

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT

BOARD OF TRUSTEES  
SAN DIEGUITO PUBLIC FACILITIES AUTHORITY  
SPECIAL MEETING

AGENDA

THURSDAY, SEPTEMBER 6, 2007

IMMEDIATELY FOLLOWING THE REGULAR BOARD

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A Special Meeting of the San Dieguito Public Facilities Authority of San Dieguito Union High School District has been scheduled for Thursday, September 6, 2007, in the large board room, immediately following the Regular Meeting of the Board of Trustees.

1. Call to Order

**DISCUSSION / ACTION ITEMS**

2. Approval of the Minutes of the August 23, 2007 Meeting

Motion by \_\_\_\_\_, second by \_\_\_\_\_, to approve the Minutes of August 23, 2007, San Dieguito Public Facilities Authority Meeting, as written.

3. ADOPTION OF RESOLUTION / ACKNOWLEDGING THE APPOINTMENT OF OFFICERS, RATIFYING ACTIONS TAKEN BY THE OFFICERS, AND AUTHORIZING SIGNATORIES

Motion by \_\_\_\_\_, second by \_\_\_\_\_, to adopt the resolution acknowledging the appointment of officers pursuant to the Joint Exercise of Powers Agreement, ratifying actions taken by the officers, and authorizing signatories, as shown in the attached supplement.

**INFORMATION ITEMS**

4. 2006/2007 Swap Status Report

5. Adjournment
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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 via FAX at (760) 943-3501. 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.

# San Dieguito

Union High School District

710 Encinitas Blvd.  
Encinitas, CA 92024-3357  
(760) 753-6491  
www.sduhsd.net

**Board of Trustees:**

Joyce Dalessandro  
Linda Friedman  
Barbara Groth  
Beth Hergesheimer  
Deanna Rich

**Superintendent:**

Peggy Lynch, Ed.D.  
(760) 943-3501 FAX

Canyon Crest Academy  
Carmel Valley MS  
Diegueno MS  
Earl Warren MS  
La Costa Canyon HS  
North Coast Alternative HS  
Oak Crest MS  
San Dieguito Adult Education  
San Dieguito HS Academy  
Sunset HS  
Torrey Pines HS

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT

BOARD OF TRUSTEES  
SAN DIEGUITO PUBLIC FACILITIES AUTHORITY  
SPECIAL MEETING

MINUTES

THURSDAY, AUGUST 23, 2007

**IMMEDIATELY FOLLOWING THE REGULAR BOARD**

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A Special Meeting of the San Dieguito Public Facilities Authority of San Dieguito Union High School District took place on Thursday, August 23, 2007, in the large board room, immediately following the Regular Meeting of the Board of Trustees.

Board Members in Attendance

All Board Members were in attendance at this meeting. (Student Advisory Members not present during summer break)

Administrators in Attendance

Peggy Lynch, Ed.D., Superintendent  
Terry King, Associate Superintendent, Human Resources  
Steve Ma, Associate Superintendent, Business  
Rick Schmitt, Associate Superintendent, Educational Services  
Becky Banning, Executive Assistant to the Superintendent

**PRELIMINARY FUNCTIONS**

1. Call to Order  
President Deanna Rich called the meeting to order at 7:07 PM on Thursday, August 23, 2007, to receive public comments. There were no public comments.

**DISCUSSION / ACTION ITEMS**

2. Approval of the Minutes of the June 27, 2006 Meeting  
It was moved by Ms. Dalessandro, seconded by Ms. Hergesheimer, to approve the Minutes of June 27, 2006, San Dieguito Public Facilities Authority Meeting, as written.  
***Motion unanimously carried.***

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**INFORMATION ITEMS**

- 3. San Dieguito Public Facilities Update, Certificate Compliance.....Steve Ma

Mr. Ma reviewed the provided information (see agenda) with the Board. He explained to the Board that this document certifies that the district has met the 94-2 covenant for the 06 / 07 school year.

Mr. Ma also stated that at some point, the district will have to declare whether it intends to purchase the middle school site in Pacific Highlands Ranch. The trigger to make the declaration has been pushed out because of the slow down in the housing market. Delinquency rates are still low (1.7%) on an aggregate basis.

More updates will follow. Staff will bring back a report showing how our 2006 bonds, issued on a Synthetic Fixed Rate Swap, are performing.

- 4. Adjournment of Meeting – The meeting was adjourned at 7:11 PM.

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Peggy Lynch, Ed.D., Superintendent

\_\_\_\_\_  
Date

# San Dieguito Public Facilities Authority

## INFORMATION REGARDING BOARD AGENDA ITEM

**TO:** BOARD OF DIRECTORS

**DATE OF REPORT:** August 29, 2007

**BOARD MEETING DATE:** September 6, 2007

**PREPARED BY:** John Addleman, Facilities Planning Analyst  
Steve Ma, Treasurer

**SUBMITTED BY:** Peggy Lynch, Ed.D.  
Superintendent

**SUBJECT:** **ADOPTION OF RESOLUTION / ACKNOWLEDGING THE  
APPOINTMENT OF OFFICERS, RATIFYING ACTIONS  
TAKEN BY THE OFFICERS, AND AUTHORIZING  
SIGNATORIES**

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### EXECUTIVE SUMMARY

In order to conduct business more efficiently, staff is requesting the Chairperson and Secretary to be authorized to sign documents and/or requests in connection with the San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006.

Section 3.01 of Joint Exercise of Powers Agreement specifically stipulates what certain members of the Board of Trustees of the San Dieguito Union High School District shall act as members of the Board of Directors. Staff recommends we adopt a resolution acknowledging the appointment of officers on an annual basis coinciding with the change in appointment of Board of Trustees. This will also allow a well-timed update to those authorized to sign on behalf of the Authority.

### RECOMMENDATION:

It is recommended that the Board adopt the resolution acknowledging the appointment of officers pursuant to the Joint Exercise of Powers Agreement, ratifying actions taken by the officers, and authorizing signatories, as shown in the attached supplement.

### FUNDING SOURCE:

N/A

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN DIEGUITO PUBLIC FACILITIES AUTHORITY; ACKNOWLEDGING THE APPOINTMENT OF OFFICERS PURSUANT TO THE JOINT EXERCISE OF POWERS AGREEMENT, RATIFYING ACTIONS TAKEN BY THE OFFICERS, AND AUTHORIZING SIGNATORIES**

**WHEREAS**, the San Dieguito Public Facilities Authority (the Authority”) was created pursuant to the Joint Exercise of Powers Agreement (the “Agreement”), dated October 22, 1998, by and between the San Dieguito Union High School District (the “School District”) and Community Facilities District No. 94-1 of the School District (“CFD 94-1);

**WHEREAS**, Section 3.01 of the Agreement stipulates that the President, the Vice President, and the Clerk of the Board of Trustees of the School District shall act as the Chairperson, Vice Chairperson, and Secretary, respectively of the Authority; and

**WHEREAS**, the Associate Superintendent of Business Services of the School District is an Authorized Representative of the Authority acting as Treasurer as described in Section 3.02 of the Agreement; and

**WHEREAS**, Deanna Rich is the President to the Board of Trustees of the School District; and

**WHEREAS**, Beth Hergesheimer is the Vice President to the Board of Trustees of the School District; and

**WHEREAS**, Joyce Dalessandro is the Clerk to the Board of Trustees of the School District; and

**WHEREAS**, Stephen G. Ma is the Associate Superintendent of Business Services to the School District; and

**WHEREAS**, the Chairperson, Vice Chairperson, Secretary, and Treasurer shall perform such duties as may be imposed by the Board;

**NOW, THEREFORE**, this Board does find, resolve, determine and order as follows:

Section 1. Pursuant to the Agreement, Deanna Rich is, and since the day she was appointed as President to the Board of Trustees of the School District, has been the Chairperson of the Authority, and from such day, all actions properly taken by Deanna Rich in her capacity as Chairperson of the Authority are hereby ratified as taken by the Chairperson of the Authority.

Section 2. Pursuant to the Agreement, Beth Hergesheimer is, and since the day she was appointed as Vice President to the Board of Trustees of the School District, has been the Vice Chairperson of the Authority, and from such day, all actions properly taken by Beth Hergesheimer in her capacity as Vice Chairperson of the Authority are hereby ratified as taken by the Vice Chairperson of the Authority.

Section 3. Pursuant to the Agreement, Joyce Dalessandro is, and since the day she was appointed as Clerk to the Board of Trustees of the School District, has been the Secretary of the Authority, and from such day, all actions properly taken by Joyce Dalessandro in her capacity as Secretary of the Authority are hereby ratified as taken by the Secretary of the Authority.

Section 4. Pursuant to the Agreement, Stephen G. Ma is, and since the day he was appointed as Associate Superintendent of Business Service to the School District, has been the Treasurer of the Authority, and from such day, all actions properly taken by Stephen G. Ma in his capacity as Treasurer of the Authority are hereby ratified as taken by the Treasurer of the Authority.

Section 5. Pursuant to the Agreement, the Board authorizes Stephen G. Ma, Treasurer, to execute the attached Signature Certificate of the Authority authorizing the Chairperson, the Secretary, and the Treasurer to sign documents and/or requests in connection with the Series 2006, Revenue Refunding Bonds.

This Resolution shall take effect immediately upon its passage.

The foregoing Resolution was on the \_\_\_\_ day of \_\_\_\_\_, 2007,  
adopted by the Board of Directors of the San Dieguito Public Facilities Authority.

BOARD OF DIRECTORS OF THE SAN  
DIEGUITO PUBLIC FACILITIES AUTHORITY

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

ATTEST:

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





<b>Issuer Name:</b>		<b><u>Date:</u></b>
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The undersigned hereby state and certify that the signatures set forth opposite the names and titles of the following persons are the true and correct specimen, or are the genuine signatures of such persons, each of whom holds the office designated, and that they are authorized to sign documents and/or requests in connection with the above financing:

**Signature Certificate of the Authority**

<u>Name</u>	<u>Title</u>	<u>Signature</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

The above designation of an "Authorized Officers" may be amended or rescinded at any time hereafter by a replacement Certificate.

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

Signature \_\_\_\_\_

Print \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

# San Dieguito Public Facilities Authority

## INFORMATION FOR BOARD OF DIRECTORS

**TO:** BOARD OF DIRECTORS

**DATE OF REPORT:** August 30, 2007

**BOARD MEETING DATE:** September 6, 2007

**PREPARED BY:** Steve Ma, Treasurer  
John Addleman, Facilities Planning Analyst

**SUBMITTED BY:** Peggy Lynch, Ed.D.  
Superintendent

**SUBJECT:** 2006/2007 Swap Status Report

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On June 8, 2006 the Board adopted a Master Swap Policy. Section VII.C. of the Master Swap Policy calls for an annual report providing the status of all interest rate swap agreements entered into by the Authority.

The attached 2006/2007 Interest Rate Swap Report describes the Authority's only interest rate swap entered into as a means to obtain a synthetic fixed rate for the Authority's Revenue Refunding Bonds, Series 2006. The report addresses the eight ongoing reporting requirements of the Master Swap Policy, including a summary of the swap and such items as its mark to market value, and the counter party's credit rating and collateral requirement. The report also provides excerpts from the August 20, 2007 Bond Yield and Yield Restriction Analysis Report prepared by BondLogistix, LLC. The BondLogistix report is available in the Facilities Planning Department for review.

encl: 2006/07 Interest Rate Swap Report

# San Dieguito Public Facilities Authority

## Interest Rate Swap Report

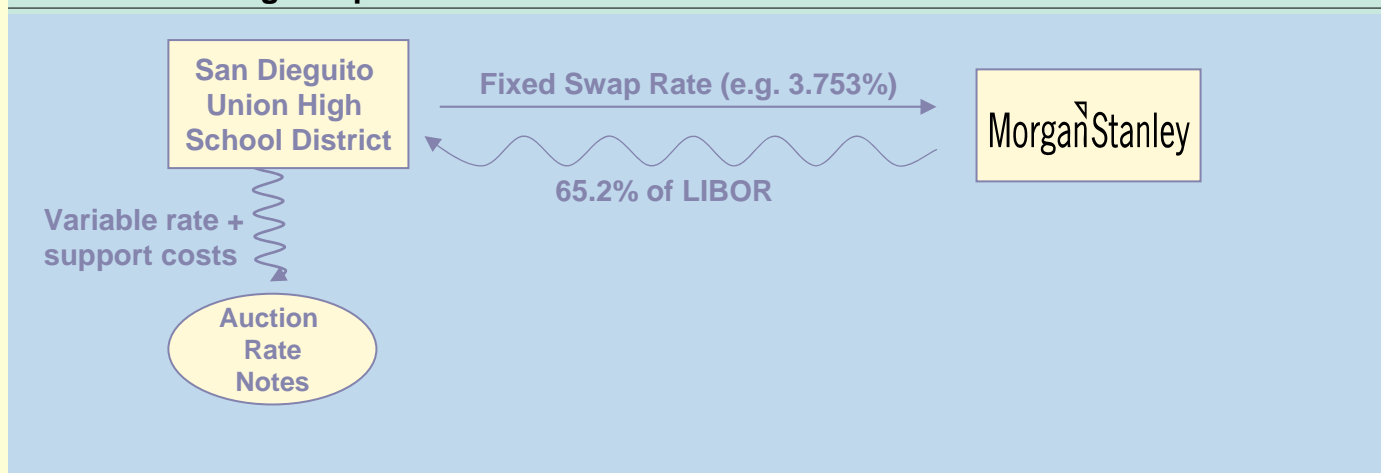
2006/07

Facilities Planning Department

August 29, 2007

# 1. Summary of Swap

## Forward Starting Swap-to-Fixed



**Issue:** San Dieguito Public Facilities Authority Revenue Refunding Bonds, Series 2006

**Swap Type:** Synthetic Fixed Rate Swap

**% Fixed Rate Paid to Counterparty:** 3.753%

**% LIBOR received from Counterparty:** 65.2%


**Original Notional Amount:** \$91,125,000

**Total Notional Amount:** \$90,325,000 as of August 10, 2007

**Expiration Date:** July 26, 2041

2. Highlights of all material changes to swap agreements or new swap agreements entered into by the Authority since August 9, 2006.

The Authority had no material changes to its current swap agreement and did not issue any new swap agreements.



3. The mark to market value of each of the Authority's swap agreements aggregated by counterparty, and by source and security of payment as applicable.

## Morgan Stanley

Municipal Capital Markets  
North America

Valuation Statement

San Dieguito Public Facilities  
Authority

Date: August 1, 2007

*San Dieguito Public Facilities Authority as of July 31, 2007*

Trade ID:	Trade Date:	Maturity Date:	CCY:	Notional:	MTM:
AUENA	Jul 26, 2006	Jul 26, 2041	USD	91,125,000	(1,157,685)

4. The credit rating of each swap counterparty or its credit support provider guaranteeing its obligations and credit enhancer insuring swap payments, if any.

Counterparty: Morgan Stanley

Moody's: Aa3

S&P: AA-

Fitch: AA-

5. Actual collateral posting by each swap counterparty, if any, under each swap agreement and in total by the swap counterparty.

Counterparty: Morgan Stanley

Collateral: Based upon current ratings, no collateral is required as of August 10, 2007.



6. Listing of any credit enhancement, liquidity facility or reserves and accounting of all costs and expenses associated with the credit enhancement, liquidity facility, or reserves.

### Reserve Fund: Minimum Balance Special Tax Subaccount

**Maximum Excess Coverage Requirement:** \$2,127,013.24 less Excess Special Tax Revenues (\$366,092.92) to be on deposit by August 1, 2008.

**Est. Minimum Balance Requirement August 1, 2008:** \$1,760,920.32

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**Current Balance August 29, 2007:** \$993,653.88

**Est. 06/07 transfer of Excess Special Taxes Dec. 2007:** \$562,761.75.

**Est. balance on Account December 2007:** \$1,556,415.63

**Estimated Transfer from CFD accounts July 31, 2008:** \$204,504.69

7. For a swap transaction entered into to generate debt service savings, the Authority will calculate on an annual basis the actual debt service requirements versus the projected debt service on the swap transaction at the original time of execution.

Net Present Value Savings 8/9/06:	\$3,946,558.34
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Projected Debt Service Ending 8/1/07:	\$4,143,277.54
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Actual Debt Service Ending 8/1/07:	<u>\$4,216,274.69</u>
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Actual over Projected:	\$ 72,997.15
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Basis Cost	\$ 45,279.96
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Actual Interest vs. Debt Svc Sched. (3 days)	<u>\$ 27,717.19</u>
----------------------------------------------	---------------------

	\$ 72,997.15
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## 8. Discussion of other risks associated with each transaction or the Authority's overall swap portfolio.

### 1. Basis Risk

Excess Special Taxes and the Minimum Balance Special Tax Subaccount should be able to address this risk in the long run.

### 2. Counterparty Risk

Morgan Stanley has good ratings from multiple agencies.

### 3. Credit Risk

Insurance largely transfers this risk to AMBAC.

### 4. Tax-Exemption Risk

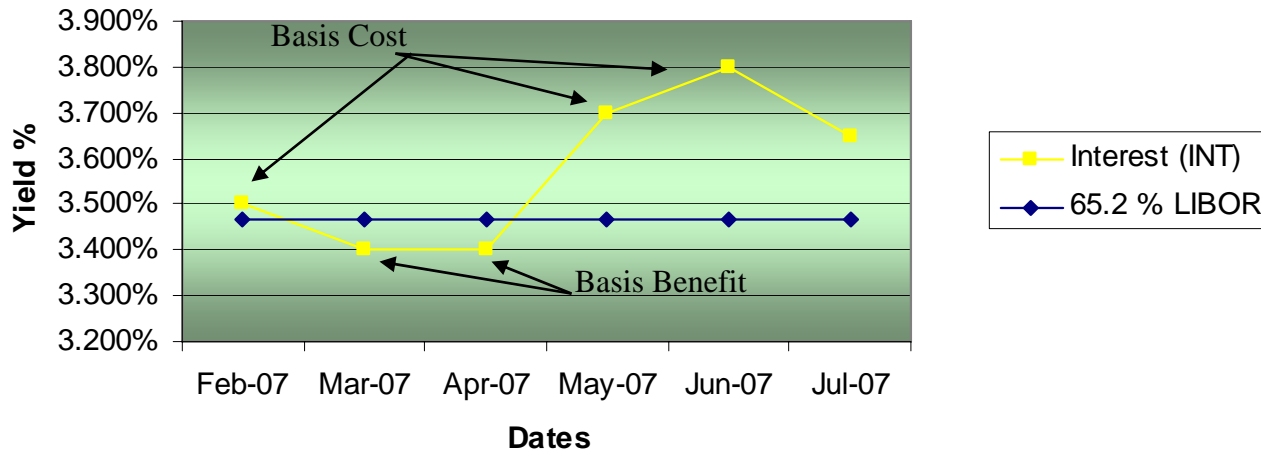
Doesn't appear to be on any Presidential hopeful's agenda.

# Excerpts from Bond Yield and Yield Restriction Analysis Report

## Flow of Payments

Dates	65.2 % LIBOR		Interest Payments		Basis Spread	
	Estimated Yield	Payment from Counterparty to Issuer	Estimated Yield	Payment from Issuer to Bondholder	Estimated 65.2% LIBOR - INT%	Basis Benefit/ (Basis Cost)
2/23/2007	3.468%	245,789.49	3.500%	248,062.50	-0.032%	(2,273.01)
3/23/2007	3.469%	245,839.86	3.400%	240,975.00	0.069%	4,864.86
4/20/2007	3.469%	245,839.86	3.400%	240,975.00	0.069%	4,864.86
5/18/2007	3.469%	245,839.86	3.700%	262,237.50	-0.231%	(16,397.64)
6/15/2007	3.469%	245,839.86	3.800%	269,325.00	-0.331%	(23,485.14)
7/13/2007	3.469%	245,839.86	3.650%	258,693.75	-0.181%	(12,853.89)
<b>Total:</b>	3.469%	1,474,988.79	3.575%	1,520,268.75	-0.106%	(45,279.96)

## Basis Spread History

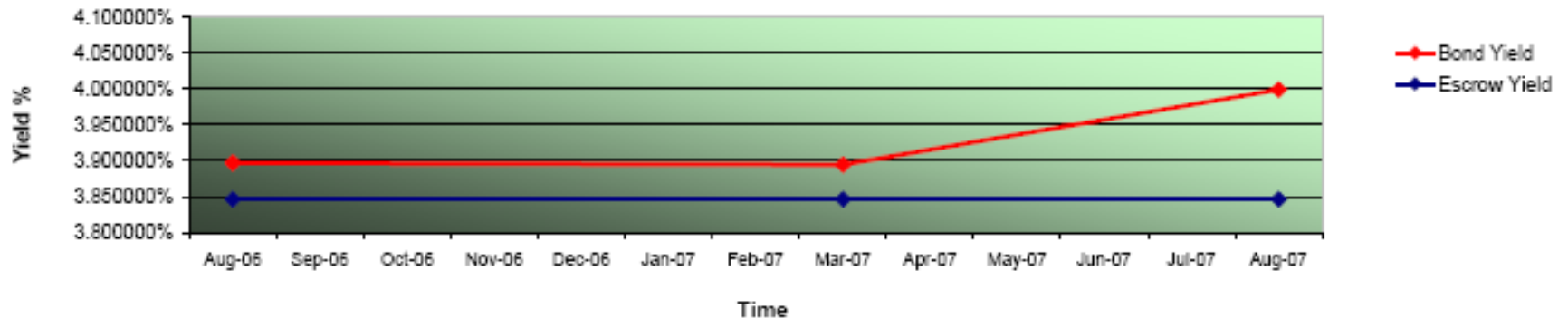


# Impact of Basis Spread on Yield

*Summary of Bond Yield and Yield Restriction Analysis*

Yield Calculation Dates	Bond Yield	Cumulative Bond Yield Increase (Decrease)	Escrow Yield	Excess Spread/ (Spread Shortfall)
08/09/06	3.897046% <sup>3</sup>	-	3.846643%	0.050403%
03/31/07	3.894692%	-0.002354%	3.846643%	0.048049%
08/01/07	3.998953%	0.101907%	3.846643%	0.152310%
02/01/08				

Bond and Escrow Yields



# Impact of Basis Benefit prior to calling the 1998 and 2004 bonds

## Hypothetical Escrow Sinking Fund Deposits and Opportunity Cost

Sept. 1, 2007

Feb. 1, 2009

Basis Benefit	0.05%	0.10%	0.15%	0.20%
Amount to Deposit	\$1,875,860.00	\$3,800,589.00	\$5,776,172.00	\$7,804,700.00
Opportunity Cost @ 6.02%	\$133,899.40	\$271,287.08	\$411,178.22	\$557,101.62