied</b>	<b>Delinquencies at Fiscal Year End</b>				<b>Remaining Delinquencies as of July 10, 2018</b>		
			<b>Parcels Delinquent</b>	<b>Amount Delinquent</b>	<b>Percent Delinquent</b>		<b>Remaining Parcels Delinquent</b>	<b>Remaining Amount Delinquent</b>	<b>Remaining Percent Delinquent<sup>(5)</sup></b>
2013-14	45	\$25,650	0	\$ 0	0.00%	<sup>(1)</sup> 0	\$ 0	0.00%	
2014-15	45	25,650	0	0	0.00	<sup>(2)</sup> 0	0	0.00	
2015-16	45	25,650	0	0	0.00	<sup>(3)</sup> 0	0	0.00	
2016-17	45	25,650	0	0	0.00	<sup>(4)</sup> 0	0	0.00	
2017-18	45	25,650	1	570	2.22	<sup>(5)</sup> 1	570	2.22	

<sup>(1)</sup> Delinquent as of September 24, 2014, as reported in the Annual Continuing Disclosure Report.

<sup>(2)</sup> Delinquent as of September 11, 2015, as reported in the Annual Continuing Disclosure Report.

<sup>(3)</sup> Delinquent as of August 1, 2016, as reported in the Annual Continuing Disclosure Report.

<sup>(4)</sup> Delinquent as of September 18, 2017, as reported in the Annual Continuing Disclosure Report.

<sup>(5)</sup> Delinquent as of July 10, 2018, based on information obtained from the County as compiled by Koppel & Gruber Public Finance.

Source: Koppel & Gruber Public Finance.



**Direct and Overlapping Debt.** The property within CFD No. 99-2 is subject to taxation by a number of taxing agencies, some of which have issued debt secured by taxes and assessments levied on such property. The table below sets forth the direct and overlapping debt for CFD No. 99-2 as of August 1, 2018.

**Table 58  
Detailed Direct And Overlapping Debt  
CFD No. 99-2**

2017-18 Assessed Valuation: \$177,775,094 (Land and Improvements)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/18</u>
Metropolitan Water District	0.006%	\$ 3,932
Mira Costa Community College District	0.175	150,280
San Dieguito Union High School District	0.286	935,921
<b>San Dieguito Union High School District Community Facilities District No. 99-2</b>	<b>100.</b>	<b>232,199</b>
Encinitas Union School District	0.358	170,075
Rancho Santa Fe School District	1.770	591,116
Olivenhain Municipal Water District Assessment District No. 96-1	0.326	<u>34,688</u>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$2,118,211</b>
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
San Diego County General Fund Obligations	0.036%	\$ 97,936
San Diego County Pension Obligation Bonds	0.036	200,203
San Diego County Superintendent of Schools Obligations	0.036	3,866
Mira Costa Community College District Certificates of Participation	0.175	972
San Dieguito Union High School District General Fund Obligations	0.286	<u>36,366</u>
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>		<b>\$339,343</b>
 <b>COMBINED TOTAL DEBT</b>		 <b>\$2,475,554<sup>(1)</sup></b>

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

<b>Direct Debt (\$232,199)</b> .....	<b>0.13%</b>
Total Overlapping Tax and Assessment Debt.....	1.19%
Combined Total Debt.....	1.38%

Source: California Municipal Statistics, Inc.

**Estimated Fiscal Year 2017-18 Tax Rates.** The table below sets forth an estimated property tax bill for a residential unit in CFD No. 99-2. The estimated tax rates and amounts presented herein are based on information for fiscal year 2017-18. The actual amounts charged may vary and may increase in future years. For fiscal year 2017-18, the projected average total effective tax was approximately 1.13% of assessed value.

**Table 59**  
**Sample Tax Bill (Top 10)**  
**CFD No. 99-2**  
**Estimated Fiscal Year 2017-18 Total Effective Tax Rate<sup>(1)</sup>**

<b>Tax Classification</b>		<b>Single Family Residential</b>
<b>Estimated Value</b>		
Average Assessed Valuation <sup>(2)</sup>		\$3,713,641
Homeowner's Exemption		(7,000)
<b>Estimated Net Assessed Value<sup>(3)</sup></b>		<b>\$3,706,641</b>
<b>Ad Valorem Property Taxes<sup>(4)</sup></b>		
	<b>Tax Rate</b>	
Basic Levy	1.00000%	\$37,066.41
Gen Bond Rancho Santa Fe-Prop K 3/02/04, Ser 2008A	0.00035%	\$12.97
Gen Bond Rancho Santa Fe-Prop E 2/05/08, Ser 2008B	0.01374%	\$509.29
Gen Bond Rancho Santa Fe-Prop K 3/02/04, 2015 Ref	0.02544%	\$942.97
Hi Bond San Dieguito-Prop AA 11/6/2012, 2013A A1	0.01067%	\$395.50
Hi Bond San Dieguito-Prop AA 11/6/2012, 2015B-2	0.00948%	\$351.39
Hi Bond San Dieguito-Prop AA 11/6/2012, 2016C-2	0.00214%	\$79.32
Mira Costa Community Coll Prop MM 11/8/2016, 2016A	0.01443%	\$534.87
MWD D/S Remainder of SDCWA 15019999	0.00350%	\$129.73
<b>Subtotal Ad Valorem Property Taxes</b>	<b>1.07975%</b>	<b>\$40,022.46</b>
<b>Assessments, Special taxes and Parcel Charges<sup>(4)</sup></b>		
SD Co St Lting Zone A		\$13.50
CSA 17 Emer Ambul Sv		29.62
Fire Dist Spec Tax		50.00
Mosquito Surveillance		3.00
Vector Disease Control		7.06
San Dieguito CFD 99-2		570.00
Assmt Dist 96-1		93.20
MWD Wtr Standby Charge		11.50
CWA Wtr Availability		10.00
Sewer Services Charge		950.00
<b>Subtotal Assessments, Charges and Special Taxes</b>		<b>\$1,737.88</b>
<b>Total Estimated Property Taxes</b>		<b>\$41,760.34</b>
<b>Estimated Effective Tax Rate</b>		<b>1.13%</b>

<sup>(1)</sup> These sample property tax bills are estimated based on adopted rates for Fiscal Year 2017-18.

<sup>(2)</sup> Based on average value as shown on the Fiscal Year 2017-18 County Assessor's Roll.

<sup>(3)</sup> Estimated Net Assessed Value reflects estimated total assessed value for a parcel net of homeowner's exemption. Not all residences qualify for homeowner's exemption.

<sup>(4)</sup> Based on Fiscal Year 2017-18 rates; FY 2018-19 rates not finalized or available.

Source: Koppel & Gruber Public Finance.

**Major Land Owners.** The following table presents a summary of the top taxpayers in CFD No. 99-2 measured by the percentage of Fiscal Year 2018-19 Special Tax Levy.

**Table 60**  
**Largest Taxpayers (Top 10)**  
**CFD No. 99-2**  
**Fiscal Year 2018-19**

Property Owner <sup>(1)</sup>	Number of Parcels	Special Tax Levy	Percent of Special
-------------------------------	----------------------	---------------------	-----------------------

## ITEM 4

	<b>Levied</b>	<b>2018-19</b>	<b>Tax Levy</b>
18503 CALLE LA SERRA L L C	1	\$570.00	2.22%
ASWAD FAMILY TRUST 07-14-10	1	570.00	2.22
BATES LIVING TRUST 07-06-87	1	570.00	2.22
BAUMAN GENE 2011 FAMILY TRUST 07-29-11	1	570.00	2.22
BELLA TRUST 01-15-13	1	570.00	2.22
BELTRAN ROBERT R & YOLANDA LIVING TRUST 02-09-93, BELTRAN ROBERT R	1	570.00	2.22
BILLINGTON MAUREEN A REVOCABLE TRUST 12-19-14	1	570.00	2.22
BLANSETT WILLIAM T TRUST 07-18-08	1	570.00	2.22
BOULWARE TERRY A & SONDA S	1	570.00	2.22
<u>BRIZOLIS DEMETRIOS &amp; KATHERINE A TRUST 10-02-89</u>	1	570.00	2.22
Sub Total	10	\$5,700.00	22.22%
<u>Other Properties</u>	35	19,950.00	77.78
<u>Grand Total</u>	45	\$25,650.00	100.00%

<sup>(1)</sup> Property ownership as listed on the San Diego County secured tax roll for Fiscal Year 2018-19. Parcels with the same levy amount are listed in alphabetical order to meet the Top Ten property owners, other parcels may have the same levy amount. Source: Koppel & Gruber Public Finance.

**Value-To-Lien Ratios.** The Authority has obtained the assessed values of all of the taxable Developed Property in CFD No. 99-2 (45 parcels in total), as established by the County Assessor for Fiscal Year 2018-19, which total \$179,842,196. The direct and overlapping special tax and assessment indebtedness within CFD No. 99-2 as of August 1, 2018, was approximately \$2,118,211. The assessed value-to-lien ratio of the property within CFD No. 99-2, based on the fiscal year 2018-19 assessed values, the estimated aggregate principal amount of the CFD No. 99-2 Local Obligations and the estimated direct and overlapping indebtedness within CFD No. 99-2 equals approximately 82.27-to-1\*.

The table below sets forth the estimated value-to-lien ratios for parcels within CFD No. 99-2 by various ranges based upon the direct and overlapping debt information.

\*Preliminary, subject to change.

**Table 61**  
**Estimated Assessed Value-To-Lien Ratios By Ranges**  
**CFD No. 99-2**

<b>Current Assessed Value-to-Debt</b>	<b>Number of Parcels Levied</b>	<b>Fiscal Year 2018-19 Special Tax Levy</b>	<b>Percentage of FY 2018-19 Special Tax Levy</b>	<b>Pro Rata Share of Outstanding Local Obligations<sup>(1)</sup></b>	<b>Share of Other Direct and Overlapping Debt<sup>(2)</sup></b>	<b>FY 2018/19 Total Assessed Valuation<sup>(3)</sup></b>	<b>Value-to-Debt*</b>
Less than 10.00 <sup>(2)</sup>	0	\$0	0.00%	\$0	\$0	\$0	N/A
10.00-19.99	0	0	0.00	0	0	0	N/A
20.00-39.99	0	0	0.00	0	0	0	N/A
40.00-59.99	7	3,990	15.56	46,667	293,380	18,740,622	55.11
60.00-79.99	21	11,970	46.67	140,000	880,139	71,351,836	69.94
80.00 or Greater	17	9,690	37.78	113,333	712,493	89,749,738	108.68
<b>Total</b>	<b>45</b>	<b>\$25,650</b>	<b>100.00%</b>	<b>\$300,000</b>	<b>\$1,886,012</b>	<b>\$179,842,196</b>	<b>82.27</b>

(1) Represents the sum of the CFD No. 99-2 Refunding Bonds Local Obligations estimated at \$300,000 allocated based on Fiscal Year 2018-19 levy. Numbers may not total due to rounding.

(2) Represents the total of the non-CFD Direct and Overlapping Tax and Assessment Debt, which includes general obligation, community facilities district and assessment district bonds, as shown on the Overlapping Debt Statement prepared by California Municipal Statistics, Inc. dated July 25, 2018 and allocated based on the Fiscal Year 2018-19 levy.

(3) Values as shown on the County of San Diego Fiscal Year 2018-19 Secured Roll.

\* Preliminary, subject to change.

Source: Koppel & Gruber Public Finance.

**Assessed Values.** The assessed values, direct and overlapping debt, and total tax burden on individual parcels varies among parcels within CFD No. 99-2. The value of individual parcels is significant because in the event of a delinquency in the payment of Special Taxes, the District may foreclose only against delinquent parcels. The gross assessed valuation of property within the District may not be representative of the actual market value of property within such District because Article XIII A of the California Constitution limits any increase in assessed value to no more than 2% a year, unless a property is sold or transferred. See “SPECIAL RISK FACTORS – Property Values.”

The following table shows the historical assessed valuation of land and improvements for Developed Property within CFD No. 99-2, total assessed valuation of such taxable parcels within CFD No. 99-2, and percent increase or decrease in such assessed valuation for Fiscal Years 2013-14 through 2018-19.

**Table 62**  
**Assessed Valuation Of Taxable Parcels**  
**CFD No. 99-2**  
**Fiscal Years 2013-14 Through 2018-19**

<b>Fiscal Year</b>	<b>Assessed Value of Land</b>	<b>Assessed Value of Improvements</b>	<b>Total Assessed Valuation<sup>(1)</sup></b>	<b>Percentage Annual Increase (Decrease)</b>
2013-14 <sup>(2)</sup>	\$67,188,667	\$ 96,743,341	\$163,932,008	--
2014-15 <sup>(2)</sup>	73,757,583	97,131,032	170,888,615	4.24%
2015-16 <sup>(2)</sup>	74,996,947	96,995,438	171,992,385	0.65
2016-17 <sup>(2)</sup>	77,697,447	98,041,984	175,739,431	2.18
2017-18 <sup>(3)</sup>	78,026,436	99,748,658	177,775,094	1.16
2018-19 <sup>(3)</sup>	78,523,768	101,318,428	179,842,196	1.16

- (1) Included Assessed Land and Structure value of parcels upon which special taxes are levied.  
 (2) Based on data provided in Annual Continuation Disclosure Reports.  
 (3) San Diego County Secured roll as compiled by Koppel & Gruber Public Finance.

Source: Annual Continuation Disclosure Reports and San Diego County Secured Roll

**CFD No. 99-3**

**Location and Description.** CFD No. 99-3 consists of a portion of the Rancho Santa Fe planned community known as CIELO – The Hillside Village in Rancho Santa Fe. Approximately one-half of CIELO is located within CFD No. 99-3. The other half of the development is located outside the School District boundary. There are 140 parcels of Developed Property in CFD No. 99-3 and 22 parcels of Undeveloped Property.

**Special Tax Levies.** The following table is a summary of Special Tax levies, collections and delinquency rates in CFD No. 99-3 for fiscal years 2013-14 through 2017-18. As reflected below, the applicable Special Tax has been levied only on Developed Property within CFD No. 99-3 and Undeveloped Property is exempt. See “SECURITY FOR THE BONDS – Rates and Methods – CFD No. 99-3.”

**Table 63**  
**Special Tax Levies, Delinquencies And Delinquency Rates**  
**CFD No. 99-3**  
**Fiscal Years 2013-14 To 2017-18**

<b>Fiscal Year</b>	<b>Parcels Levied</b>	<b>Amount Levied</b>	<b>Delinquencies at Fiscal Year End</b>				<b>Delinquencies as of July 10, 2018</b>		
			<b>Parcels Delinquent</b>	<b>Amount Delinquent</b>	<b>Percent Delinquent</b>		<b>Parcels Delinquent</b>	<b>Amount Delinquent</b>	<b>Percent Delinquent<sup>(5)</sup></b>
2013-14	132	\$75,240	0	\$ 0	0.00%	(1)	0	\$ 0	0.00%
2014-15	136	77,520	2	855	1.10	(2)	0	0	0.00
2015-16	137	78,090	3	1,140	1.46	(3)	0	0	0.00
2016-17	139	79,230	2	1,140	1.44	(4)	0	0	0.00
2017-18	139	79,230	1	285	0.36	(5)	1	285	0.36

- (1) Delinquent as of September 24, 2014, as reported in the Annual Continuing Disclosure Report.  
 (2) Delinquent as of September 11, 2015, as reported in the Annual Continuing Disclosure Report.  
 (3) Delinquent as of August 1, 2016, as reported in the Annual Continuing Disclosure Report.  
 (4) Delinquent as of September 18, 2017, as reported in the Annual Continuing Disclosure Report.  
 (5) Delinquent as of July 10, 2018, based on information obtained from the County as compiled by Koppel & Gruber Public Finance.

Source: Koppel & Gruber Public Finance.

**Direct and Overlapping Debt.** The property within CFD No. 99-3 is subject to taxation by a number of taxing agencies, some of which have issued debt secured by taxes and assessments levied on such property. The table below sets forth the direct and overlapping debt for CFD No. 99-3 as of August 1, 2018.

**Table 64  
Detailed Direct And Overlapping Debt  
CFD No. 99-3**

2017-18 Assessed Valuation: \$281,666,424 (Land and Improvements)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/18</u>
Metropolitan Water District	0.010%	\$ 6,230
Mira Costa Community College District	0.277	238,103
San Dieguito Union High School District	0.453	1,511,390
<b>San Dieguito Union High School District Community Facilities District No. 99-3</b>	<b>100.</b>	<b>669,397</b>
Rancho Santa Fe School District	4.449	1,485,936
Olivenhain Municipal Water District Assessment District No. 96-1	0.932	99,031
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$4,010,087
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
San Diego County General Fund Obligations	0.057%	\$ 155,169
San Diego County Pension Obligation Bonds	0.057	317,201
San Diego County Superintendent of Schools Obligations	0.057	6,125
Mira Costa Community College District Certificates of Participation	0.277	1,539
San Dieguito Union High School District General Fund Obligations	0.453	57,619
TOTAL OVERLAPPING GENERAL FUND DEBT		\$537,653
 COMBINED TOTAL DEBT		 \$4,547,740 <sup>(1)</sup>

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

<b>Direct Debt (\$669,397)</b> .....	<b>0.24%</b>
Total Overlapping Tax and Assessment Debt .....	1.42%
Combined Total Debt .....	1.61%

Source: California Municipal Statistics, Inc.

**Estimated Fiscal Year 2017-18 Tax Rates.** The table below sets forth an estimated property tax bill for a residential unit in CFD No. 99-3. The estimated tax rates and amounts presented herein are based on information for fiscal year 2017-18. The actual amounts charged may vary and may increase in future years. For fiscal year 2017-18, the projected average total effective tax was approximately 1.15% of assessed value.

**Table 65  
Sample Tax Bill  
CFD No. 99-3  
Estimated Fiscal Year 2017-18 Total Effective Tax Rate<sup>(1)</sup>**

<b>Tax Classification</b>		<b>Single Family Residential</b>
<b>Estimated Value</b>		
Average Assessed Valuation <sup>(2)</sup>		\$2,048,630
Homeowner's Exemption		(7,000)
<b>Estimated Net Assessed Value <sup>(3)</sup></b>		<b>\$2,041,630</b>
<b>Ad Valorem Property Taxes <sup>(4)</sup></b>	<b>Tax Rate</b>	
Basic Levy	1.00000%	\$20,416.30
Gen Bond Rancho Santa Fe-Prop K 3/02/04, Ser 2008A	0.00035%	\$7.15
Gen Bond Rancho Santa Fe-Prop E 2/05/08, Ser 2008B	0.01374%	\$280.52
Gen Bond Rancho Santa Fe-Prop K 3/02/04, 2015 Ref	0.02544%	\$519.39
Hi Bond San Dieguito-Prop AA 11/6/2012, 2013A A1	0.01067%	\$217.84
Hi Bond San Dieguito-Prop AA 11/6/2012, 2015B-2	0.00948%	\$193.55
Hi Bond San Dieguito-Prop AA 11/6/2012, 2016C-2	0.00214%	\$43.69
Mira Costa Community Coll Prop MM 11/8/2016, 2016A	0.01443%	\$294.61
MWD D/S Remainder of SDCWA 15019999	0.00350%	\$71.46
<b>Subtotal Ad Valorem Property Taxes</b>	<b>1.07975%</b>	<b>\$22,044.50</b>
<b>Assessments, Special taxes and Parcel Charges <sup>(4)</sup></b>		
SD Co St Ltng Zone A		\$13.50
CSA 17 Emer Ambul Sv		29.62
Fire Dist Spec Tax		100.00
Mosquito Surveillance		3.00
Vector Disease Control		7.18
San Dieguito CFD 99-3		570.00
Assmt Dist 96-1		90.64
MWD Wtr Standby Charge		29.34
CWA Wtr Availability		25.50
Sewer Services Charge		468.28
<b>Subtotal Assessments, Charges and Special Taxes</b>		<b>\$1,337.06</b>
<b>Total Estimated Property Taxes</b>		<b>\$23,381.56</b>
<b>Estimated Effective Tax Rate</b>		<b>1.15%</b>

<sup>(1)</sup> These sample property tax bills are estimated based on adopted rates for Fiscal Year 2017-18.

<sup>(2)</sup> Based on average value as shown on the Fiscal Year 2017-18 County Assessor's Roll.

<sup>(3)</sup> Estimated Net Assessed Value reflects estimated total assessed value for a parcel net of homeowner's exemption. Not all residences qualify for homeowner's exemption.

<sup>(4)</sup> Based on Fiscal Year 2017-18 rates; FY 2018-19 rates not finalized or available.

Source: Koppel & Gruber Public Finance.

**Major Land Owners.** The following table presents a summary of the top taxpayers in CFD No. 99-3 measured by the percentage of Fiscal Year 2018-19 Special Tax Levy.

**Table 66**  
**Largest Taxpayers (Top 10)**  
**CFD No. 99-3**  
**Fiscal Year 2018-19**

Property Owner <sup>(1)</sup>	Number of Parcels	Special Tax Levy	Percent of Special Tax Levy
33 DEGREE TRUST	1	\$570.00	0.71%
7930 CAMINO LLC	1	570.00	0.71
ALAYARI JOHN & FERI	1	570.00	0.71
ALIM FAMILY TRUST 02-25-11	1	570.00	0.71
ASHER ASHWIN M & MALINI LIVING TRUST 02-23-16	1	570.00	0.71
AWAR MAHER M & HALA R TRUST 07-07-06	1	570.00	0.71
BAHRAMBEYGUI OZHAN & STACY	1	570.00	0.71
BAKER TYLER F & RACHEL J	1	570.00	0.71
BELMAN-CAMPOS FELIPE & BELMAN MARIA	1	570.00	0.71
<u>BERGER JOEL S TRUST 01-10-12</u>	<u>1</u>	<u>570.00</u>	<u>0.71</u>
Sub Total	10	\$5,700.00	7.14%
<u>Other Properties</u>	<u>130</u>	<u>74,100.00</u>	<u>92.86</u>
<u>Grand Total</u>	<u>140</u>	<u>\$79,800.00</u>	<u>100.00%</u>

<sup>(1)</sup> Property ownership as listed on the San Diego County secured tax roll for Fiscal Year 2018-19. Parcels with the same levy amount are listed in alphabetical order to meet the Top Ten property owners, other parcels may have the same levy amount.  
*Source: Koppel & Gruber Public Finance.*

**Value-To-Lien Ratios.** The Authority has obtained the assessed values of all of the taxable Developed Property in CFD No. 99-3 (140 parcels in total), as established by the County Assessor for Fiscal Year 2018-19, which total \$290,202,048. The direct and overlapping special tax and assessment indebtedness within CFD No. 99-3 as of August 1, 2018, was approximately \$4,010,087. The assessed value-to-lien ratio of the property within CFD No. 99-3, based on the fiscal year 2018-19 assessed values, the estimated aggregate principal amount of the CFD No. 99-3 Local Obligations and the estimated direct and overlapping indebtedness within CFD No. 99-3 equals approximately 67.48-to-1\*.

The table below sets forth the estimated value-to-lien ratios for parcels within CFD No. 99-3 by various ranges based upon the direct and overlapping debt information.

\*Preliminary, subject to change.



**Table 67**  
**Estimated Assessed Value-To-Lien Ratios By Ranges**  
**CFD No. 99-3**

<b>Current Assessed Value-to-Debt</b>	<b>Number of Parcels Levied</b>	<b>Fiscal Year 2018-19 Special Tax Levy</b>	<b>Percentage of FY 2018-19 Special Tax Levy</b>	<b>Pro Rata Share of Outstanding Local Obligations<sup>(1)</sup></b>	<b>Share of Other Direct and Overlapping Debt<sup>(2)</sup></b>	<b>FY 2018/19 Total Assessed Valuation<sup>(3)</sup></b>	<b>Value-to-Debt*</b>
Less than 10.00	0	\$0	0.00%	\$0	\$0	\$0	N/A
10.00-19.99	2	1,140	1.43%	13,714	47,724	1,154,285	18.79
20.00-39.99	3	1,710	2.14%	20,571	71,586	2,366,909	25.68
40.00-59.99	63	35,910	45.00%	432,000	1,503,311	100,294,976	51.82
60.00-79.99	41	23,370	29.29%	281,143	978,345	86,324,038	68.54
80.00 or Greater	31	17,670	22.14%	212,572	739,724	100,061,840	105.07
<b>Total</b>	<b>140</b>	<b>\$79,800</b>	<b>100.00%</b>	<b>\$960,000</b>	<b>\$3,340,690</b>	<b>\$290,202,048</b>	<b>67.48</b>

<sup>(1)</sup> Represents the sum of the CFD No. 99-3 Refunding Bonds Local Obligations estimated at \$960,000 allocated based on Fiscal Year 2018-19 levy. Numbers may not total due to rounding.

<sup>(2)</sup> Represents the total of the non-CFD Direct and Overlapping Tax and Assessment Debt, which includes general obligation, community facilities district and assessment district bonds, as shown on the Overlapping Debt Statement prepared by California Municipal Statistics, Inc. dated July 25, 2018 and allocated based on the Fiscal Year 2018-19 levy.

<sup>(3)</sup> Values as shown on the County of San Diego Fiscal Year 2018-19 Secured Roll.

\* Preliminary, subject to change.

Source: Koppel & Gruber Public Finance.

**Assessed Values.** The assessed values, direct and overlapping debt, and total tax burden on individual parcels varies among parcels within CFD No. 99-3. The value of individual parcels is significant because in the event of a delinquency in the payment of Special Taxes, the District may foreclose only against delinquent parcels. The gross assessed valuation of property within the District may not be representative of the actual market value of property within such District because Article XIII A of the California Constitution limits any increase in assessed value to no more than 2% a year, unless a property is sold or transferred. See “SPECIAL RISK FACTORS – Property Values.”

The following table shows the historical assessed valuation of land and improvements for Developed Property within CFD No. 99-3, total assessed valuation of such taxable parcels within CFD No. 99-3, and percent increase or decrease in such assessed valuation for Fiscal Years 2013-14 through 2018-19.

**Table 68**  
**Assessed Valuation Of Taxable Parcels**  
**CFD No. 99-3**  
**Fiscal Years 2013-14 Through 2018-19**

<b>Fiscal Year</b>	<b>Assessed Value of Land</b>	<b>Assessed Value of Improvements</b>	<b>Total Assessed Valuation<sup>(1)</sup></b>	<b>Percentage Annual Increase (Decrease)</b>
2013-14 <sup>(2)</sup>	\$80,364,456	\$136,312,543	\$216,676,999	--
2014-15 <sup>(2)</sup>	86,425,946	145,173,205	231,599,151	6.89%
2015-16 <sup>(2)</sup>	92,999,209	155,469,324	248,468,533	7.28
2016-17 <sup>(2)</sup>	107,188,140	166,062,733	273,250,873	9.97
2017-18 <sup>(3)</sup>	112,307,707	169,358,717	281,666,424	3.08
2018-19 <sup>(3)</sup>	117,952,948	172,249,100	290,202,048	3.03

- (1) Included Assessed Land and Structure value of parcels upon which special taxes are levied.
- (2) Based on data provided in Annual Continuation Disclosure Reports.
- (3) San Diego County Secured roll as compiled by Koppel & Gruber Public Finance.

Source: Annual Continuation Disclosure Reports and San Diego County Secured Roll

**CFD No. 03-1**

**Location and Description.** CFD No. 03-1 is the latest Community Facilities District to be formed by the School District. It consists of a portion of a 3,546-unit master development known as Pacific Highlands Ranch and a 137-unit project known as Shaw Lorenz, both developed by Pardee Homes. There are 2,115 parcels of Developed Property and 525 parcels of Undeveloped Property in CFD No. 03-1.

**Special Tax Levies.** The following table is a summary of Special Tax levies, collections and delinquency rates in CFD No. 03-1 for fiscal years 2013-14 through 2017-18. As reflected below, the applicable Special Tax has been levied only on Developed Property within CFD No. 03-1. See “SECURITY FOR THE BONDS – Rates and Methods – CFD No. 03-1.”

**Table 69**  
**Special Tax Levies, Delinquencies And Delinquency Rates**  
**CFD No. 03-1**  
**Fiscal Years 2013-14 To 2017-18**

<b>Fiscal Year</b>	<b>Parcels Levied</b>	<b>Amount Levied</b>	<b>Delinquencies at Fiscal Year End</b>				<b>Delinquencies as of July 10, 2018</b>		
			<b>Parcels Delinquent</b>	<b>Amount Delinquent</b>	<b>Percent Delinquent</b>		<b>Parcels Delinquent</b>	<b>Amount Delinquent</b>	<b>Percent Delinquent<sup>(5)</sup></b>
2013-14	1,125	\$1,150,239	3	\$2,028	0.18%	(1)	0	\$0	0.00%
2014-15	1,212	1,224,197	3	\$1,521	0.12%	(2)	0	\$0	0.00%
2015-16	1,617	1,630,206	2	\$1,014	0.06%	(3)	0	\$0	0.00%
2016-17	1,674	1,705,482	4	\$3,311	0.19%	(4)	1	\$855	0.05%
2017-18	1,952	1,941,035	12	\$7,049	0.36%	(5)	12	\$7,049	0.36%

- (1) Delinquent as of September 24, 2014, as reported in the Annual Continuing Disclosure Report.
- (2) Delinquent as of September 11, 2015, as reported in the Annual Continuing Disclosure Report.
- (3) Delinquent as of August 1, 2016, as reported in the Annual Continuing Disclosure Report.
- (4) Delinquent as of September 18, 2017, as reported in the Annual Continuing Disclosure Report.
- (5) Delinquent as of July 10, 2018, based on information obtained from the County as compiled by Koppel & Gruber Public Finance.

Source: Koppel & Gruber Public Finance.

**Direct and Overlapping Debt.** The property within CFD No. 03-1 is subject to taxation by a number of taxing agencies, some of which have issued debt secured by taxes and assessments levied on such property. The table below sets forth the direct and overlapping debt for CFD No. 03-1 as of August 1, 2018.

**Table 70  
Detailed Direct And Overlapping Debt  
CFD No. 03-1**

2017-18 Assessed Valuation: \$2,012,310,473 (Land and Improvements)

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 8/1/18</u>
Metropolitan Water District	0.072%	\$ 43,645
Mira Costa Community College District	1.943	1,668,091
San Dieguito Union High School District	3.171	10,588,415
<b>San Dieguito Union High School District Community Facilities District No. 03-1</b>	<b>100.</b>	<b>37,467,419</b>
Del Mar Union School District Community Facilities District No. 95-1	12.469	1,827,908
Del Mar Union School District Community Facilities District No. 99-1	66.272	2,266,490
Solana Beach School District Community Facilities District Nos. 99-1	51.681	2,015,576
Solana Beach School District Community Facilities District Nos. 2004-1	100.	27,080,000
California Statewide Community Development Authority Assessment District Nos. 17-03 & 17-04	37.195-50.000	<u>3,469,146</u>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$86,426,690</b>
 <u>OVERLAPPING GENERAL FUND DEBT:</u>		
San Diego County General Fund Obligations	0.398%	\$ 1,087,074
San Diego County Pension Obligation Bonds	0.398	2,222,232
San Diego County Superintendent of Schools Obligations	0.398	42,911
Mira Costa Community College District Certificates of Participation	1.943	10,784
San Dieguito Union High School District General Fund Obligations	3.171	403,661
City of San Diego General Fund Obligations	0.840	<u>4,623,874</u>
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>		<b>\$8,390,536</b>
 <b>COMBINED TOTAL DEBT</b>		 <b>\$94,817,226<sup>(1)</sup></b>

(1) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

<b>Direct Debt (\$37,467,419)</b> .....	<b>1.86%</b>
Total Overlapping Tax and Assessment Debt .....	4.29%
Combined Total Debt .....	4.71%

Source: California Municipal Statistics, Inc.

**Estimated Fiscal Year 2017-18 Tax Rates.** The table below sets forth estimated property tax bills for residential units in CFD No. 03-1. The estimated tax rates and amounts presented herein are based on information for fiscal year 2017-18. The actual amounts charged may vary and may increase in future years. For fiscal year 2017-18, the projected average total effective tax was approximately 1.33% of assessed value for single family residential and 1.93% for multi-family residential in Zone A, and approximately 1.27% of assessed value for single family residential and 1.26% for multi-family residential in Zone B.

**Table 71**  
**Sample Tax Bill**  
**CFD No. 03-1**  
**Estimated Fiscal Year 2017-18 Total Effective Tax Rate<sup>(1)</sup>**

Tax Classification	Zone A		Zone B		
	Single Family Residential	Multi-Family Residential (Apartment)	Single Family Residential	Multi-Family Residential (Apartment)	
<b>Estimated Value</b>					
Average Assessed Valuation <sup>(2)</sup>	\$963,208	\$12,719,295	\$1,319,548	\$7,686,663	
Homeowner's Exemption	(7,000)	(10,480,649)	(7,000)	0	
<b>Estimated Net Assessed Value<sup>(3)</sup></b>	<b>\$956,208</b>	<b>\$2,238,646</b>	<b>\$1,312,548</b>	<b>\$7,686,663</b>	
<b>Ad Valorem Property Taxes<sup>(4)</sup></b>	<b>Tax Rate</b>				
Basic Levy	1.00000%	\$9,562.08	\$22,386.46	\$13,125.48	\$76,866.63
Hi Bond San Dieguito-Prop AA 11/6/2012, 2013A A1	0.01067%	\$102.03	\$238.86	\$140.05	\$820.17
Hi Bond San Dieguito-Prop AA 11/6/2012, 2015B-2	0.00948%	\$90.65	\$212.22	\$124.43	\$728.70
Hi Bond San Dieguito-Prop AA 11/6/2012, 2016C-2	0.00214%	\$20.46	\$47.91	\$28.09	\$164.49
Mira Costa Community Coll Prop MM 11/8/2016, 2016A	0.01443%	\$137.98	\$323.04	\$189.40	\$1,109.19
San Diego City Zoo Zoological Exhibits - Maintenance	0.00500%	\$47.81	\$111.93	\$65.63	\$384.33
MWD D/S Remainder of SDCWA 15019999	0.00350%	\$33.47	\$78.35	\$45.94	\$269.03
<b>Subtotal Ad Valorem Property Taxes</b>	<b>1.04522%</b>	<b>\$9,994.48</b>	<b>\$23,398.77</b>	<b>\$13,719.02</b>	<b>\$80,342.54</b>
<b>Assessments, Special taxes and Parcel Charges<sup>(4)</sup></b>					
Mosquito Surveillance		3.00	3.00	3.00	3.00
Vector Disease Control		7.06	118.78	7.06	85.54
Pac High Rnch Maint		60.24	4,750.70	62.84	0.00
Del Mar Elem CFD 99-1		1,634.20	0.00	0.00	0.00
San Dieguito CFD 03-1		1,014.00	14,796.00	855.00	16,054.50
Solana Bch CFD 99-1		0.00	0.00	1,985.56	0.00
MWD Wtr Standby Charge		0.00	68.82	11.50	22.78
CWA Wtr Availability		10.00	59.80	10.00	19.80
<b>Subtotal Assessments, Charges and Special Taxes</b>		<b>\$2,728.50</b>	<b>\$19,797.10</b>	<b>\$2,934.96</b>	<b>\$16,185.62</b>
<b>Total Estimated Property Taxes</b>		<b>\$12,722.98</b>	<b>\$43,195.87</b>	<b>\$16,653.98</b>	<b>\$96,528.16</b>
<b>Estimated Effective Tax Rate</b>		<b>1.33%</b>	<b>1.93%</b>	<b>1.27%</b>	<b>1.26%</b>

(1) These sample property tax bills are estimated based on adopted rates for Fiscal Year 2017-18.

(2) Based on average value as shown on the Fiscal Year 2017-18 County Assessor's Roll.

(3) Estimated Net Assessed Value reflects estimated total assessed value for a parcel net of homeowner's exemption. Not all residences qualify for homeowner's exemption.

(4) Based on Fiscal Year 2017-18 rates; FY 2018-19 were not finalized or available.

Source: Koppel & Gruber Public Finance.

**Major Land Owners.** The following table presents a summary of the top taxpayers in CFD No. 03-1 measured by the percentage of Fiscal Year 2018-19 Special Tax Levy.

**Table 72  
Largest Taxpayers (Top 10)  
CFD No. 03-1  
Fiscal Year 2018-19**

Property Owner <sup>(1)</sup>	Number of Parcels Levied	Special Tax Levy 2018-19	Percent of Special Tax Levy
PARDEE HOMES	197	\$168,435.00	8.07%
PACIFIC HIGHLANDS RANCH LP	1	31,878.00	1.53
CARMEL VILLAGE LP	2	29,106.00	1.39
MERITAGE HOMES OF CALIFORNIA INC	25	21,375.00	1.02
C I C CROSSINGS L P	1	14,796.00	0.71
P H R FAMILY HOUSING PARTNERS I LP	1	12,358.50	0.59
TOLL WEST COAST LLC	13	11,115.00	0.53
UNIT 24 C I C LP	1	11,088.00	0.53
P H R FAMILY HOUSING PARTNERS II LP	1	10,395.00	0.50
<u>LUNA FAMILY HOUSING LP</u>	<u>2</u>	<u>9,124.50</u>	<u>0.44</u>
Sub Total	244	\$319,671.00	15.31%
<u>Other Properties</u>	<u>1,871</u>	<u>1,768,143.00</u>	<u>84.69</u>
<u>Grand Total</u>	<u>2,115</u>	<u>\$2,087,814.00</u>	<u>100.00%</u>

<sup>(1)</sup> Property ownership as listed on the San Diego County secured tax roll for Fiscal Year 2018-19. Parcels with the same levy amount are listed in alphabetical order to meet the Top Ten property owners, other parcels may have the same levy amount.  
Source: Koppel & Gruber Public Finance.

**Value-To-Lien Ratios.** The Authority has obtained the assessed values of all of the taxable Developed Property in CFD No. 03-1 (2,115 parcels in total), as established by the County Assessor for Fiscal Year 2018-19, which total \$2,538,146,973. The direct and overlapping special tax and assessment indebtedness within CFD No. 03-1 as of August 1, 2018, was approximately \$86,426,690. The assessed value-to-lien ratio of the property within CFD No. 03-1, based on the fiscal year 2018-19 assessed values, the estimated aggregate principal amount of the CFD No. 03-1 Local Obligations and CFD No. 03-1's share of the Series 2016 Bonds and the estimated direct and overlapping indebtedness within CFD No. 03-1 equals approximately 31.77-to-1\*.

The table below sets forth the estimated value-to-lien ratios for parcels within CFD No. 03-1 by various ranges based upon the direct and overlapping debt information.

\*Preliminary, subject to change

**Table 73**  
**Estimated Assessed Value-To-Lien Ratios By Ranges**  
**CFD No. 03-1**

<b>Current Assessed Value-to-Debt</b>	<b>Number of Parcels Levied</b>	<b>Fiscal Year 2018-19 Special Tax Levy</b>	<b>Percentage of FY 2018-19 Special Tax Levy</b>	<b>Pro Rata Share of Outstanding Local Obligations<sup>(1)</sup></b>	<b>Share of Other Direct and Overlapping Debt<sup>(2)</sup></b>	<b>FY 2018/19 Total Assessed Valuation<sup>(3)</sup></b>	<b>Value-to-Debt*</b>
Less than 10.00 <sup>(4)</sup>	95	\$81,543	3.91%	\$1,208,412	\$1,912,184	\$25,540,098	8.18
10.00-19.99	134	133,910	6.41%	1,984,449	3,140,180	89,984,642	17.56
20.00-39.99	1,501	1,499,769	71.83%	22,225,571	35,169,608	1,567,190,097	27.31
40.00-59.99	255	220,092	10.54%	3,261,614	5,161,160	388,897,501	46.17
60.00-79.99	95	97,220	4.66%	1,440,727	2,279,799	260,663,304	70.06
80.00 or Greater	35	55,281	2.65%	819,227	1,296,340	205,871,331	97.31
<b>Total</b>	<b>2,115</b>	<b>\$2,087,814</b>	<b>100.00%</b>	<b>\$30,940,000</b>	<b>\$48,959,271</b>	<b>\$2,538,146,973</b>	<b>31.77</b>

<sup>(1)</sup> Represents the sum of the CFD No. 03-1 Refunding Bonds Local Obligations estimated at \$11,870,000 and CFD No. 03-1's share of the 2016 Local Obligation Bonds (after bond call) of \$19,070,000, all allocated based on Fiscal Year 2018-19 levy.

<sup>(2)</sup> Represents the total of the non-CFD Direct and Overlapping Tax and Assessment Debt, which includes general obligation, community facilities district and assessment district bonds, as shown on the Overlapping Debt Statement prepared by California Municipal Statistics, Inc. dated July 25, 2018 and allocated based on the Fiscal Year 2018-19 levy.

<sup>(3)</sup> Values as shown on the County of San Diego Fiscal Year 2018-19 Secured Roll.

<sup>(4)</sup> The lowest value to debt on a parcel is 5.89 to 1.

\* Preliminary, subject to change.

Source: Koppel & Gruber Public Finance.

**Assessed Values.** The assessed values, direct and overlapping debt, and total tax burden on individual parcels varies among parcels within CFD No. 03-1. The value of individual parcels is significant because in the event of a delinquency in the payment of Special Taxes, the District may foreclose only against delinquent parcels. The gross assessed valuation of property within the District may not be representative of the actual market value of property within such District because Article XIII A of the California Constitution limits any increase in assessed value to no more than 2% a year, unless a property is sold or transferred. See "SPECIAL RISK FACTORS – Property Values."

The following table shows the historical assessed valuation of land and improvements for Developed Property within CFD No. 03-1, total assessed valuation of such taxable parcels within CFD No. 03-1, and percent increase or decrease in such assessed valuation for Fiscal Years 2013-14 through 2018-19.

\*Preliminary, subject to change.

**Table 74**  
**Assessed Valuation Of Taxable Parcels**  
**CFD No. 03-1**  
**Fiscal Years 2013-14 Through 2018-19**

<b>Fiscal Year</b>	<b>Assessed Value of Land</b>	<b>Assessed Value of Improvements</b>	<b>Total Assessed Valuation<sup>(1)</sup></b>	<b>Percentage Annual Increase (Decrease)</b>
2013-14 <sup>(2)</sup>	\$ 376,206,706	\$ 414,073,920	\$ 790,280,626	--
2014-15 <sup>(2)</sup>	450,774,017	497,217,049	947,991,066	19.96%
2015-16 <sup>(2)</sup>	590,775,162	613,993,452	1,204,768,614	27.09
2016-17 <sup>(2)</sup>	750,642,650	802,521,980	1,553,164,630	28.92
2017-18 <sup>(3)</sup>	1,032,629,299	979,681,174	2,012,310,473	29.56
2018-19 <sup>(3)</sup>	1,209,233,366	1,328,913,027	2,538,146,973	26.13

<sup>(1)</sup> Included Assessed Land and Structure value of parcels upon which special taxes are levied.

<sup>(2)</sup> Based on data provided in Annual Continuation Disclosure Reports.

<sup>(3)</sup> San Diego County Secured roll as compiled by Koppel & Gruber Public Finance.

Source: Annual Continuation Disclosure Reports and San Diego County Secured Roll

## THE SCHOOL DISTRICT

*The information in this section concerning the operations of the School District is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund, or any other funds, of the School District. See "SECURITY FOR THE BONDS" herein.*

### General

The School District consists of approximately 85 square miles of territory in the northern portion of San Diego County (the "County"), California (the "State"). The School District educates students from five feeder elementary school districts: Encinitas, Cardiff, Solana Beach, Del Mar and Rancho Santa Fe. The School District operates five comprehensive middle schools for grades seven through eight, and four comprehensive high schools for grades nine through twelve. The School District also offers a continuation high school with an alternative education program for grades nine through twelve, an alternative high school for independent study program for high school teens seeking individualized attention and flexible scheduling and an adult education program. Enrollment in the School District for grades seven through twelve was 13,063 students for the 2017-18 school year.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the School District. Additional information concerning the School District and copies of the most recent and subsequent audited financial reports of the School District may be obtained by contacting: San Dieguito Union High School District, 710 Encinitas Boulevard, Encinitas, California 92024, Attention: Superintendent. The School District may impose a charge for copying, mailing and handling.

### Administration

The governing board of the School District (the "Board") consists of five elected members. Members are elected to serve staggered four-year terms. Elections for positions to the Board are held every two years, alternating between two and three available positions. A president is elected by members of the Board each year. Current members of the Board, together with their offices and the dates their current terms expire, are listed below.

**BOARD OF TRUSTEES  
San Dieguito Union High School District**

Name	Office	Current Term Expires
Beth Hergesheimer	President	December 2, 2020
Maureen “Mo” Muir	Vice President	December 7, 2018
Joyce Dalessandro	Clerk	December 2, 2020
Amy Herman	Trustee	December 7, 2018
John Salazar	Trustee	December 7, 2018

The School District’s day-to-day operations are managed by a board-appointed Superintendent of Schools (the “Superintendent”). The management and policies of the School District are administered by the Superintendent and a staff which provides business, pupil, personnel, administrative personnel, and instruction support services.

**Enrollment Trends**

The following table shows the enrollment history for the School District.

**ANNUAL ENROLLMENT  
Fiscal Years 2008-09 Through 2017-18  
San Dieguito Union High School District**

Year	Enrollment	Annual Change	Annual % Change
2008-09	12,606	124	–
2009-10	12,661	55	0.4%
2010-11	12,499	-162	-1.3
2011-12	12,485	-14	-0.1
2012-13	12,365	-120	-1.0
2013-14	12,497	132	1.1
2014-15	12,645	148	1.2
2015-16	12,726	81	0.6
2016-17	12,951	225	1.8
2017-18	13,063	112	0.9

Source: *The School District.*

**General Economic and Demographic Information Regarding the School District**

See Appendix C – “REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION” hereto for general information regarding the economy in the region of the Districts, including data concerning the Cities of Del Mar, Encinitas, and Solana Beach and the County of San Diego.



## **SPECIAL RISK FACTORS**

*The purchase of the Bonds involves certain investment risks which are discussed throughout this Official Statement. Each prospective investor should make an independent evaluation of all information presented in this Official Statement in order to make an informed investment decision. Particular attention should be given to the factors described below which, among others, could affect the payment of debt service on the Bonds in general.*

### **Risks of Real Estate Secured Investments Generally**

Because the timely payment of debt service on the Bonds will be dependent upon the timely payment of the Local Obligations and the timely payment of the Local Obligations will be dependent upon the timely payment of Special Taxes, which are secured ultimately by the Taxable Property within the Series 2018 Districts, the Bond Owners will be subject to the risks generally incident to an investment secured by real estate, including, without limitation, (i) adverse changes in local market conditions, such as changes in the market value of real property in and around the vicinity of the Series 2018 Districts, the supply of or demand for competitive properties in such area, and the market value of residential property or buildings and/or sites in the event of sale or foreclosure; (ii) changes in real estate tax rates and other operating expenses, governmental rules (including, without limitation, zoning laws and laws relating to endangered species and hazardous materials) and fiscal policies; and (iii) natural disasters (including, without limitation, earthquakes and floods), which may result in uninsured losses.

### **The Bonds are Limited Obligations of the Authority**

The Bonds are limited obligations of the Authority payable only from amounts pledged under the Trust Agreement, which consist primarily of payments made to the Trustee on the Local Obligations and amounts in the Reserve Funds. Funds for the payment of the principal of and the interest on the Local Obligations are derived only from payments of Special Taxes. The amount of Special Taxes that are collected could be insufficient to pay principal of and interest on the Local Obligations due to non-payment of the Special Taxes levied or due to insufficient proceeds received from a judicial foreclosure sale of land within the Series 2018 Districts following delinquency. A Series 2018 District's legal obligation with respect to any delinquent Special Taxes is limited to the institution of judicial foreclosure proceedings under certain circumstances with respect to any parcels for which Special Taxes is delinquent. The Bonds cannot be accelerated in the event of any default.

Failure by owners of the parcels within the Series 2018 Districts to pay Special Tax installments when due, delay in foreclosure proceedings, or the inability of the Series 2018 Districts to sell parcels which have been subject to foreclosure proceedings for amounts sufficient to cover the delinquent installments of Special Taxes levied against such parcels may result in the inability of the Series 2018 Districts to make full or timely payments of debt service on the Local Obligations, which may, in turn, result in the depletion of the Reserve Fund and the inability of the Authority to make full or timely payment on the Bonds.

### **No Obligation of School District**

The Local Obligations and the interest thereon, and in turn, the Bonds, are not payable from the general funds of the School District. Except with respect to the Special Taxes, neither the credit nor the taxing power of the Series 2018 Districts or the School District is pledged for the payment of the Local Obligations or the interest thereon, and except to compel a levy of the Special Taxes securing the Local Obligations, no Owner of the Bonds may compel the exercise of any taxing power by the Series 2018 Districts or the School District or force the forfeiture of any property of the School District or the Series 2018 Districts. The Bonds are not a debt of the School District or the Series 2018 Districts or a legal or equitable pledge, charge, lien or encumbrance upon any of the School District's or the Series 2018 Districts' property or upon any of the School

District's or the Series 2018 Districts' income, receipts or revenues, except the Revenues and other amounts pledged under the Trust Agreement.

### **Property Values**

The value of the Taxable Property within the Series 2018 Districts is an important factor in evaluating the investment quality of the Bonds. In the event that a property owner defaults in the payment of a Special Tax installment, a Series 2018 District's only remedy is to judicially foreclose on that property. Prospective purchasers of the Bonds should not assume that the property within the Series 2018 Districts could be sold for the assessed values described herein at a foreclosure sale for delinquent Special Tax installments or for an amount adequate to pay delinquent Special Tax installments.

The assessed values set forth in this Official Statement do not represent market values arrived at through an appraisal process and generally reflect only the sales price of a parcel when acquired by its current owner, increased or decreased annually by an amount determined by the San Diego County Assessor based on current market conditions, generally not to exceed an increase of more than 2% per fiscal year from the date of purchase (except in the case of new construction subsequent to such acquisition). No assurance can be given that a parcel could actually be sold for its assessed value.

The actual market value of the property is subject to future events such as downturn in the economy, occurrences of certain acts of nature and the decisions of various governmental agencies as to land use, all of which could adversely impact the value of the land in the Series 2018 Districts which is the security for the Local Obligations, which secure the Bonds. As discussed herein, many factors could adversely affect property values or prevent or delay further land development within the Series 2018 Districts.

### **Natural Disasters**

The land within the Series 2018 Districts, like all California communities, may be subject to unpredictable seismic activity, fires, floods or other natural disasters. The occurrence of one of these natural disasters in a Series 2018 District could result in substantial damage to properties in such Series 2018 District which, in turn, could substantially reduce the value of such properties and could affect the ability or willingness of the property owners to pay their Special Taxes. Any major damage to structures as a result of natural disasters could result in a greater reliance on undeveloped property in the payment of Special Taxes, in the Series 2018 Districts where a levy of Special Taxes on undeveloped property is allowed to be levied.

### **Hazardous Substances**

The value of a parcel may be reduced as a result of the presence of a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxed parcels be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

Further, it is possible that liabilities may arise in the future with respect to any of the parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently on the parcel of a substance not presently classified as hazardous but which may in the

future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a parcel that is realizable upon a Special Tax delinquency.

None of the Authority, the Series 2018 Districts or the School District has knowledge of any hazardous substances being located on the property within the Series 2018 Districts; however, such entities have not conducted any investigation with respect to hazardous substances within the Series 2018 Districts.

### **Parity Taxes and Special Assessments**

Property within the Series 2018 Districts is subject to taxes and other charges levied by several other public agencies. See the discussion of direct and overlapping indebtedness under the heading “THE COMMUNITY FACILITIES DISTRICTS.”

The Special Taxes and any penalties thereon will constitute a lien against the lots and parcels of land on which they will be annually imposed until they are paid. Such lien is on a parity with the lien of all special taxes and special assessments levied by other agencies and is co-equal to and independent of the lien for general *ad valorem* property taxes regardless of when they are imposed upon the same property. The Special Taxes have priority over all existing and future private liens imposed on the property. See “– Bankruptcy and Foreclosure” below.

**None of the Authority, the Series 2018 Districts or the School District has control over the ability of other entities and districts to issue indebtedness secured by special taxes, *ad valorem* taxes or assessments payable from all or a portion of the property within the Series 2018 Districts. In addition, the landowners within the Series 2018 Districts may, without the consent or knowledge of the Authority, the Series 2018 Districts or the School District, petition other public agencies to issue public indebtedness secured by special taxes, *ad valorem* taxes or assessments. Any such special taxes, *ad valorem* taxes or assessments may have a lien on such property on a parity with the Special Taxes and could reduce the estimated value-to-lien ratios for property within the Series 2018 Districts described herein.**

### **Payment of the Special Tax is not a Personal Obligation of the Owners**

An owner of a taxable parcel is not personally obligated to pay the Special Tax. Rather, the Special Tax is an obligation which is secured only by a lien against the taxable parcel. If the proceeds received from the sale of a taxable parcel following a Special Tax delinquency are not sufficient, taking into account other liens imposed by public agencies, to pay the full amount of the Special Tax delinquency, the Series 2018 District has no recourse against the owner of the parcel.

### **Disclosures to Future Purchasers**

The willingness or ability of an owner of a parcel to pay the Special Tax may be affected by whether or not the owner was given due notice of the Special Tax authorization at the time the owner purchased the parcel, was informed of the amount of the Special Tax on the parcel should the Special Tax be levied at the maximum tax rate and the risk of such a levy and, at the time of such a levy, has the ability to pay it as well as pay other expenses and obligations. The School District has caused a notice of the Special Tax that may be levied against the taxable parcels in each Series 2018 District to be recorded in the Office of the Recorder for the County. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such Special Tax obligation in the purchase of a property within the Series 2018 Districts or lending of money thereon.

The Mello-Roos Act requires the subdivider (or its agent or representative) of a subdivision to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the

existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with the above requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

### **Special Tax Delinquencies**

Special Taxes are the primary source for the repayment of the Local Obligations, which are the only source of Revenues to repay the Bonds. Delinquencies could result in a draw on the Reserve Funds and, if the Reserve Fund for a Series were depleted, may result in a default in payment on such Series of the Bonds.

Under provisions of the Mello-Roos Act, the Special Taxes, from which funds necessary for the payment of principal of and interest on the Local Obligations and, thus, the Bonds are derived, are customarily billed to the properties within each Series 2018 District on the *ad valorem* property tax bills sent by the County to owners of such properties. The Mello-Roos Act currently provides that such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments.

See “SECURITY FOR THE BONDS –Foreclosure of Special Tax Liens,” for a discussion of the provisions which apply, and procedures which each Series 2018 District is obligated to follow under the Local Obligation Indentures, in the event of delinquencies in the payment of Special Taxes. See “ – Bankruptcy and Foreclosure” below for a discussion of the policy of the Federal Deposit Insurance Corporation (the “FDIC”) regarding the payment of special taxes and assessment and limitations on the Series 2018 District’s ability to foreclose on the lien of the Special Taxes in certain circumstances.

### **Insufficiency of Special Taxes**

Notwithstanding that the maximum Special Taxes that may be levied in the Series 2018 Districts exceeds debt service due on the Local Obligations, the Special Taxes collected could be inadequate to make timely payment of debt service either because of nonpayment or because property becomes exempt from taxation.

The Rate and Method of Apportionment of Special Tax governing the levy of the Special Taxes within each Series 2018 District expressly exempts up to a specified number of acres of property owned by public entities, homeowner associations, churches and other specified owners. If for any reason property within a Series 2018 District becomes exempt from taxation by reason of ownership by a non-taxable entity such as the federal government, another public agency or other organization determined to be exempt, subject to the limitations of the maximum authorized rates, the Special Tax will be reallocated to the remaining taxable properties within such Series 2018 District. This could result in certain owners of property paying a greater amount of the Special Tax and could have an adverse impact upon the ability and willingness of the owners of such property to pay the Special Tax when due.

The Mello-Roos Act provides that, if any property within a Series 2018 District not otherwise exempt from the Special Tax is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Tax will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Mello-Roos Act provides that, if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operation of these provisions of the Mello-Roos Act have not been tested in the courts. Due to problems of collecting taxes from public agencies, if a substantial portion of land within a Series 2018 District became exempt from the Special Tax because of public ownership, or otherwise, the maximum Special

Taxes which could be levied upon the remaining taxable property therein might not be sufficient to pay principal of and interest on the related Local Obligations when due and a default could occur with respect to the payment of such principal and interest, and, in turn, a default could occur in the payment of the principal and interest on the Bonds.

### **FDIC/Federal Government Interests in Properties**

The ability of the Series 2018 Districts to collect interest and penalties specified by the Act and to foreclose the lien of delinquent Special Taxes may be limited in certain respects with regard to parcels in which the FDIC, or other federal government entities such as Fannie Mae, Freddie Mac, the Drug Enforcement Agency, the Internal Revenue Service or other federal agency, has or obtains an interest.

In the case of FDIC, in the event that any financial institution making a loan which is secured by parcels is taken over by the FDIC and the applicable Special Tax is not paid, the remedies available to the Series 2018 Districts may be constrained. The FDIC's policy statement regarding the payment of state and local real property taxes (the "Policy Statement") provides that taxes other than *ad valorem* taxes which are secured by a valid lien in effect before the FDIC acquired an interest in a property will be paid unless the FDIC determines that abandonment of its interests is appropriate. The Policy Statement provides that the FDIC generally will not pay installments of non-*ad valorem* taxes which are levied after the time the FDIC acquires its fee interest, nor will the FDIC recognize the validity of any lien to secure payment except in certain cases where the Resolution Trust Corporation had an interest in property on or prior to December 31, 1995. Moreover, the Policy Statement provides that, with respect to parcels on which the FDIC holds a mortgage lien, the FDIC will not permit its lien to be foreclosed out by a taxing authority without its specific consent, nor will the FDIC pay or recognize liens for any penalties, fines or similar claims imposed for the non-payment of taxes.

The FDIC has taken a position similar to that expressed in the Policy Statement in legal proceedings brought against Orange County in United States Bankruptcy Court and in Federal District Court. The Bankruptcy Court issued a ruling in favor of the FDIC on certain of such claims. Orange County appealed that ruling, and the FDIC cross-appealed. On August 28, 2001, the Ninth Circuit Court of Appeals issued a ruling favorable to the FDIC except with respect to the payment of pre-receivership liens based upon delinquent property tax.

The Series 2018 Districts are unable to predict what effect the application of the Policy Statement would have in the event of a delinquency with respect to parcels in which the FDIC has or obtains an interest, although prohibiting the lien of the FDIC to be foreclosed out at a judicial foreclosure sale would prevent or delay the foreclosure sale.

In the case of Fannie Mae and Freddie Mac, in the event a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, or a private deed of trust secured by a parcel of taxable property is owned by a federal government entity or federal government sponsored entity, such as Fannie Mae or Freddie Mac, the ability to foreclose on the parcel or to collect delinquent Special Taxes may be limited. Federal courts have held that, based on the supremacy clause of the United States Constitution "this Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, anything in the Constitution or Laws of any State to the contrary notwithstanding." In the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest. This means that, unless Congress has otherwise provided, if a federal government entity owns a parcel of taxable property but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the Series 2018 Districts wish to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. For a discussion of risks associated with taxable parcels within the Series 2018 Districts becoming owned by the federal government, federal government entities or federal government sponsored entities, see “– Insufficiency of Special Taxes.”

The Series 2018 Districts' remedies may also be limited in the case of delinquent Special Taxes with respect to parcels in which other federal agencies (such as the Internal Revenue Service and the Drug Enforcement Administration) have or obtain an interest.

### **Bankruptcy and Foreclosure**

In the event of a delinquency in the payment of the Special Taxes, a Series 2018 District, under certain circumstances, is required to commence enforcement proceedings as described under the heading “SECURITY FOR THE BONDS.” However, prosecution of such proceedings could be delayed due to crowded local court calendars, dilatory legal tactics, or bankruptcy. It is also possible that a Series 2018 District will be unable to realize proceeds in an amount sufficient to pay the applicable delinquency. Moreover, the ability of the Series 2018 Districts to commence and prosecute enforcement proceedings may be limited by bankruptcy, insolvency and other laws generally affecting creditors' rights (such as the Soldiers' and Sailors' Relief Act of 1940) and by the laws of the State relating to judicial and non-judicial foreclosure. Although bankruptcy proceedings would not cause the liens of the Special Taxes to become extinguished, bankruptcy of a property owner could result in a delay in the enforcement proceedings because federal bankruptcy laws provide for an automatic stay of foreclosure and tax sale proceedings. Any such delay could increase the likelihood of delay or default in payment of the principal of and interest on the Local Obligations. The various legal opinions delivered in connection with the issuance of the Bonds, including Bond Counsel's approving legal opinion, are qualified as to the enforceability of the Bonds, the Trust Agreement, the Local Obligations and the Local Obligation Indentures by reference to bankruptcy, reorganization, moratorium, insolvency and other laws affecting the rights of creditors generally or against public corporations such as the Series 2018 Districts.

### **No Acceleration Provision**

The Bonds do not contain a provision allowing for the acceleration of the Bonds in the event of a payment default or other default under the terms of the Bonds or the Trust Agreement. Pursuant to the Trust Agreement, an Owner of the Bonds is given the right for the equal benefit and protection of all owners similarly situated to pursue certain remedies described in APPENDIX A – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – SUMMARY OF AUTHORITY TRUST AGREEMENT – EVENTS OF DEFAULT AND REMEDIES.”

### **Limitations on Remedies**

Remedies available to the Owners of the Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Bonds or to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Trust Agreement to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles, by the exercise of judicial discretion and by limitations on remedies against public agencies in the State. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the owners of the Bonds.

### **Loss of Tax Exemption**

As discussed under the caption “LEGAL MATTERS – Tax Matters” herein, interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the Authority, the School District or the Series 2018 Districts in violation of covenants in the Trust Agreement or the Local Obligation Indentures, respectively. Legislative changes have been proposed in Congress, which, if enacted, would result in additional federal income tax being imposed on certain owners of tax-exempt state or local obligations, such as the Bonds. The introduction or enactment of any of such changes could adversely affect the market value or liquidity of the Bonds. Should such an event of taxability occur, the Bonds are not subject to a special redemption and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Trust Agreement.

### **Limited Secondary Market**

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that the Bonds can be sold for any particular price. Although the Authority has committed to provide certain financial information and operating data on an annual basis, there can be no assurance that such information will be available to Beneficial Owners of the Bonds on a timely basis. The failure to provide the required annual information does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions, lack of current information, the absence of a credit rating, or adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

### **Proposition 218**

An initiative measure commonly referred to as the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” The provisions of the Initiative continue to be interpreted by the courts. The Initiative could potentially impact the Special Taxes available to the Series 2018 Districts to pay the principal of and interest on the Local Obligations as described below.

Among other things, Section 3 of Article XIII states that “. . . the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge.” The Mello-Roos Act provides for a procedure which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Mello-Roos Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Mello-Roos Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. On August 1, 1997, a bill was signed into law by the Governor of the State enacting Government Code Section 5854, which states that:

Section 3 of Article XIII C of the California Constitution, as adopted at the November 5, 1996, general election, shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after that date, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by Section 10 of Article I of the United States Constitution.

Accordingly, although the matter is not free from doubt, it is likely that the Initiative has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the Local Obligations.

It may be possible, however, for voters or the Board of Directors of the School District, acting as the legislative body of each Series 2018 District, to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Local Obligations, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Local Obligations. Nevertheless, to the maximum extent that the law permits it to do so, each Series 2018 District will covenant in each Local Obligation Indenture executed by it that it will not initiate proceedings under the Mello-Roos Act to reduce the maximum Special Tax rates in a Series 2018 District below an amount equal to 101.5 percent of the debt service for the Local Obligations of such Series 2018 District in each Bond Year. Each Series 2018 District also will covenant in each Local Obligation Indenture executed by it that, in the event an initiative is adopted which purports to alter the Rate and Method of Apportionment of Special Tax for its Series 2018 Districts, it will commence and pursue legal action in order to preserve its ability to comply with the foregoing covenant. However, no assurance can be given as to the enforceability of the foregoing covenants.

With respect to the approval of the Special Taxes, on August 1, 2014, the California Court of Appeal, Fourth Appellate District, Division One, issued its opinion in *City of San Diego v. Melvin Shapiro, et al.* 228 Cal.App.4<sup>th</sup> 756 (2014) (the “San Diego Decision”). The case involved a Convention Center Facilities District (the “CCFD”) established by the City of San Diego (the “City”). The CCFD is a financing district much like the Series 2018 Districts established under the provisions of the Act. The CCFD is comprised of all of the real property in the entire City. However, the special tax to be levied within the CCFD was to be levied only on hotel properties located within the CCFD.

The election authorizing the special tax was limited to owners of hotel properties and lessees of real property owned by a governmental entity on which a hotel is located. Thus, the election was not a registered voter election. Such approach to determining who would constitute the qualified electors of the CCFD was modeled after Section 53326(c) of the Act, which generally provides that, if a special tax will not be apportioned in any tax year on residential property, the legislative body may provide that the vote shall be by the landowners of the proposed district whose property would be subject to the special tax. The Court held that the CCFD special tax election was invalid under the California Constitution because Article XIII A, Section 4 thereof and Article XIII C, Section 2 thereof require that the electors in such an election be the registered voters within the district.

The facts of the San Diego Decision show that there were hundreds of thousands of registered voters within the CCFD (*viz.*, all of the registered voters in the City). The elections held in certain of the Community Facilities Districts had no registered voters at the time of the elections to authorize the respective Special Tax. In the San Diego Decision, the Court expressly stated that it was not addressing the validity of landowner voting to impose special taxes pursuant to the Act in situations where there are fewer than 12 registered voters. Thus, by its terms, the Court’s holding does not apply to the Special Tax elections in such Community Facilities Districts. Moreover, Section 53341 of the Act provides that any “action or proceeding to attack, review, set aside, void or annul the levy of a special tax...shall be commenced within 30 days after the special tax is approved by the voters.” Similarly, Section 53359 of the Act provides that any action to determine the validity of bonds issued pursuant to the Act be brought within 30 days of the voters approving the issuance of such bonds. Voters in the Community Facilities Districts approved after such 30 day period, and certain instances more than 10 years ago. Based on Sections 53341 and 53359 of the Act and analysis of existing laws, regulations, rulings and court decisions, Bond Counsel is of the opinion that no successful challenge to the Special Tax being levied in accordance with the Rate and Method of Apportionment may now be brought.



The interpretation and application of the Initiative will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See “SPECIAL RISK FACTORS – Limitations on Remedies.”

### **Ballot Initiatives**

Articles XIII A, XIII B, XIII C and XIII D, all of which placed certain limitations on the power of local agencies to tax, collect and expend revenues, were adopted pursuant to measures qualified for the ballot pursuant to California’s constitutional initiative process and the State Legislature has in the past enacted legislation which has altered the spending limitations or established minimum funding provisions for particular activities. From time to time, other initiative measures could be adopted by California voters or legislation enacted by the legislature. The adoption of any such initiative or legislation might place limitations on the ability of the State, the School District, or the Series 2018 Districts to increase revenues or to increase appropriations or on the ability of the landowners within the Series 2018 Districts to complete proposed future development.

### **TAX MATTERS**

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

The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner’s basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of a Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

Bond Counsel’s opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the Authority, the School District, the Series 2018 Districts and others and is subject to the condition that the Authority, the School District and the Series 2018 Districts comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority, the School District and the Series 2018 Districts have covenanted to comply with all such requirements.

## ITEM 4

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Trust Agreement, the Local Obligation Bond Indentures and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the Authority, the School District and the Series 2018 Districts continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of other similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR

HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Should interest on the Bonds (including any original issue discount) become includable in gross income for federal income tax purposes, the Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Trust Agreement.

See Appendix D – “FORM OF BOND COUNSEL OPINION” for a form of the opinion to be provided by Bond Counsel on the date of issuance of the Bonds.

## **LEGAL MATTERS**

### **Absence of Litigation**

The Authority will certify at the time the Bonds are issued that no litigation is pending or threatened concerning the validity of the Bonds or the Local Obligations and that no action, suit or proceeding is known by the Authority to be pending that would restrain or enjoin the delivery of the Bonds or the Local Obligations, or contest or affect the validity of the Bonds or the Local Obligations or any proceedings of the Authority taken with respect to the Bonds or the Local Obligations. Each of the Districts will also certify at the time the Bonds are issued that no litigation is pending or threatened concerning the validity the Local Obligations and that no action, suit or proceeding is known by such District to be pending that would restrain or enjoin the delivery of the Local Obligations, or contest or affect the validity of the Local Obligations or any proceedings of such District taken with respect to the Local Obligations.

### **Legal Opinion**

Certain proceedings in connection with the issuance of the Bonds are subject to the approval as to their legality of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel for the Authority in connection with the issuance of the Bonds. The opinion of Bond Counsel approving the validity of the Bonds substantially in the form attached as Appendix D hereto will be attached to each Bond. Bond Counsel’s employment is limited to a review of legal procedures required for the approval of the Bonds and to rendering an opinion as to the validity of the Bonds and the exemption of interest on the Bonds from income taxation. Bond Counsel expresses no opinion to the Owners of the Bonds as to the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds and expressly disclaims any duty to do so.

Payment of the fees of Bond Counsel, the Underwriter and Underwriter’s Counsel is contingent upon issuance of the Bonds.

## **FINANCIAL ADVISOR**

The School District has retained Fieldman Rolapp & Associates, Inc., as Financial Advisor (the “Financial Advisor”) in connection with the issuance of the Bonds and certain other financial matters. The Financial Advisor is a financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other negotiable instruments. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement, or any other related information available to the School District, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Financial Advisor

respecting the accuracy and completeness of this Official Statement or any other matter related to this Official Statement.

## MISCELLANEOUS

### Ratings

The Bonds are expected to be assigned a rating of “\_\_\_\_\_” from S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), based upon the issuance of the Policy by [\_\_\_\_\_]. S&P has assigned its municipal bond rating of “\_\_\_\_\_” to the Bonds, without regard to any policy of municipal bond insurance.

Such rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained from S&P. There is no assurance that such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by such organization, if in its judgment circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

### Underwriting

The Bonds are being purchased by Piper Jaffray & Co. (the “Underwriter”) at a purchase price of \$\_\_\_\_\_ (representing the par amount of the Bonds, plus net original issue premium of \$\_\_\_\_\_, less underwriter’s discount of \$\_\_\_\_\_, and less \$\_\_\_\_\_ for bond insurance).

The purchase contract relating to the Bonds between the Authority and the Underwriter provides that all Bonds will be purchased if any are purchased, and that the obligation to make such purchase is subject to certain terms and conditions set forth in said purchase contract, including, but not limited to, the approval of certain legal matters by counsel.

The Underwriter has entered into a distribution agreement (“Distribution Agreement”) with Charles Schwab & Co., Inc. (“CS&Co”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

### Continuing Disclosure

Pursuant to the Continuing Disclosure Agreement, the Authority will agree to provide, or cause to be provided, through the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board (or with such other entity as is designated or authorized under Rule 15c2-12 adopted by the Securities and Exchange Commission) (each, a “Repository”) certain annual financial information and operating data and notices of certain events. The Annual Report to be filed by the Authority will include audited financial statements of the Authority and the School District, if any are prepared, and additional financial and operating data concerning the Districts as set forth in Section 4 of the Continuing Disclosure Agreement attached hereto as Appendix E. The Authority has never before been subject to an undertaking pursuant to Rule 15c2-12 to provide annual reports or notices of certain events. [UPDATE]

The Underwriter does not consider the School District to be an obligated person with respect to the Bonds for purposes of Rule 15c2-12. The School District will oversee the Authority’s continuing disclosure obligations. The School District did not timely file certain budget and financial information and certain enumerated data with respect to Fiscal Years 2010-11 through 2012-13, Fiscal Year 2014-15, and Fiscal Year 2015-16 in accordance with continuing disclosure undertakings related to its then-outstanding general obligation bonds and lease revenue bonds. In response to a continuing disclosure undertaking executed by the

## ITEM 4

San Dieguito Union Public Facilities Authority (the "Prior JPA") on behalf of itself and certain community facilities districts formed by the School District, the audited financial statements of the School District were not filed in a timely manner for Fiscal Years 2010-11 through 2012-13. In addition, the School District did not, on or before the dates specified in the related continuing disclosure undertakings, submit notices of late filings in accordance with the continuing disclosure undertakings. The School District subsequently filed the budget information and filed notices with respect to the late filings for outstanding issues. The School District has retained Willdan Financial Services to serve as dissemination agent with respect to its various continuing disclosure undertakings. [UPDATE]

The Continuing Disclosure Agreement will inure solely to the benefit of any Dissemination Agent, the Underwriter and Owners or Beneficial Owners from time to time of the Bonds. A default under the Continuing Disclosure Agreement is not a default under the Trust Agreement and the sole remedy following a default is an action to compel specific performance by the Authority with the terms of the Continuing Disclosure Agreement.

**Additional Information**

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or Owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Authority.

SAN DIEGUITO SCHOOL FACILITIES FINANCING  
AUTHORITY

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

Tina Douglas  
Treasurer

**APPENDIX A**

**SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**

*The following is a brief summary of certain provisions of the Trust Agreement governing the terms of the Bonds and the form of Local Obligation Indenture which is being separately executed by each of the Community Facilities Districts, each governing the terms of the Local Obligations. This summary includes only the provisions of the documents not already summarized in the Official Statement and does not purport to be complete and is qualified in its entirety by reference to said documents.*

**APPENDIX B**  
**RATES AND METHODS OF APPORTIONMENT**  
**OF SPECIAL TAXES FOR**  
**THE COMMUNITY FACILITIES DISTRICTS**

## APPENDIX C

## REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION

The School District's boundaries include all portions of the Cities of Del Mar, Encinitas, and Solana Beach, portions of the Cities of Carlsbad and San Diego, and a portion of the unincorporated areas of the County of San Diego (the "County"). The following economic and demographic information pertains to the Cities of Del Mar, Encinitas, and Solana Beach (collectively, the "Cities), the County and the State. Due to the nature of the School District's jurisdiction, the economic and demographic information set forth below reflect only a portion of the population and economy within the School District's boundaries. Information on the remainder of the School District (i.e., the unincorporated areas) is not available from the sources listed below. The Bonds are not obligations of the Cities, the County or the State. The Authority has not independently verified the information set forth in this Appendix C and while this information is believed to be reliable, it is not guaranteed as to accuracy by the Authority.

## Population

The following table summarizes population estimates of the Cities, County and State for years 2008 through 2018.

**POPULATION ESTIMATES**  
**Cities of Del Mar, Encinitas and Solana Beach,**  
**San Diego County and the State of California**  
**2008 through 2018**

<b>Year<sup>(1)</sup></b>	<b>City of Del Mar</b>	<b>City of Encinitas</b>	<b>City of Solana Beach</b>	<b>San Diego County</b>	<b>State of California</b>
2008	4,186	59,411	12,780	3,032,689	36,704,375
2009	4,172	59,453	12,805	3,064,436	36,966,713
2010 <sup>(2)</sup>	4,161	59,518	12,867	3,095,313	37,223,900
2011	4,181	59,819	12,925	3,115,810	37,427,946
2012	4,171	60,016	12,927	3,128,387	37,680,593
2013	4,213	60,699	13,031	3,164,818	38,030,609
2014	4,221	61,042	13,059	3,192,457	38,357,121
2015	4,238	61,518	13,104	3,227,496	38,714,725
2016	4,273	61,893	13,487	3,286,717	39,189,035
2017	4,284	62,625	13,860	3,309,509	39,500,973
2018	4,322	63,158	13,938	3,337,456	39,809,693

<sup>(1)</sup> As of January 1.

<sup>(2)</sup> As of April 1.

Source: California State Department of Finance, Demographic Research Unit. May 2018 Benchmark.



**Personal Income**

The following table shows of per capita personal income for the County, the State and the United States from 2008 through 2017.

**PER CAPITAL PERSONAL INCOME<sup>(1)</sup>**  
**2008 through 2017**  
**San Diego County, State of California, and United States**

<b>Year</b>	<b>San Diego County</b>	<b>% Change</b>	<b>State of California</b>	<b>% Change</b>	<b>United States</b>	<b>% Change</b>
2008	\$45,886	–	\$43,786	–	\$41,082	–
2009	43,819	-4.5%	41,588	(5.0)%	39,376	(4.2)%
2010	44,563	1.7	42,411	2.0	40,277	2.3
2011	47,095	5.7	44,852	5.8	42,453	5.4
2012	48,990	4.0	47,614	6.2	44,266	4.3
2013	49,907	1.9	48,125	1.1	44,438	0.4
2014	51,459	3.1	49,985	3.9	46,049	3.6
2015	55,709	8.3	54,664	9.4	48,429	5.2
2016	56,832	2.0	56,308	3.0	49,204	1.6
2017	57,930	1.9	58,272	3.5	50,392	2.4

<sup>(1)</sup> Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

**Industry**

The School District is included in the San Diego-Carlsbad Metropolitan Statistical Area (the “MSA”). The distribution of employment in the MSA is presented in the following table for calendar years 2013 through 2017. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends within the communities served by the School District.

**INDUSTRY EMPLOYMENT & LABOR FORCE**  
**San Diego-Carlsbad Metropolitan Statistical Area**  
**2013 through 2017<sup>(1)</sup>**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total Farm	9,800	9,400	9,100	8,900	8,600
Mining, Logging and Construction	61,300	64,300	69,900	76,600	79,600
Manufacturing	99,000	101,600	105,300	108,000	109,000
Wholesale Trade	43,900	43,700	44,000	47,600	48,200
Retail Trade	141,300	144,300	146,800	147,500	148,700
Transportation, Warehousing & Utilities	27,200	27,000	28,200	29,700	31,900
Information	24,300	24,400	23,900	24,100	24,400
Financial Activities	70,800	69,400	71,400	72,700	74,100
Professional & Business Services	221,600	224,900	230,900	231,200	233,500
Education & Health Services	181,000	186,000	193,200	198,700	204,500
Leisure & Hospitality	168,600	177,000	184,000	191,900	196,400
Other Services	49,300	52,000	53,000	54,400	54,900
Government	229,500	231,900	235,900	242,200	248,100
<b>Total (all industries)</b>	<u>1,327,500</u>	<u>1,355,900</u>	<u>1,395,500</u>	<u>1,433,500</u>	<u>1,461,800</u>

<sup>(1)</sup> Annual averages, unless otherwise specified.

Note: Items may not add to total due to independent rounding.

Source: California Employment Development Department, Labor Market Information Division. March 2018 Benchmark.

**Employment**

The following table summarizes Annual Average Labor Force data for the Cities, County and State during years 2013 through 2017.

**CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**  
**City of Del Mar, City of Encinitas, City of Solana Beach,**  
**San Diego County and State of California**  
**2013 through 2017**

<b>Year</b>	<b>Area</b>	<b>Labor Force</b>	<b>Employment</b>	<b>Unemployment</b>	<b>Unemployment Rate</b>
2013	City of Del Mar	2,500	2,500	–	0.8%
	City of Encinitas	32,700	30,700	2,100	6.4
	City of Solana Beach	6,800	6,300	500	7.3
	San Diego County	1,547,000	1,425,900	121,100	7.8
	State of California	18,671,600	17,002,900	1,668,700	8.9
2014	City of Del Mar	2,500	2,500	–	0.7%
	City of Encinitas	32,700	31,000	1,400	5.2
	City of Solana Beach	6,800	6,400	400	6.0
	San Diego County	1,549,800	1,450,300	99,500	6.4
	State of California	18,811,400	17,397,100	1,414,300	7.5
2015	City of Del Mar	2,600	2,600	–	0.5%
	City of Encinitas	33,100	31,700	1,700	4.2
	City of Solana Beach	6,900	6,500	300	4.8
	San Diego County	1,563,800	1,482,500	81,300	5.2
	State of California	18,981,800	17,798,600	1,183,200	6.2
2016	City of Del Mar	2,600	2,600	--	0.5
	City of Encinitas	33,300	32,00	1,300	3.8
	City of Solana Beach	6,900	6,600	300	4.3
	San Diego County	1,570,300	1,496,200	74,100	4.7
	State of California	19,093,700	18,048,800	1,044,800	5.5
2017	City of Del Mar	2,400	2,400	100	2.7
	City of Encinitas	32,000	31,000	1,000	3.0
	City of Solana Beach	7,100	7,000	200	1.7
	San Diego County	1,584,700	1,521,200	64,500	4.0
	State of California				

Note: Data is based on annual averages, unless otherwise specified, and is not seasonally adjusted.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2018 Benchmark.

**Largest Employers**

The following table lists the largest employers located in the County as of June 30, 2017.

**LARGEST EMPLOYERS  
San Diego County  
2017**

<b>Employer</b>	<b>Number of Local Employees</b>
1. University of California, San Diego	32,524
2. Sharp HealthCare	17,962
3. County of San Diego	17,396
4. Scripps Health	15,238
5. Qualcomm Inc.	12,600
6. City of San Diego	11,544
7. Kaiser Permanente San Diego Medical Center	8,965
8. UC San Diego Health	8,923
9. San Diego Community College District	6,817
10. San Diego State University	5,921

Source: San Diego County 'Comprehensive Annual Financial Report' for the year ending June 30, 2017.

**Taxable Sales**

The following tables summarize annual taxable sales data in the County and Cities for years 2010 through 2016.

**TAXABLE SALES  
San Diego County  
2010 through 2016  
(Dollars in Thousands)**

<b>Year</b>	<b>Retail Permits</b>	<b>Retail Stores Taxable</b>		<b>Total Outlets Taxable</b>	
		<b>Transactions</b>	<b>Total Permits</b>	<b>Transactions</b>	<b>Transactions</b>
2010	55,462	\$ 29,475,489	83,194	\$	41,623,636
2011	56,723	31,985,292	83,971		45,090,382
2012	57,143	34,153,236	84,267		47,947,035
2013	58,466	35,948,594	85,143		50,297,331
2014	59,705	37,257,495	86,671		52,711,639
2015	58,838	37,989,566	95,645		54,185,588
2016	58,391	38,576,363	95,435		55,407,867

Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

**ANNUAL TAXABLE SALES  
City of Del Mar  
2010 through 2016  
(Dollars in Thousands)**

**Retail Stores**

**Total Outlets**

ITEM 4

Year	Retail Permits	Taxable		Taxable Transactions
		Transactions	Total Permits	
2010	908	\$ 99,635	1,173	\$ 128,720
2011	931	109,310	1,179	139,129
2012	1,014	113,816	1,271	148,366
2013	1,226	127,731	1,517	153,000
2014	1,277	130,895	1,511	162,633
2015	1,197	147,715	1,598	193,342
2016	1,172	152,595	1,547	193,342

Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

**ANNUAL TAXABLE SALES**  
**City of Encinitas**  
**2010 through 2016**  
**(Dollars in Thousands)**

Year	Retail Permits	Retail Stores Taxable		Total Outlets Taxable Transactions
		Transactions	Total Permits	
2010	1,898	\$ 793,460	2,756	\$ 886,134
2011	1,942	855,019	2,801	956,243
2012	1,875	911,471	2,759	1,020,798
2013	1,928	954,112	2,783	1,066,253
2014	1,971	982,838	2,812	1,101,237
2015	1,836	985,983	3,127	1,130,941
2016	1,829	977,801	3,098	1,109,799

Note: In 2009, retail permits expanded to include permits for food services.

Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

**ANNUAL TAXABLE SALES  
City of Solana Beach  
2010 through 2016  
(Dollars in Thousands)**

<b>Year</b>	<b>Retail Permits</b>	<b>Retail Stores Taxable</b>		<b>Total Outlets Taxable</b>
		<b>Transactions</b>	<b>Total Permits</b>	<b>Transactions</b>
2010	536	192,660	836	241,650
2011	538	203,420	825	255,481
2012	546	214,518	827	252,494
2013	560	212,097	843	242,756
2014	546	211,477	814	242,193
2015	507	228,380	873	259,115
2016	506	238,424	859	268,623

Note: In 2009, retail permits expanded to include permits for food services.  
Source: "Taxable Sales in California (Sales & Use Tax)," California Board of Equalization.

**Building Activity**

The following tables summarize new building permits and valuations in the County and Cities for years 2013 through 2017.

**BUILDING PERMITS AND VALUATIONS  
County of San Diego  
2013-2017  
(Dollars in Thousands)**

<b>Valuation (\$000s)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Residential	\$ 2,060,249	\$ 1,818,853	\$ 2,447,042	\$ 2,472,237	\$ 2,632,826
Non-residential	1,425,426	1,920,627	1,862,502	1,782,421	2,371,303
<b>Total</b>	<b>\$ 3,485,675</b>	<b>\$ 3,739,480</b>	<b>\$ 4,309,544</b>	<b>\$ 4,254,658</b>	<b>\$ 5,004,128</b>
<b><u>New Housing</u></b>					
<b><u>Units</u></b>					
Single Units	2,539	2,276	3,136	2,420	3,960
Multiple Units	5,803	4,327	6,869	7,680	6,056
<b>Total</b>	<b>8,342</b>	<b>6,603</b>	<b>10,005</b>	<b>10,110</b>	<b>10,016</b>

Note: Totals may not add due to independent rounding.  
Source: Construction Industry Research Board.

**BUILDING PERMITS AND VALUATIONS**  
**City of Del Mar**  
**2013-2017**  
**(Dollars in Thousands)**

<b>Valuation (\$000s)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Residential	\$ 7,338	\$ 14,666	\$ 12,448	\$ 6,280	\$ 12,942
Non-residential	618	1,071	681	14,421	363
<b>Total</b>	<b>\$ 7,956</b>	<b>\$ 15,737</b>	<b>\$ 13,130</b>	<b>\$ 20,701</b>	<b>\$ 13,305</b>
<u>New Housing Units</u>					
Single Units	4	13	9	5	9
Multiple Units	—	—	2	--	2
<b>Total</b>	<b>4</b>	<b>13</b>	<b>11</b>	<b>5</b>	<b>11</b>

Note: Totals may not add to sums because of rounding.  
Source: Construction Industry Research Board.

**BUILDING PERMITS AND VALUATIONS**  
**City of Encinitas**  
**2013-2017**  
**(Dollars in Thousands)**

<b>Valuation (\$000s)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Residential	\$ 34,761	\$ 64,087	\$ 56,019	\$ 36,282	\$ 48,038
Non-residential	12,697	10,815	9,576	10,481	11,313
<b>Total</b>	<b>\$ 47,458</b>	<b>\$ 74,902</b>	<b>\$ 65,595</b>	<b>\$ 46,763</b>	<b>\$ 59,351</b>
<u>New Housing Units</u>					
Single Units	88	158	149	87	110
Multiple Units	—	2	4	2	--
<b>Total</b>	<b>88</b>	<b>160</b>	<b>153</b>	<b>89</b>	<b>110</b>

Note: Totals may not add to sums because of rounding.  
Source: Construction Industry Research Board.

**BUILDING PERMITS AND VALUATIONS**  
**City of Solana Beach**  
**2013-2017**  
**(Dollars in Thousands)**

<b>Valuation (\$000s)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Residential	\$ 6,861	\$ 20,355	\$ 10,664	\$ 14,588	\$ 17,425
Non-residential	2,559	5,079	3,231	3,860	12,581
<b>Total</b>	<b>\$ 9,420</b>	<b>\$ 25,434</b>	<b>\$ 13,895</b>	<b>\$ 18,449</b>	<b>\$ 30,006</b>
<u>New Housing Units</u>					
Single Units	2	9	8	16	20
Multiple Units	-	-	2	-	--
<b>Total</b>	<b>2</b>	<b>9</b>	<b>10</b>	<b>16</b>	<b>20</b>

Note: Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.



**APPENDIX D**  
**FORM OF BOND COUNSEL OPINION**

[TO COME]

**APPENDIX E****FORM OF 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).

## ITEM 4

(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

## ITEM 4

- (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;
- (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:

## ITEM 4

- (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:

## ITEM 4

(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.

ITEM 4

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



**APPENDIX F****DTC AND THE BOOK-ENTRY-ONLY SYSTEM**

*The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

## ITEM 4

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, redemption price and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. If applicable, a Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to tender/remarketing agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to tender/remarketing agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to tender/remarketing agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

## ITEM 4

11. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

APPENDIX G

SPECIMEN MUNICIPAL BOND DEBT SERVICE RESERVE INSURANCE POLICY